# MEETINGS SCHEDULED FOR DECEMBER

Date: 12/19/24, **12 p.m.**

## HYBRID OPTION AVAILABLE:

*In Person:* Minnesota Housing, Mille Lacs Conference Room, 400 Wabasha Street N. Suite 400 St. Paul, MN 55102

*Conference Call:* Toll Free: 1.877.568.4108 Access Code: 781-361-417

## NOTE:

The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, December 19, 2024.

**Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.**

*The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.*

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MINNESOTA HOUSING

# Agenda: Minnesota Housing Board Meeting

Date: 12/19/2024, 12 p.m.

## Our Mission and Vision

*Mission:* Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

*Vision:* All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

## 1. Call to Order

## 2. Roll Call

## 3. Agenda Review

## 4. Approval of Minutes

a. (page 5) Regular meeting of November 21, 2024

## 5. Reports

- Chair
- Commissioner
- Committee

## 6. Consent Agenda

None.

## 7. Action Items

A. (page 11) Commitment, Bridge Loan (BL) and Waiver of the Predictive Cost Model – Hillside Gardens, D3429, Proctor
B. (page 33) Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 B -Hillside Gardens
C. (page 111) Approval, 2024 Manufactured Home Community Redevelopment Program Request for Proposals (RFP) Selections
D. (page 129) Approval, 2024 Single Family Request for Proposals (RFP) Selections, Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development
E. (page 201) Approval, 2024 Multifamily Consolidated Request for Proposals (RFP) Selections for Deferred and Amortizing Loans, 2025 Housing Tax Credit (HTC) Round 1 and the United States Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA)
F. (page 283) Approval, Bring It Home Rental Assistance Program Guide
G. (page 323) Approval, Homeownership Investment Grants Program Guide
H. (page 345) Approval, Greater Minnesota Housing Infrastructure Grant Program Guide
I. (page 369) Modification, 2024 Workforce Housing Development Program (WHDP) – City of Grand Marais, D8738
J. (page 371) Commitment, Increase Funding Amount – Eastside Acres, D8640, Chokio

## 8. Discussion Items

A. (page 377) 1st Quarter FY25 results

## 9. Information Items

None.

## 10. Other Business

None.

## 11. Adjournment

None.

MINNESOTA HOUSING

# Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, November 21, 2024, at 1 p.m.

## 1. Call Attendance

Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:01 p.m.

## 2. Roll Call

**Members present via hybrid:** Auditor Julie Blaha, Chief Melanie Benjamin, Eric Cooperstein, Chair John DeCramer, Stephen Spears, and Terri Thao.

**Minnesota Housing staff present in person:** Arin Adebayo, Tom Anderson, Tal Anderson, Ryan Baumtrog, Jennifer Bergman, Susan Bergmann, Scott Beutel, Nick Boettcher, Sondra Breneman, Cassandra Busch, Amy Chuk, Aaron Cotter, Matt Dieveney, Michelle Doyal, Peter Elwell, Kathy Engstrom, Jennifer Finnesgard, Sarah Foley, Jessica Fowler, Rachel Franco, Graydon Francis, Emily Fulton-Foley, Vanessa Haight, Jody Hanson, Anne Heitlinger, Kang Her, Adam Himmel, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Heidi Hovis, John Hudson, Laura Jacobson, Summer Jefferson, Will Jensen-Kowski, Anna Jerde, Hannah Jirak, Karen Johnson, Irene Kao, Tiffany Kibwota, Katey Kinley, Greg Klein, Greg Krenz, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Ger Lee, Song Lee, James Lehnhoff, Ed LeTourneau, Rachel Lochner, Nira Ly, Dylan Mato, Eric Mattson, Jill Mazullo, Don McCabe, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Rudi Mohamed, Jonathan Moler, Gary Mortenson, Judi Mortenson, Michael Nguyen, John Patterson, Rinal Ray, Anne Redmond, Annie Reierson, Paula Rindels, Cheryl Rivinius, Lael Robertson, Rachel Robinson, Dani Salus, Joel Salzer, Kayla Schuchman, Katie Seipel-Anderson, Dez Sobiech, Lauren Stelter, Corey Strong, Kim Stuart, Jodell Swenson, Katherine Teiken, Susan Thompson, Mike Thone, Monica Tucker, Nancy Urbanski, Kayla Vang, Teresa Vaplon, Manaire Vaughn, Nicola Viana, Amanda Welliver, Alyssa Wetzel-Moore, Lakisha Whitson, Beverly Wilharm, Kelly Winter, Carole Wohlk and Kristy Zack.

**Others present via hybrid:** Michelle Adams, Kutak Rock; Melanie Johnson, Piper Sandler & Co.

## 3. Agenda Review

None.

# 4. Approval

## A. Regular Meeting Minutes of October 24, 2024

**Motion:** Auditor Blaha moved to approve the October 24, 2024, Regular Meeting Minutes. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

# 5. Reports

### Chair

None.

### Commissioner

Commissioner Ho shared the following with the Board:

- Welcome new employees
- Meetings
- Program Updates

### Committee

None.

# 6. Consent Agenda

## A. Commitment Extension, Impact Fund Loans

## B. Approval, 2025 Minnesota Housing Board Meeting Schedule

**Motion:** Terri Thao moved approval of the Consent Agenda Items. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

# 7. Action Items

## A. Commitment, Bridge Loan (BL) – Welch Place Apartments, D8560, Duluth

Sarah Foley requested approval of the adoption of a resolution authorizing the issuance of a bridge loan commitment not to exceed $7,195,000. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Commitment, Bridge Loan – Welch Place Apartments, D8560, Duluth. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

## B. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 A – Welch Place Apartments

Matt Dieveney presented to the board a request for authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued to make a first lien short-term bridge mortgage loan to finance the acquisition and construction of Welch Place Apartments, a 30-unit multifamily housing development in Duluth, MN. The Agency anticipates pricing and issue of the bonds described in the Preliminary Official Statement in early 2025. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

**Motion:** Eric Cooperstein moved Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 A – Welch Place Apartments. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

## C. Approval, State of Minnesota Housing Tax Credit 2026-2027 Qualified Allocation Plan

Summer Jefferson and Nicola Viana presented to the board a request for approval of the 2026-2027 Housing Tax Credit Qualified Allocation Plan (QAP), including the Self-Scoring Worksheet. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Auditor Blaha moved Approval, State of Minnesota Housing Tax Credit 2026-2027 Qualified Allocation Plan without the term “moral turpitude.” Further, Auditor Blaha moved to allow staff to re-include the term if required by another rule or entity. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

## D. Approval, Tribal Indian Housing Program Manual

Staff presented to the board a request for approval of the revised Tribal Indian Housing Program Manual. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, Tribal Indian Housing Program Manual. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

### E. Approval, Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program Guide

Nick Boettcher presented to the board a request approval of the Greater Minnesota Small Cities Housing Aid Grant Program Guide. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Auditor Blaha moved Approval, Greater Minnesota Small Cities Housing Aid Grant Program Guide. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

### F. Approval 2024 Capacity Building Request for Proposals (RFP) Selections

Alyssa Wetzel-Moore presented to the board a request approval to fund 29 proposals recommended for selection through the 2024 Capacity Building Requests for Proposals. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval 2024 Capacity Building Request for Proposals Selections. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

## 8. Discussion Items

### A. Fourth Quarter 2024 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan

## 9. Information Items

### A. 2024 Cost Containment Report

## 10. Other Business

None.

## 11. Adjournment

The meeting was adjourned at 3:07 p.m.

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John DeCramer, Chair

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MINNESOTA HOUSING

# Item: Commitment, Bridge Loan (BL) and Waiver of the Predictive Cost Model – Hillside Gardens, D3429, Proctor

**Action Item:** 7.A
**Date:** 12/19/2024
**Staff Contacts:** Tom Anderson, 651.296.8161, tom.a.anderson@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary:

At the December 14, 2023, meeting, the Minnesota Housing board approved the proposed development for financing including a BL in an amount of up to $7,705,000 in Resolution No. MHFA 23-078. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed $7,600,000; and
2. Approval of a waiver to the predictive cost model. The total development cost (TDC) per unit is $349,081 and exceeds the predictive model by 42%. Board Policy No. 15 requires a waiver of the predictive cost model if costs exceed the predicted costs by 35% or more for preservation or adaptive reuse developments.

All commitments are subject to the terms and conditions of the Agency term letter.

## Fiscal Impact:

Minnesota Housing will earn interest rate spread income on the BL, as well as additional fee income from originating the loan for this project.

## Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments:

- Development Summary
- Map and Photo
- Resolution
- Term letter

## DEVELOPMENT SUMMARY

## SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

| Project Information | | | | |
|---|---|---|---|---|
| **Development Name** | Hillside Gardens | | **D# 3429** | **M# 19297** |
| **Address** | 419 7th St | | | |
| **City** | Proctor | **County** | Saint Louis | |
| **Date of Selection** | 12/14/2023 | **Region** | Northeast | |

### A. Project Description and Population Served

- The development involves the acquisition and rehabilitation of 45 units in a single-story building with efficiency and one-bedroom units.
- The development will serve households with incomes at or below 60% Multifamily Tax Subsidy Projects (MTSP).
- All 45 units will benefit from Project-based Section 8 (Section 8) rental assistance ensuring tenants pay no more than 30% of their income toward rent.
- As required by the Section 8 contract, the development will provide housing for senior households (age 62 and over) and individuals with disabilities.
- In addition to the Agency loans discussed below, the project includes 4% Low Income Housing Tax Credits (HTCs) from Minnesota Housing.

### B. Mortgagor Information

| | |
|---|---|
| **Ownership Entity:** | Hillside Gardens Limited Partnership |
| **Sponsor:** | Trellis Co. |
| **General Partner:** | Trellis Hillside Gardens GP LLC |

### C. Development Team Capacity Review

Trellis Co. will serve as the sponsor and developer. Staff expects them to have sufficient capacity to complete and operate the project.

Trellis Management Co. will serve as the management company. They have experience managing similar properties and are expected to have sufficient capacity to manage this as well.

The architect is Blumentals/Architecture Inc. The general contractor is Frerichs Construction Company. Both are expected by staff to have the capacity to successfully complete this project.

Both the management company and the developer meet the definition of a Women-owned Business Enterprise in the 2022-2023 Qualified Allocation Plan (QAP).

The architect has also entered into a partnership to build the capacity of an individual that meets the definition of a Women-owned Business Enterprise in the 2022-2023 QAP.

## D. Current Funding Request

| Loan Type | Program | Source | Amount | IR | MIP | Term | Amort/ Cash Flow | Construction/End Loan |
|---|---|---|---|---|---|---|---|---|
| Bridge | BL | TEB* | $7,600,000 | Bond financing rate + 1.0% | N/A | 20 mos. | N/A | Construction only |

*Tax-exempt volume limited bonds.

**Amortizing Mortgage Loan to Cost:** N/A **Amortizing Mortgage Loan to Value:** N/A

## E. Significant Changes Since Date of Selection

Current total development costs of $15.7 million represent a 1% reduction since selection in the 2023 Consolidated RFP. Despite the apparent stability in costs, after selection the project faced a decline in HTC pricing that reduced total equity, and the project initially received bids that were significantly over budget. These factors combined to create a gap, which was primarily addressed through $1.4 million in value engineering. The remaining gap has been filled through a slight increase in deferred developer fee from $100,000 to $105,700, and a small funding modification adding $30,000 to the total agency deferred loan amount approved by the Mortgage Credit Committee on November 6, 2024, using Delegated Authority No. 005.

Additionally, the funding modification approved by the Mortgage Credit Committee in November included a complete replacement of the originally selected $8.4 million Emergency Rental Assistance Capital Funding Program (ERA2) loan with a combination of $7,030,000 in Preservation Affordable Rental Investment (PARIF), and $1,400,000 in Housing Infrastructure Appropriation (HIA) deferred loans for a total deferred loan amount of $8,430,000. The change in deferred loan sources was necessitated by federal guidance for the ERA2 program that was released post-selection and will help the Agency better align funding sources with applicable projects.

## SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

### A. Project Uses

| Description | Amount | | Per Unit | |
|---|---|---|---|---|
| Acquisition or Refinance | $ | 2,306,242 | $ | 51,250 |
| Construction Costs | $ | 8,902,773 | $ | 197,839 |
| Environmental Abatement | $ | 220,515 | $ | 4,900 |
| Professional Fees | $ | 1,397,714 | $ | 31,060 |
| Developer Fee | $ | 1,510,000 | $ | 33,556 |
| Financing Costs | $ | 1,150,135 | $ | 25,559 |
| Total Mortgageable Costs | $ | 15,487,379 | $ | 344,164 |
| Reserves | $ | 221,287 | $ | 4,917 |
| **Total Development Cost** | **$** | **15,708,666** | **$** | **349,081** |

*Individual categories may not sum to correct total due to rounding.

### B. Permanent Capital Sources

| Description | Amount | | Per Unit | |
|---|---|---|---|---|
| General Partner Cash | $ | 100 | $ | 2 |
| HTC Equity Proceeds (RBC) | $ | 4,646,161 | $ | 103,248 |
| Agency Deferred Funding (HIA) | $ | 1,400,000 | $ | 31,111 |
| Agency Deferred Funding (PARIF) | $ | 7,030,000 | $ | 156,222 |
| Seller Note | $ | 2,279,000 | $ | 50,666 |
| Rebates | $ | 246,705 | $ | 5,482 |
| Deferred Developer Fee | $ | 105,710 | $ | 2,349 |
| **Total Permanent Financing** | **$** | **15,708,666** | **$** | **349,081** |

*Individual categories may not sum to correct total due to rounding.

### C. Financing Structure

The development will qualify for approximately $582,910 of annual, 4% HTCs, which will result in equity proceeds from RBC. The term of the Land Use Restrictive Agreement will be 50 years.

## D. Cost Reasonableness

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 56% to 73% of the variation in historical costs, it cannot capture all components of every proposed project.

- In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.
    - Currently, the TDC per unit is $349,081, which exceeds the predictive cost model estimate of $245,436 by 42%.
    - The scope of work required for the subject development exceeds most similar rehabilitation projects. This project includes an extensive, complete replacement of heating, ventilation and air-conditioning systems. The scope of work also includes steel supports to shore up failing basement foundation walls, the addition of a fitness space, changes to the roof overhang, and repairs to a unique atrium space that provides a year-round indoor community space and garden.
- With respect to the subject development, Minnesota Housing's architect, underwriting, and research teams believe the costs are reasonable. Agency staff seeks approval for a board waiver from the predictive cost model threshold limit.

## SECTION III: UNDERWRITING

### A. Rent Grid

| Unit Type | Number | Net Rent* | Rent Limit (% of MTSP or AMI) | Income Limit (%, of MTSP or AMI) | Rental Assistance Source |
|---|---|---|---|---|---|
| 0BR/Eff | 9 | $ 970 | 50% MTSP | 50% MTSP | Section 8 |
| 0BR/Eff | 20 | $ 1,000 | 50% MTSP | 50% MTSP | Section 8 |
| 1BR | 16 | $ 1,165 | 50% MTSP | 50% MTSP | Section 8 |
| **TOTAL** | **45** | | | | |

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

## B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines, unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- All 45 units benefit from Project-based Section 8 rental assistance and are underwritten at estimated post-rehabilitation rents established by a rent comparison study.
- The project maintains positive cash flow for 15 years.
- The project was underwritten at 7% vacancy, with 1.5% income and 3% expense inflators.
- An operating reserve in the amount of $207,787 will be funded after construction completion from the final equity installment.
- A capitalized replacement reserve in the amount of $13,500 will be funded after construction completion from the final equity installment. Ongoing contributions to replacement reserves will be funded from project operations in the amount of $1,687.50 per month.

## Map of 419 7th Street, Proctor, MN 55810


## Photo of 419 7th Street, Proctor, MN 55810

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 24-XXX**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT**
**BRIDGE LOAN (BL) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

| | |
|---|---|
| Name of Development: | Hillside Gardens |
| Sponsors: | Trellis Co. |
| Guarantors: | Trellis Co. |
| Location of Development: | Proctor |
| Number of Units: | 45 |
| Amount of BL: (not to exceed) | $7,600,000 |

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies.

**NOW THEREFORE, BE IT RESOLVED**:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a construction loan to the sponsor or an affiliate thereof from the proceeds of Rental Housing Bonds (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on May 31, 2025; and
2. The BL transaction will be financed with the proceeds of tax-exempt Rental Housing Bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner, acceptable to the Agency; and
3. The amount of the BL shall not exceed $7,600,000; and
4. The interest rate on the BL will be based on the interest rate on the Rental Housing Bonds issued to finance the BL plus 1.00% interest, will be payable monthly, and the principal will be due in a balloon payment no more than 20 months after closing; and

5. The BL commitment shall be entered into on or before May 31, 2025, and shall have a six-month term; and
6. A waiver to Board Policy No. 15, the adaptive reuse threshold of 35% over the predicted cost; and
7. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and
8. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
9. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loan, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 19th day of December 2024

____________________________________

CHAIR

MINNESOTA HOUSING

**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

November 11, 2024

Hillside Gardens Limited Partnership
C/O Trellis Co.
614 North 1st Street, Suite 100
Minneapolis, MN, 55401

RE: Term Letter
Hillside Gardens, Proctor
Development #D3429, Project #M19297

Dear Elizabeth Flannery:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

| | |
|---|---|
| **Borrower:** | A single asset entity: Hillside Gardens Limited Partnership |
| **General Partner:** | Trellis Hillside Gardens GP LLC |
| **Development Description/Purpose:** | Acquisition and rehabilitation of a 45-unit affordable housing development located in Proctor, Minnesota |

November 11, 2024
Page 2

| **Program** | Bridge Loan** | Preservation Affordable Rental Investment Loan (PARIF) | Housing Infrastructure Appropriation Loan (HIA) |
|---|---|---|---|
| **Loan Amount** | $ 7,600,000 | $ 7,030,000 | $ 1,400,000 |
| **Interest Rate** | Bond financing rate + 1.0% | 0% | 0% |
| **Mortgage Insurance Premium (%)** | Not Applicable | Not Applicable | Not Applicable |
| **Term** | 20 months | Approx. 20 months (construction) + 30 years | Approx. 20 months (construction) + 30 years |
| **Amortization / Repayment** | Interest only during term based on the full amount of the loan | Deferred lump sum payment due in approx. 20 months (construction) + 30 years. | Deferred lump sum payment due in approx. 20 months (construction) + 30 years. |
| **Prepayment Provision** | No prepayment until July 1, 2026. | Prepay at any time without penalty. | Prepay at any time without penalty. |
| **Nonrecourse or Recourse** | Recourse | Nonrecourse | Nonrecourse |
| **Construction to Permanent Loan, Construction Bridge Loan or End Loan** | Construction Bridge Loan | Construction to Permanent Loan | Construction to Permanent Loan |
| **Lien Priority** | First | First (2nd during construction period) | Second (3rd during construction period) |

**Subject to the ability of Minnesota Housing to sell bonds on terms and conditions, and in a time and manner, acceptable to Minnesota Housing.

| | |
|---|---|
| **Origination Fees:** | • Bond-funded Bridge Loan: $38,000 (payable at the earlier of loan commitment or loan closing) |
| **Bond Issuance Fee** | • $157,000 (payable at loan closing) |
| **Construction Oversight Fee:** | • $75,000 (payable at loan closing) |
| **Guarantee / Guarantor(s):** | • Bridge Loan: Completion, Repayment and Operations Guarantee from Trellis Co. |
| **Operating Deficit Escrow Reserve Account:** | N/A |
| **Operating Reserve Account:** | Capitalized operating reserve in the amount of $207,787 funded after construction completion from the final equity installment. The operating reserve will not be held by Minnesota Housing. |
| **Replacement Reserve Account:** | Capitalized replacement reserve in the amount of $13,500 funded after construction completion from the final equity installment.<br><br>Monthly replacement reserve deposits will be required in the amount of $1,687.50. The replacement reserve will not be held by Minnesota Housing. |
| **Escrows:** | N/A |
| **Collateral/Security:** | Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment. |
| **Rent and Income Requirements:** | PARIF<br>• 45 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.<br>• Commitment to construction period plus 50 years of affordability from the date of loan closing.<br><br>HIA<br>• 45 units with incomes not exceeding 60% MTSP and rents at 60% MTSP. |

- Commitment to construction period plus 50 years of affordability from the date of loan closing.

**HAP or Other Subsidy Agreement:** Commitment to construction period plus 30 years of affordability from the date of loan closing under the HUD Section 8 Program for 45 units.

**Other Occupancy Requirements:** N/A

**Other Requirements:** The PARIF and HIA loans are subject to the terms in the attached Selection Criteria.

The PARIF mortgagor will enter into an agreement with the Agency that complies with Minn. Stat. § 462A.21 and the requirements and/or rider to the appropriation providing funds for the given year.

**Closing Costs:** Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

**Expiration Date:** This term letter will expire on the earlier of May 31st, 2025 or loan closing/end loan commitment.

**Additional Terms:** N/A

**Other Conditions:** N/A

**Board Approval:** Commitment of the Bridge Loan is subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.

**Not a Binding Contract:** This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to LaKisha Whitson at LaKisha.Whitson@state.mn.us on or before 10 business days from date of this letter.

If you have any questions related to this letter, please contact Tom Anderson at Tom.A.Anderson@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

HILLSIDE GARDENS LIMITED PARTNERSHIP
a Minnesota limited partnership

By: Trellis Hillside Gardens GP LLC
Its: General Partner

By: ______________________
Elizabeth Flannery
Its: President/Chief Manager

Date Accepted: 11/15/2024

MINNESOTA HOUSING

**Selection Criteria Related to 2023 RFP/2024 HTC Round 1**

**Project Name:** Hillside Gardens

**Project City:** Proctor

**Property Number (D#):** D3429

**Project Number:** M19297

## Deeper Rent Targeting A

| Developer Claimed Criteria | Agency Confirmed Criteria | Number of Units (Agency Validated) |
|---|---|---|
| Project excluded because 100% of units include project based rental assistance. | Project excluded because 100% of units include project based rental assistance. | |

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or Declaration of Land Use Restrictive Covenants Agreement (LURA).

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Units with project-based rental assistance count toward this requirement.

## Deeper Rent Targeting B

| Developer Claimed Criteria | Agency Confirmed Criteria | Number of Units (Agency Validated) |
|---|---|---|
| Project excluded because 100% of units include project based rental assistance. | Project excluded because 100% of units include project based rental assistance. | |

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or LURA.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

Units with project-based rental assistance count toward this requirement.

## Preservation - Existing Federal Rental Assistance – Tier 1

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points | Number of Units (Agency Validated) |
|---|---|---|---|---|
| 100% of Units | 40 | 100% of Units | 40 | 45 |

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may require the Owner to continue renewals of existing project-based housing subsidy payment contracts(s) for as long as the assistance is available. Except for “good cause,” the Owner must not evict existing subsidized residents and must continue to renew leases for those residents.

Preservation units cannot be used to satisfy the Rental Assistance criterion; units must be separate and distinct. Preservation Tier 1 units cannot be used to satisfy the Serves Lowest Income criterion; units must be separate and distinct.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

## Long Term Affordability

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Long-term affordability for a minimum of 50 years | 9 | Long-term affordability for a minimum of 50 years | 9 |

**Loan/HTC Commitment and Compliance Monitoring**

Owner agrees to extend the term of the LURA and the Qualified Contract provision in Section 42 does not apply to the project for the applicable term, and/or the deferred loan project will extend the term of the deferred loan declaration beyond 30 years.

## Need for More Affordable Housing Options

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Tier 1 Tracts or Cities, and Reservations | 10 | Tier 1 Tracts or Cities, and Reservations | 10 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

## Workforce Housing Communities

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Top Job Center or Net Five Year Job Growth Community | 6 | Top Job Center or Net Five Year Job Growth Community | 6 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

## Transit and Walkability

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| One half mile of a designated transit stop, or served by demand response/dial-a-ride, or within one half mile of a commuter rail station; and is available daily, Monday through Friday, providing same day service. | 7 | One half mile of a designated transit stop, or served by demand response/dial-a-ride, or within one half mile of a commuter rail station; and is available daily, Monday through Friday, providing same day service. | 7 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

## Community Development Initiative

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Contributes to active implementation of a Community Development Initiative | 3 | Contributes to active implementation of a Community Development Initiative | 3 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

## Equitable Development

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups. | 3 | Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups. | 3 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through deferred loan post construction and/or 8609.

## Rural/Tribal

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Tier 1: The project is located in a Rural/Tribal Designated Area that is outside of the Metropolitan Area and has a population less than 5,000 | 6 | Tier 1: The project is located in a Rural/Tribal Designated Area that is outside of the Metropolitan Area and has a population less than 5,000 | 6 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

## Multifamily Award History

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Communities that have not received an award or allocation for the last five years | 4 | Communities that have not received an award or allocation for the last five years | 4 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and must be maintained through loan closing and/or 8609.

## Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Ownership

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Owner non-profit Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise | 4 | Owner non-profit Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise | 4 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be monitored through the deferred loan construction completion and/or 8609.

## Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Development Team

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| One entity is a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise | 1 | One entity is a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise | 1 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be monitored through the deferred loan construction completion and/or 8609.

### Black-, Indigenous-, People of Color-, and Women-owned Business Enterprise - Partnership

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with the goal of building the entity's capacity | 1 | Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with the goal of building the entity's capacity | 1 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be monitored through the deferred loan construction completion and/or 8609.

### Financial Readiness to Proceed/Leveraged Funds

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| 10.51% or more of funding secured | 16 | 10.51% or more of funding secured | 16 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection based on submitted permanent funding commitments indicated in the project's application. The Funding commitments, or an equivalent commitment, must be maintained and will be monitored through the loan closing and/or 8609.

### Intermediary Costs

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| 20.1 to 25% | 2 | 20.1 to 25% | 2 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be monitored through the loan closing and/or 8609.

### Universal Design

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points | Number of Units (Agency Validated) |
|---|---|---|---|---|
| Buildings without an elevator | 3 | Buildings without an elevator | 3 | 45 Non-elevator Building Units |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be validated during the underwriting phase and architectural review.

### Smoke Free Building

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Smoke Free Buildings | 1 | Smoke Free Buildings | 1 |

**Loan/HTC Commitment and Compliance Monitoring**

The deferred loan and/or HTC document(s) may include that the owner must maintain a smoke free policy and include a non-smoking clause in the lease for every household for the term of the deferred loan Declaration and/or LURA. The written policy will be validated during the due diligence process and must include procedures regarding transitioning to smoke free for existing residents and establishment of smoking areas outside of units and common areas, if applicable. Consequences for violating the smoke free policy are determined by the owner but must be included in the written policy.

The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the deferred loan Declaration and/or LURA.

### Enhanced Sustainability - Optional Criteria Points

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods | 2 | Tier 2: Project includes at least 3x the minimum number of optional criteria points in the Intended Methods | 2 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be validated during the underwriting phase, during architectural review, and post construction.

### Enhanced Sustainability - Performance Pathways

| Developer Claimed Criteria | Developer Claimed Points | Agency Confirmed Criteria | Agency Awarded Points |
|---|---|---|---|
| Tier 3: Project meets at least one alternative building performance pathways | 3 | Tier 3: Project meets at least one alternative building performance pathways | 3 |

**Loan/HTC Commitment and Compliance Monitoring**

Eligibility was determined at the time of selection and will be validated during the underwriting phase, during architectural review, and post construction.

**Total Developer Claimed:** 121 **Total Agency Awarded:** 121

# Item: Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 B (Hillside Gardens)

**Action Item:** 7.B
**Date:** 12/19/2024
**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us
Paula Rindels 651.296.2293, paula.rindels@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary

Staff is requesting authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued to make a first lien short-term bridge mortgage loan to finance the acquisition and rehabilitation of Hillside Apartments, a 45-unit multifamily housing development in Proctor, MN. The Agency anticipates pricing and issue of the bonds described in the attached Preliminary Official Statement in early 2025.

## Fiscal Impact

The Agency will earn an interest rate spread while these bonds are outstanding and will also receive certain fee income as part of the closing of the associated loans.

## Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☐ Strengthen Communities

## Attachments

- Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 24-078

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN PROCTOR, MINNESOTA

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

**Section 1. Background and Recitals**. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (as so amended and supplemented and as from time to time hereafter amended or supplemented in accordance with its terms, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and the covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction, rehabilitation and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. It is now determined to be necessary and desirable to provide for the issuance of a series of Bonds pursuant to the Bond Resolution and Minnesota Statutes, Chapter 462A, as amended, to be used to finance one Mortgage Loan (the "Mortgage Loan") to a Mortgagor (the "Mortgagor") for the purposes of financing the acquisition and rehabilitation of the multifamily housing development (the "Development") described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof). All terms defined in the Bond Resolution are used with like meaning in this resolution. This resolution is referred to herein as the "Series Resolution." The Mortgage Loan to the Mortgagor shall be evidenced by a Mortgage Note to be executed by the Mortgagor to the Agency and a Mortgage to be entered into between the Mortgagor and the Agency and certain other documents referred to in the Mortgage (collectively, the "Loan Documents").

**Section 2. Authorization of Series Bonds**.

(a) *Purpose*. To provide sufficient funds to be used and expended for the purposes set forth in Section 1, it is now determined to be necessary to issue one series of Bonds pursuant to the Bond Resolution, which is designated as "Rental Housing Bonds, 2025 Series," in the principal amount to be determined pursuant to Section 2(E) (the "Series Bonds"). The "2025" in the designation of the Bonds may be changed to "2026" and "Series" followed by an uppercase letter, each as an Authorized Officer of the Agency (as hereinafter defined) shall so designate. Proceeds of the Series Bonds are to be used:

(i) For the financing of the Mortgage Loan to the Mortgagor; and

(ii) Incident to this purpose, for the funding of the deposit of amounts determined by and pursuant to Section 303 of the Bond Resolution to be paid into the Funds and Accounts referred to in Sections 302 and 402 thereof.

(b) *Single Issue*. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency may treat the Series Bonds, together with any other Bonds issued or to be issued pursuant to the Bond Resolution which may be sold by the Agency less than fifteen days apart from the date of sale of the Series Bonds, as a single issue of bonds. The Series Bonds and such other Bonds are herein collectively referred to as the "Issue."

(c) *Pledge*. The pledge made and security interests granted in the Bond Resolution and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Holders of all of the Series Bonds and other Outstanding Bonds issued and to be issued thereunder, without preference, priority or distinction of one Bond over any other of any Series, except as otherwise expressly provided for therein.

(d) *Debt Service Reserve Requirements*. Upon issuance of the Series Bonds, the Debt Service Reserve Requirement for the Series Bonds shall be as established in the Officer's Certificate delivered by an Authorized Officer to the Trustee pursuant to Sections 5 and 6 of this Series Resolution.

(e) *Sale and Offering Documents*. The Agency hereby authorizes the issuance and sale of the Series Bonds for the purposes described in Section 2(a). It is acknowledged that the final terms of the Series Bonds have not been determined as of this date.

The Series Bonds may be offered for sale by negotiating for the sale of the Series Bonds to RBC Capital Markets, LLC, as underwriter (the "Underwriter") pursuant to a preliminary official statement and a bond purchase agreement.

The Agency has received and examined a draft of the form of a Preliminary Official Statement (the "Preliminary Official Statement"), containing information relating to the Agency, the Bond Resolution, the Series Resolution, the Development, and the Series Bonds. Any of the Chair, the Commissioner, the Chief Financial Officer, or the Finance Director (each an "Authorized Officer") is hereby authorized to finalize the Preliminary Official Statement and establish the date of sale of the Series Bonds.

Following a negotiated sale of the Series Bonds to the Underwriter, preparation and distribution of an Official Statement, substantially in the form of the Preliminary Official Statement, except for revisions required or approved by counsel for the Agency, and insertion of the final terms of such Series Bonds, is approved and the final Official Statement is authorized to be signed by the Chair or the Commissioner, and furnished to the Underwriter in a reasonable quantity for distribution to investors.

The Agency has received and examined a draft of the form of the bond purchase agreement (the "Bond Purchase Agreement"). An Authorized Officer is authorized to execute and deliver in the name and on behalf of the Agency the Bond Purchase Agreement with the Purchaser reflecting the terms of sale authorized pursuant to this Section 2(e) and subsection (f) below.

(f) *Series Bond Parameters*. Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters (the "Series Bonds Parameters"):

(i) the principal amount of the Series Bonds; provided that the principal amount of the Series Bonds is not in excess of $7,600,000;

(ii) the maturity date of the Series Bonds; provided that the Series Bonds mature at any time or times in such amount or amounts not later than 3 years from the Issue Date thereof;

(iii) the interest rate borne by the Series Bonds; provided that the interest rate on the Series Bonds shall not exceed 6.00%; and

(iv) the commission payable to the Underwriter of the Series Bonds; provided that the commission shall not exceed three percent of the principal amount of the Series Bonds.

Such approval shall be conclusively evidenced by the execution of the Bond Purchase Agreement with the Underwriter (the "Purchaser") by such Authorized Officer. The terms of the Series Bonds, including the purchase price, shall be set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof.

(g) *Approval of Continuing Disclosure Undertaking*. The Agency has also examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer.

**Section 3. Forms**.

(a) *Generally*. The Series Bonds shall be issuable only in the form of fully registered Bonds, subject to transfer, re-registration and exchange as provided in Article VI of the Bond Resolution. The Series Bonds shall be numbered serially and no Series Bonds, whether issued initially or upon re-registration, transfer or exchange, shall bear the same number as any other Series Bond of the same series which is contemporaneously outstanding.

(b) *Form of Series Bonds*. The Series Bonds shall be in substantially the form of Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with such additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series Resolution, including but not limited to changes required as a result of the sale of the Series Bonds in accordance with Section 2(e)-(f) and the spacing and rearrangement of the text to facilitate machine entry of data upon registration, transfer and exchange.

**Section 4. Terms of Series Bonds**.

(a) *Issue Date, Denominations, and Interest Payment Dates*. The Issue Date of the Series Bonds shall be the date of original delivery of the Series Bonds or such other date as shall be approved by an Authorized Officer and as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof. The Series Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof, not exceeding the principal amount maturing on any maturity date. Interest on the Series Bonds shall be payable each February 1 and August 1, commencing August 1, 2025, or a subsequent February 1 or August 1 as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be.

(b) *Maturities, Interest Rates and Redemption*. The Series Bonds shall mature on the date or dates and in the principal amounts, shall bear interest at the rate or rates per annum, and shall be subject to redemption as set forth in the Official Statement of the Agency furnished to the Underwriter pursuant to Section 2(e) of this Series Resolution or in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) hereof, as the case may be, all subject to the limitations in Section 2(f).

(c) *Procedure for Redemption*. All actions taken by the Agency and the Trustee in the redemption of Series Bonds shall conform to the provisions of Article VII of the Bond Resolution, save and except as otherwise expressly provided in this paragraph. Upon selection of a Series Bond or Bonds or portions thereof to be redeemed, the Trustee shall give notice, in the name of the Agency, of the redemption of such Bonds, which notice shall contain the information required by Section 702 of the Bond Resolution. The Trustee shall mail such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered Holder of any Series Bond all or a portion of which is to be redeemed, at the Holder's last address appearing on the registry books as of the Record Date. Notice having been so mailed, the Series Bond or Bonds or portion thereof therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

(d) *Trustee*. The principal amount of and interest and any redemption premium on the Series Bonds shall be payable in lawful money of the United States by check drawn to the order of the registered owner, or other agreed means of payment, by Computershare Trust Company, National Association, in St. Paul, Minnesota, the successor Trustee and Paying Agent under the Bond Resolution, or its successor, and shall be payable to the registered owner as shown on the registry books as of the Record Date. The principal amount of and any redemption premium on a Series Bond shall be payable only upon surrender of the Series Bond at the Principal Office of the Trustee (subject to the provisions of Section 607 of the Bond Resolution in the case of Bonds which are mutilated, destroyed, stolen, or lost), except as otherwise provided in Section 5(b) herein.

(e) *Record Date*. For purposes of this Series Resolution, where the Trustee is required to establish a Record Date hereunder, said Record Date for (i) payment of principal of and interest on the Series Bonds shall be the fifteenth (15th) day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

**Section 5. Issuance and Delivery**.

(a) *Preparation and Execution*. The Series Bonds shall be prepared in substantially the form incorporated herein, in denominations requested by the Purchaser, and shall be executed in the manner provided in Article VI of the Bond Resolution, by the facsimile signatures of the Chair and Commissioner of the Agency and shall be authenticated by the Trustee by manual signature of an authorized representative and shall be delivered to the Purchaser after compliance with the conditions set forth in this Section and upon deposit of the proceeds with the Trustee.

(b) *Securities Depository*.

(i) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series Bond, the person in whose name such Series Bond is recorded as the beneficial owner of such Series Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(ii) The Series Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series Bond shall be issued in the principal amount of each stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency shall be affected by any notice to the contrary. Neither the Trustee nor the Agency shall have any responsibility or obligation to any Participant, any person or entity claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person or entity which is not shown on the bond register as being a registered owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of, premium, if any, and interest on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person or entity to receive payment in the event of a partial redemption of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of, premium, if any, and interest on such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal of, premium, if any, and interest on the Series Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to such new nominee in accordance with subsection (4) hereof.

(iii) In the event the Agency determines to discontinue the book-entry-only system through DTC with respect to the Series Bonds, the Agency may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of Series Bonds in the form of certificates. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to the Series Bonds at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and this Series Resolution. In the event Series Bonds in the form of certificates are issued to registered owners other than Cede & Co., its successor as nominee for DTC as registered owner of all the Series Bonds, or another securities depository as registered owner of all the Series Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series Bonds.

(c) *Opinion and Officer's Certification*. The Trustee has been furnished a copy of the Bond Resolution. Before delivery of the Series Bonds, the Agency shall furnish to the Trustee a certified copy of this Series Resolution, together with an Opinion of Counsel to the Agency and an Officer's Certificate executed by an Authorized Officer, in form and substance as required in Section 203 of the Bond Resolution and Sections 2(f), 4(a), 4(b) and 6 of this Series Resolution, and shall obtain from the Trustee the certification required in Section 203(C) of the Bond Resolution.

**Section 6. Application of Proceeds; Funds and Accounts**. Proceeds of the Series Bonds, and funds of the Agency, if required, shall be deposited to accounts in the Bond Fund relating to such Series Bonds, and to the Cost of Issuance Account and Project Account relating to such Series Bonds, or used to reimburse the Agency for funds it advances pursuant to Section 11, all as set forth in the Officer's Certificate delivered by an Authorized Officer pursuant to Section 5(c) of this Series Resolution.

**Section 7. General Tax Covenant**. The Agency will not take, or permit or cause to be taken, any action that would adversely affect the exclusion from federal gross income of the interest on any Series Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income and, if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Agency shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

**Section 8. Specific Tax Covenants relating to the Development**. In fulfillment of the general covenant set forth in Section 7, the Agency represents as follows:

(a) The Development financed will be acquired and rehabilitated for the purpose of providing multifamily residential rental property and will constitute a "qualified residential rental project," as such phrase is used in Sections 142(a)(7) and 142(d) of the Code.

(b) At least forty percent (40%) of the completed units in the Development shall be occupied (or treated as occupied) by Qualifying Tenants. "Qualifying Tenants" shall mean those persons and families (treating all occupants of a unit as a single family) who shall be determined from time to time by the Mortgagor to be eligible as "individuals whose income is sixty percent (60%) or less of area median gross income" within the meaning of Section 142(d)(2)(B) of the Code. The term of the foregoing restrictions shall commence on the date of issuance of the Series Bonds and shall end on the latest of the following: (i) the date which is 15 years after the date on which at least 50% of the units in the Development were first occupied; or (ii) the first day on which none of the Series Bonds are Outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Development under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(c) Each unit in the Development will be rented or available for rental to members of the general public on a continuous basis for the longer of (i) the period during which any of the Series Bonds remain Outstanding or (ii) the term of the restrictions set forth in subsection (a) of this Section 8.

(d) At no time will either the Mortgagor or any related party be permitted to occupy a unit in the Development other than units occupied or to be occupied by agents, employees or representatives of the Mortgagor and reasonably required for the proper maintenance or management of the Development. In the event a unit within the Development is occupied by the Mortgagor, the Development will include no fewer than four units not occupied by the Mortgagor.

(e) The Development consists of a single “development” and, for this purpose, proximate buildings or structures are part of the same development only if owned for federal income tax purposes by the same person or entity and if the buildings are financed pursuant to a common plan; buildings or structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property.

(f) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(g) The Mortgagor shall not restrict Qualifying Tenants (as defined in the Loan Documents) from the enjoyment of unrestricted access to all common facilities and common areas of the Development.

(h) The Mortgagor shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(i) No portion of the Development is presently used for purposes other than residential rental purposes and the Agency will not permit any other use unless it first obtains an opinion of bond counsel that such use will not impair the exclusion from federal gross income for interest payable on the Series Bonds.

**Section 9. Additional Federal Tax Covenants Relating to the Development Financed and the Series Bonds**. In furtherance of the general tax covenant made in Section 7 above, the Agency further represents as follows:

(a) All proceeds of the Series Bonds lent to the Mortgagor will be used to finance costs properly chargeable to the capital account of the Development within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(b) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(c) No portion of the proceeds of the Series Bonds lent to the Mortgagor will be used to acquire (i) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, or (ii) any property not part of the Development.

(d) No portion of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Series Bonds lent to the Mortgagor shall be used for the acquisition of land to be used for purposes other than farming purposes.

(e) The Mortgagor will incur "rehabilitation expenditures" (as defined in Section 147(d)(3) of the Code) with respect to a portion of the Development in an amount not less than 15% of the acquisition cost of such portion of the Development funded with the net proceeds of the Series Bonds lent to the Mortgagor within the later of two years from (i) the date the Development is acquired by the Mortgagor or (ii) the date the Series Bonds are issued.

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 25 years.

(g) In order to qualify the Mortgage Note and Mortgage received from the Mortgagor as "program investments" within the meaning of Section 1.148-1(b) of the Treasury Regulations, the Agency will not permit the Mortgagor (or any "related person" thereto within the meaning of Section 147(a) of the Code) to take any action the effect of which would be to disqualify the Mortgage Note and Mortgage as part of a "program" under said Section 1.148-1(b), including, but not limited to, entering into any arrangement, formal or informal, with the Mortgagor or any related party to purchase bonds or notes of the Agency in an amount related to the amount of the Mortgage Note and Mortgage.

(h) In accordance with the requirements of Section 147(f) of the Code, the Agency has held a public hearing on the issuance of the Series Bonds after published notice as required by the Regulations and will obtain the approval of the Governor of the State for the issuance of the Series Bonds.

(i) Not more than 2% of the proceeds of the Series Bonds will be applied to the payment of Costs of Issuance, and all Costs of Issuance in excess of that amount, if any, will be paid by the Agency from funds other than proceeds of the Series Bonds.

(j) No obligations the interest on which is excludable from gross income for federal income tax purposes have been or will be issued which were sold at substantially the same time as the Issue, sold pursuant to the same plan of financing as the Issue and which are reasonably expected to be paid from substantially the same source of funds as the Issue.

(k) The Series Bonds will not be hedge bonds since the Agency reasonably expects to use at least 85% of the spendable proceeds of the Issue to make or purchase Mortgage Loan within three years after the date of issue of the Issue and not more than 50% of the proceeds of the Issue will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(l) The Series Bonds shall be counted against the unused volume cap of the Agency under the provisions of Section 146 of the Code and applicable state law. The

Agency has unused volume cap in excess of the amount of the Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Series Bonds.

(m) None of the proceeds of the Series Bonds will be used by the Agency to reimburse itself or a Mortgagor for any expenditure with respect to the Development which the Agency or the Mortgagor paid or will have paid more than 60 days prior to the issuance of the Series Bonds unless, with respect to such prior expenditures, the Agency shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Development meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Development as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Series Bonds.

**Section 10. Arbitrage**. The Agency covenants that it will not use the proceeds of the Series Bonds in such a manner as to cause the Series Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The Agency will take all actions as may be prescribed in the future by regulations or rulings of the Internal Revenue Service to assure that the Series Bonds will meet the requirements of Section 148 of the Code relating to arbitrage, to-wit:

(a) The effective rate of interest on the Mortgage Loan purchased in whole or in part from the proceeds of the Series Bonds may not exceed the yield on the Issue, computed in accordance with Section 148 of the Code, by more than one and one-half percentage points.

(b) The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable Regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable Regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

**Section 11. Advance of Agency Funds**. If the Mortgage Loan must be made before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund the Mortgage Loan in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.

**Section 12. Combined Offering**. If an Authorized Officer determines it is in the best interest of the Agency, the Series Bonds may be offered for sale together with additional bonds ("Additional Bonds") intended to be issued under the Bond Resolution for which a related series resolution has been adopted by the Agency (a "Combined Offering"). The terms of any Combined Offering must comply with the Series Bonds Parameters set forth in Section 2(f) of this Series Resolution and the respective series bond parameters set forth in each of the series resolutions relating to any Additional Bonds. Additionally, an Authorized Officer is hereby authorized to make any necessary changes to the sale and offering documents approved in Section 2(e) hereof and in each of the series resolutions relating to the Additional Bonds, in order to effect the Combined Offering.

**Section 13. Discretion of Authorized Officer**. Notwithstanding anything contained in the foregoing sections of this Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of bond counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing Finance Agency this 19th day of December, 2024.

By: ______________________________
Chair

Attest: ______________________________
Commissioner

[Signature page to Resolution No. MHFA 24-078]

# EXHIBIT A

## DESCRIPTION OF MORTGAGOR AND DEVELOPMENT

| Mortgagor | Name | Location | Number of Units |
|---|---|---|---|
| Hillside Gardens Limited Partnership | Hillside Gardens | Proctor, MN | 45 |

# EXHIBIT B

# FORM OF SERIES BONDS

No.____ $______

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND
[2025] SERIES __

| Interest Rate | Maturity | Date of Original Issue | CUSIP |
|---|---|---|---|
| | | | |

The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of __________________________________ DOLLARS

on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (computed on the basis of a 360-day year composed of twelve 30-day months), payable on February 1 and August 1 in each year, commencing ___________, until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series Bond are payable in lawful money of the United States of America by check or draft, or other agreed means of payment, to the order of the registered owner hereof as shown on the registry books of the Trustee as of the Record Date by Computershare Trust Company, National Association, in St. Paul, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, and state laws heretofore or hereafter enacted appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series Bond is not a debt of the State.

This Series Bond is one of a duly authorized series of Rental Housing Bonds, [2025] Series __, issued in the original aggregate principal amount of $_________ (the "Series Bonds"), to provide funds needed to finance the acquisition and rehabilitation of a multifamily housing development in Proctor, Minnesota (the "Development"). The Series Bonds are issued under and pursuant to the Agency's Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 24-078, adopted December 19, 2024, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series Bonds, and the terms upon which the Bonds, including the Series Bonds, are issued, delivered and secured.

The Series Bonds are issuable only in fully registered form and comprise current interest bonds of a single stated maturity. The Series Bonds are issued in denominations of $5,000 principal amount or integral multiples thereof not exceeding the principal amount maturing in any year.

The Series Bonds are subject to special redemption at the option of the Agency, in whole or in part, on any date, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with allocable amounts on deposit in the Debt Service Reserve Fund, if any; or (ii) from Recovery Payments (as defined in Section 103 of the Bond Resolution) relating to the Development allocable to the Series Bonds. If said Recovery Payments allocable to the Series Bonds are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to the special redemption of the Series Bonds in addition to the allocable amount of Recovery Payments.

The Series Bonds are subject to redemption at the option of the Agency, in whole or in part, on any date on or after ________, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

Upon any redemption of the Series Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series Bonds, a new Series Bond will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series Bonds will be mailed to the registered Holders of the Series Bonds (or portions thereof) to be redeemed, at their last addresses on the registry books as of the Record Date, not less than thirty (30) days before the redemption date, stating (i) the principal amount to be redeemed, (ii) the maturities of the Series Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series Bonds or portions thereof to be redeemed will be payable, with accrued interest, and (iv) that thereafter interest will cease to accrue or be payable thereon. No failure to give such notice or defect in the notice shall affect the validity of the proceedings for the redemption of Series Bonds not affected by such failure or defect. Notice having been so mailed, the Series Bonds or portions of Series Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and funds for such payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon shall cease to accrue, and such Series Bonds or portions thereof shall no longer be considered Outstanding under the Bond Resolution.

The Agency has issued Bonds and the Bond Resolution also authorizes additional Series of Bonds to be issued and secured by the pledge made and security interest granted therein, all of which, regardless of the times of issue or maturity, will be of equal rank with Outstanding Bonds without preference, priority or distinction of any Bond of any series over any other except as expressly provided or permitted in the Bond Resolution, subject to conditions specified in the Bond Resolution, including conditions (a) that after each such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans, and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all funds and accounts created by the Bond Resolution, will be sufficient to pay the principal installments of and interest on the Bonds then Outstanding and the additional Series of Bonds; and (b) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by such additional Bonds) and shall be increased, if necessary, by the deposit of Bond proceeds or other funds to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time the consent is given. Any such resolution shall be binding upon the Agency and all fiduciaries and Holders of Bonds at the expiration of thirty days after filing with the Trustee of proof of mailing of notice that the required consent has been given. Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued, and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it. Every Holder hereof is deemed by purchase and retention of this Series Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Holder of any Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Series Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; and that the issuance of this Series Bond does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Minnesota Housing Finance Agency at the designated corporate trust office of Computershare Trust Company, National Association, in St. Paul, Minnesota, the successor Trustee thereunder, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney. Upon such transfer the Agency will issue in the name of the transferee a new Series Bond or Bonds of the same aggregate principal amount, Series, interest rate and maturity as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to such transfer.

The Agency and the Trustee under the Bond Resolution may deem and treat the person in whose name this Series Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Series Bond, so long as this Series Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee shall pay all principal of, premium, if any, and interest on this Series Bond, and shall give all notices with respect to this Series Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series Bond shall not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chair and Commissioner, the Agency having no corporate seal, and has caused this Series Bond to be dated as of the date set forth below.

Date of Authentication: ________________

Trustee's Certificate

This is one of the Series Bonds delivered pursuant to the Bond and Series Resolution mentioned within.

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, St. Paul, Minnesota, as successor trustee

By:________________________________
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

By: ________________________________
Chair (Facsimile Signature)

Attest: ________________________________
Commissioner (Facsimile Signature)

---

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

______________________________________________________________________

(please print or type name and address of transferee)

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint ____________________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:______________________________

_____________________________________

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever

Signature Guaranteed:_____________________________________

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Trustee in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

____________________________________

**PRELIMINARY OFFICIAL STATEMENT DATED __________, 2025**



**NEW ISSUE**

**Ratings:** **Moody's: "___"**
**S&P: "____"**

***Minnesota Housing Finance Agency has prepared this Official Statement to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series Bonds, a prospective investor should read all of this Official Statement. Capitalized terms used on this cover page have the meanings given in this Official Statement.***

MINNESOTA HOUSING

# $7,600,000*
# MINNESOTA HOUSING FINANCE AGENCY
# Rental Housing Bonds, 2025 Series [B] (Non-AMT)

**Dated: Date of Delivery** **Due: as shown on inside front cover**

| | |
|---|---|
| *Tax Exemption* | Interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series Bonds is excludable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.) |
| *Redemption* | The Agency may redeem all or a portion of the Series Bonds by optional or special redemption as described under "The Series Bonds" herein. |
| *Security* | Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by a pledge of Bond proceeds, Mortgage Loans, Investments, Revenues and other assets held under the Bond Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. THE AGENCY HAS NO TAXING POWER. THE STATE OF MINNESOTA IS NOT LIABLE FOR THE PAYMENT OF THE SERIES BONDS AND THE SERIES BONDS ARE NOT A DEBT OF THE STATE. (See "Security for the Bonds.") |
| *Interest Payment Dates* | February 1 and August 1, commencing August 1, 2025.* |
| *Denominations* | $5,000 or any integral multiple thereof. |
| *Closing/Settlement* | On or about _______, 2025* through the facilities of DTC in New York, New York. |
| *Bond Counsel* | Kutak Rock LLP. |
| *Underwriter's Counsel* | Dorsey & Whitney LLP. |
| *Trustee* | Computershare Trust Company, National Association, in St. Paul, Minnesota. |
| *Book-Entry-Only System* | The Depository Trust Company. (See Appendix E herein.) |

The Series Bonds are offered, when, as and if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

## RBC Capital Markets

The date of this Official Statement is

___________, 2025.

*Preliminary; subject to change.

## MATURITY, PRINCIPAL AMOUNT, INTEREST RATE AND PRICE*

**$7,600,000* 2025 Series [B] Bonds**

| Maturity Date | Principal Amount | Interest Rate | Price | CUSIP** |
|---|---|---|---|---|
| February 1, 2027* | $7,600,000* | ____% | _____% | |

*Preliminary, subject to change.

**CUSIP data used in this Official Statement is provided by FactSet Research Systems. CUSIP is a registered trademark of American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Agency nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

Neither Minnesota Housing Finance Agency nor the Underwriter has authorized any dealer, broker, salesman or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of the Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency since the date of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Agency, the Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## TABLE OF CONTENTS

# OFFICIAL STATEMENT

## relating to
## $7,600,000*
## MINNESOTA HOUSING FINANCE AGENCY
## Rental Housing Bonds, 2025 Series [B] (Non-AMT)

This Official Statement (which includes the Appendices) provides certain information concerning the issuance and sale by Minnesota Housing Finance Agency (the "Agency") of its Rental Housing Bonds, 2025 Series [B] in the principal amount of $7,600,000* (the "Series Bonds"). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted February 25, 1988 (as amended and supplemented in accordance with its terms, the "Bond Resolution"), and a series resolution of the Agency adopted December 19, 2024 (the "Series Resolution"). (The Bond Resolution and the Series Resolution are herein sometimes referred to as the "Resolutions.")

The Rental Housing Bonds Outstanding in the aggregate principal amount of ]$153,860,000 as of November 30, 2024], the Series Bonds and any additional Rental Housing Bonds issued pursuant to the Bond Resolution (collectively referred to as the "Bonds"), are and will be equally and ratably secured under the Bond Resolution.

The Resolutions should be referred to for the definitions of capitalized terms used herein, some of which are reproduced in this Official Statement. The summaries and references herein to the Act, the Resolutions and other documents are only brief outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references herein to the Act, the Bond Resolution and the Series Resolution are qualified in their entirety by reference to the Act and the Resolutions, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolutions.

## INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State of Minnesota. The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of making mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income if the Agency determines that those loans are not otherwise available from private lenders with equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund in the Residential Housing Finance Bond Fund. Please refer to the information in the notes to the financial statements included in Appendix B-1 to this Official Statement at pages [69 and 70] under the heading "Net Position — Restricted by Covenant."

The Agency uses proceeds of Bonds it issues pursuant to the Bond Resolution to finance a portion of the activities undertaken pursuant to the Rental Housing Program (the "Program"). The multifamily division of the Agency administers the Program. The purpose of the Program is to increase the supply of, and to maintain and improve, the rental housing stock in Minnesota that is affordable to low and moderate income households. The Program has also provided financing for nonprofit group homes for the developmentally disabled. Through the use of bond financing and other funding sources, the Agency intends that the Program will provide both short-term and long-term, fixed rate, first lien (or second lien if the Agency also holds the first lien) mortgage loans ("Mortgage Loans"), and, under certain circumstances, subordinate mortgage loans ("Subordinate Mortgage Loans"), to finance the

*Preliminary, subject to change.

construction, acquisition, rehabilitation or refinancing of multifamily rental housing and group home developments (the "Developments"). The Bond Resolution authorizes, upon conditions set forth therein, the issuance of additional series of Bonds on a parity with the Outstanding Bonds, including the Series Bonds.

In recognition of certain risks inherent in mortgage lending, the Agency has adopted policies and review procedures for detailed evaluation of the Developments that it finances prior to making Mortgage Loan commitments. To assure completion of rehabilitation, construction and proper maintenance, the Agency has established reserve and escrow requirements and procedures for regulating and monitoring operations with respect to the Developments. The procedures the Agency presently uses to reduce those risks are described more fully herein under the heading "The Rental Housing Program."

The Agency intends to use the proceeds of the Series Bonds to fund a short-term first lien mortgage loan to a private owner that will finance a portion of the costs of acquisition and rehabilitation of a multifamily housing development in Proctor, Minnesota. (See "The Development.") The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See "The Agency — Net Position Restricted By Covenant and Operations to Date – General Reserve; Alternative Loan Fund.")

The Agency has further pledged as security for the payment of the Series Bonds (on an equal basis with the Outstanding Bonds issued and that may be issued under the Bond Resolution) amounts on deposit and investments in certain accounts and funds established pursuant to the Resolutions, including the Debt Service Reserve Fund established pursuant to the Bond Resolution in accordance with the Act. Under the Act, upon certification by the Agency, the State Legislature may, but is not required to, appropriate amounts that may be necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. (See "Security for the Bonds.")

Although the State has appropriated amounts to the Agency for various specific purposes (see "The Agency — State Appropriations"), the Agency generally pays its general and administrative expenses from certain interest earnings and fees charged in connection with its bond-funded programs. For programs funded through State appropriations, the Agency recovers the costs of administering the programs only to the extent of interest earnings on the appropriations. The appropriations are not available to pay debt service on the Bonds.

**The Agency has no taxing power. Neither the State of Minnesota nor any political subdivision thereof is or will be obligated to pay the principal or redemption price of, or interest on, the Series Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to that payment.**

## THE AGENCY

### Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long-term mortgage financing for that housing.

**Structure**

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chair of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

*John DeCramer*, Chair — Term expires January 2028, Marshall, Minnesota – Magnetics Engineer

The Honorable *Julie Blaha* — *Ex officio*, St. Paul, Minnesota – State Auditor

*Melanie Benjamin*, Member — Term expires January 2025, Onamia, Minnesota – Consultant

*Eric Cooperstein*, Member — Term expires January 2027, Edina, Minnesota – Attorney

*Stephanie Klinzing*, Member — Term expires January 2027, Elk River, Minnesota – Writer and Publisher

*Stephen Spears*, Member — Term expires January 2026, Plymouth, Minnesota – Banker

*Terri Thao*, Vice Chair — Term expires January 2028, St. Paul, Minnesota – Program Director

**Staff**

The staff of the Agency presently consists of approximately 315 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint the permanent and temporary employees as the Commissioner deems necessary subject to the approval of the Commissioner of Management and Budget.

The principal officers and staff related to the Program are as follows:

*Jennifer Ho* — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner may be confirmed or rejected by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation's first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homelessness for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

*Rachel Robinson* — Deputy Commissioner, appointed effective March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master's degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

*Debbi Larson* — Executive Financial Officer appointed effective November 2024. Ms. Larson was Director of Finance from December 2019 to November 2024 and Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to those positions, she was Director of Finance and Information Technology for a subsidiary of Taylor Corporation and responsible for domestic and international locations and, prior to that, was the Chief Financial Officer for a division of the Minnesota Department of Corrections. Ms. Larson previously held various accounting positions of increasing responsibility. Ms. Larson holds a Bachelor of Science degree with a concentration in Accounting from the University of Phoenix, and an MMBA (accelerated MBA program) Executive Leadership certification from the University of St. Thomas.

*Matthew Dieveney* — Executive Investment Officer appointed effective November 2024. Mr. Dieveney was previously Secondary Marketing Director for the Agency since 2016. Prior to that position, he held various roles of increasing responsibility in the Single Family division and later the Finance division, since joining the Agency in 2008. Mr. Dieveney holds a Bachelor of Arts degree with a major in Finance from the University of Minnesota-Duluth, and a Master of Business Administration degree from the University of Minnesota Carlson School of Management.

*Irene Kao* — General Counsel, appointed effective November 2022. Prior to this position, Ms. Kao was the Intergovernmental Relations Counsel at the League of Minnesota Cities where she served as legislative legal counsel and lobbyist representing cities on issues related to land use and zoning, data practices, Open Meeting Law, procurement, and civil liability. She also serves as adjunct faculty at Mitchell Hamline School of Law. Ms. Kao earned a law degree from Mitchell Hamline School of Law, a Master of Arts degree in College Student Personnel from the University of Maryland College Park and a Bachelor of Arts degree in English and Psychology from the University of Minnesota Twin Cities.

*James Lehnhoff* — Assistant Commissioner, Multifamily, appointed effective March 2019. Mr. Lehnhoff was most recently the Director of Portfolio Strategy at CommonBond Communities. He has more than 16 years of local government, municipal finance, and real estate development experience, including extensive work in affordable housing development, Pro Forma analysis, land use planning, economic development, community engagement, and project management. Mr. Lehnhoff has successfully implemented complex and nationally recognized affordable housing development projects to advance community goals. Prior to joining CommonBond, he was a municipal advisor at Ehlers & Associates from October 2016 to September 2018, served as the Vice President of Real Estate at Aeon from August 2010 to October 2016, and was the Community Development Director for the City of Arden Hills from January 2006 to August 2010. Mr. Lehnhoff earned a Master's degree in Urban and Regional Planning from the University of Minnesota Hubert H. Humphrey School of Public Affairs and a Bachelor of Arts degree in Geography from the University of Minnesota Duluth.

The Agency's offices are located at 400 Wabasha Street North, St. Paul, Minnesota 55102, and its general telephone number is (651) 296-7608. The Agency's website address is http://www.mnhousing.gov. No portion of the Agency's website is incorporated into this Official Statement.

**Independent Auditors**

The financial statements of the Agency as of and for the year ended June 30, 2024, included in this Official Statement as Appendix B-1, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2024. RSM US LLP also has not performed any procedures relating to this Official Statement.

**Financial Statements of the Agency**

The Agency financial statements included in this Official Statement as Appendix B-1 as of and for the fiscal year ended June 30, 2024 are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board ("GASB") .

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages [71 through 74] under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2024, with respect to MSRS was $6.694 million. The Agency's total net pension liability and post-employment benefits liability was $8.963 million as of June 30, 2024.

In Appendix B-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the six months ended December 31, 2024. The Agency has prepared the information in Appendix B-2 and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B-2 is not accompanied by a statement from the independent auditors.

**Disclosure Information**

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the "Agency Annual Report") and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ended June 30, 2025, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See "Appendix C — Summary of Continuing Disclosure Undertaking.")

During the prior five years, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency's Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency's Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events.

The specific nature of the information to be contained in the Agency Annual Report or the notices of events, and the manner in which these materials are to be filed, are summarized in "Appendix C — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a semiannual disclosure report for the Bond Resolution and a quarterly disclosure report for its single family bond resolutions. Recent reports are available at the Agency's website at http://www.mnhousing.gov/investors/disclosure.html, but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

**Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund**

In addition to its bond funds pledged to the payment of particular bonds by bond resolutions of the Agency, the Agency has also established certain other funds that it has restricted by covenant. Currently, the restricted funds are the General Reserve and the Alternative Loan Fund. The General Reserve contains the Housing Endowment Fund (also referred to as "Pool 1") and the Agency's net investment in capital assets. The Alternative Loan Fund, which is held under the Residential Housing Finance Bond Resolution but is not pledged to pay bonds issued thereunder, comprises the Housing Investment Fund (also referred to as "Pool 2") and the Housing Affordability Fund (also referred to as "Pool 3"). The net position of the General Reserve and the Alternative Loan Fund is not pledged to the payment of the Bonds or any other debt obligations of the Agency but, to the extent funds are available therein, are generally available to pay any debt obligations of the Agency, including the Bonds.

Subject to the restrictions in the Bond Resolution and its other bond resolutions, the Agency may withdraw excess assets from bond funds held thereunder. To the extent the Agency withdraws excess assets from bond funds, the Agency has pledged to deposit those excess assets in the General Reserve or the Alternative Loan Fund, except for any amounts as may be necessary to reimburse the State for money appropriated to restore a deficiency in any debt service reserve fund.

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondowners as covenanted in the bond resolutions, the Agency has established investment guidelines for Pools 1 and 2. The investment guidelines are subject to change by the Agency from time to time in its discretion.

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is $493,184 million, representing the combined net position of these funds so calculated as of June 30, 2024. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2024 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages [69 and 70] under the heading "Net Position — Restricted by Covenant."

The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the six-month period ended December 31, 2024 (unaudited) (in thousands):

| | Six months Ended December 31, 2024 (unaudited) | Fiscal Year Ended June 30, 2024 | Fiscal Year Ended June 30, 2023 |
|---|---|---|---|
| **Operating revenues** | | | |
| Fees earned and other income[1] | | $16,673 | $14,901 |
| Administrative reimbursement[2], [3] | | 53,341 | 34,949 |
| Total operating revenues | | 70,014 | 49,850 |
| **Operating expenses** | | | |
| Salaries and benefits | | 40,708 | 29,219 |
| Other general operating expenses | | 6,058 | 5,574 |
| Total operating expenses | | 46,766 | 34,793 |
| Operating income (loss) | | 23,248 | 15,057 |
| **Nonoperating revenues (expenses)** | | | |
| Interest earned on investments other | | 1,219 | 823 |
| Interest | | (297) | (359) |
| Total nonoperating revenues (expenses) | | 922 | 464 |
| Income (loss) before transfers and contributions | | 24,170 | 15,521 |
| Non-operating transfer of assets and program contributions between funds[4] | | (23,328) | (14,363) |
| Non-operating expenses | | ------ | (599) |
| Change in net position | | 842 | 599 |
| Net position beginning of period | | 9,490 | 8,891 |
| Net position end of period | | $10,332 | $9,490 |

(1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.

(2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.

(3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering state appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.

(4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings "Interfund Transfers" and "Net Position Restricted by Covenant" in the Notes to Financial Statements of the Agency in Appendix B-1 to this Official Statement for additional information.

**State Appropriations**

Over the years, the State Legislature has appropriated funds to the Agency to be used for low interest loans, grants, programs for low and moderate income persons and families and other housing related program costs. The Agency generally does not pay its general or administrative expenses from appropriated funds, although it can recover its allocable costs of administering State appropriations from investment earnings thereon. The State Legislature has appropriated funds to the Agency for its programs in every biennium since 1975. The Agency has expended or committed most of the appropriations.

Over the biennial periods ended June 30, 2015, through June 30, 2023, the total appropriations to the Agency aggregated approximately $562.15 million. For the biennial period ending June 30, 2025, the Legislature has appropriated approximately $1.075 billion to the Agency.

The appropriations are not available to pay debt service on the Bonds.

**Agency Indebtedness**

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to $9,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of [November 30, 2024]:

| | Number of Series* | Final Maturity | Original Principal Amount* (in thousands) | Principal Amount Outstanding (in thousands) |
|---|---|---|---|---|
| Rental Housing Bonds.................................. | 13 | 2066 | $ 154,710 | $ 153,860 |
| Residential Housing Finance Bonds............ | 103 | 2055 | 5,692,745 | 4,151,285 |
| Homeownership Finance Bonds................... | 59 | 2052 | 2,674,572 | 912,473 |
| Multifamily Housing Bonds (Treasury HFA Initiative) .................................................... | 1 | 2051 | 15,000 | 12,180 |
| General Purpose Bonds…………………….. | 1 | 2039 | 60,000 | 60,000 |
| Totals................................................... | 177 | | $8,597,027 | $5,289,798 |

*Does not include series of bonds or the original principal amount of any bonds that had been, as of [November 30, 2024], defeased or paid in full, whether at maturity or earlier redemption.

The payment of principal of and interest on general obligations of the Agency as shown above may be made, if necessary, from the General Reserve or the Alternative Loan Fund. (See "Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund" above.)

The Agency has entered into liquidity facilities and interest rate swap agreements in respect of its outstanding Residential Housing Finance Bonds that bear interest at a variable rate or floating rate and may be subject to optional and mandatory tender. Certain information related to those variable rate demand bonds, floating rate term bonds, liquidity facilities and swap agreements is included in the Notes to Financial Statements contained in Appendix B-1 to this Official Statement and in the unaudited financial statements contained in Appendix B-2 to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

Certain of the swap agreements obligate the Agency to make periodic fixed rate payments and entitled the Agency to receive periodic payments based on the United States dollar-denominated London Interbank Offered Rate ("USD LIBOR"); as of July 1, 2023, all of such swap agreements have been amended in accordance with industry protocols to replace USD LIBOR with the secured overnight financing rate ("SOFR"), a rate published by the Federal Reserve Bank of New York, but otherwise retaining the same computational periods.

In 2009, the Agency issued $13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued $21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the "Housing Infrastructure Bonds") for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is $565,000,000. The Agency has issued 33 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2024 in an aggregate principal amount of $511,090,000 under a separate indenture of trust.

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the "Amended Bank Note") to Royal Bank of Canada (the "Bank"), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021, a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022, a Seventh Amendment to Revolving Credit Agreement dated as of December 22, 2023, and an Eighth Amendment to Revolving Credit Agreement dated as of December 12, 2024 (the "Amended Revolving Credit Agreement"), and as further amended from time to time, for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Homeownership Finance Bonds and Residential Housing Finance Bonds previously issued by the Agency (collectively, the "Single Family Housing Bonds"). Upon the refunding of Single Family Housing Bonds with amounts advanced to the Agency pursuant to the Amended Revolving Credit Agreement as evidenced by the Amended Bank Note, funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under a separate amended and restated indenture of trust, as amended (the "2018 Revolving Credit Indenture"), between the Agency and Computershare Trust Company, National Association, as successor trustee, as security for the repayment of the principal amount of the Amended Bank Note that has been advanced to the Agency. The Bank agrees to make advances until December 26, 2025, a later date if extended by the Bank or an earlier date upon an event of default or a termination pursuant to the terms of the Amended Revolving Credit Agreement or if the Agency elects an earlier termination. The amount of the advances outstanding and not repaid with respect to the Amended Bank Note bear interest at a variable interest rate equal to the forward looking Term SOFR Reference Rate for the following one month interest period plus a spread (currently 0.65%) and may not exceed $75,000,000 at any time, and the cumulative amount of the advances made may not exceed $1,700,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Amended Bank Note is a general obligation of the Agency. The Agency has requested advances in the aggregate principal amount of $[1,296,079,719; $28,735,035] of which is outstanding.

**Agency Continuity of Operations Plan**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Agency's ability to conduct its business. A prolonged disruption in the Agency's operations could have an adverse effect on the Agency's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Agency has developed a Continuity of Operations Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Agency and minimize disruption if an emergency threatens, interrupts or incapacitates the Agency's operations, (ii) provide Agency leadership with timely direction, control and coordination before, during and after an emergency or similar event, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency or similar event. No assurances can be given that the Agency's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations.

**Cybersecurity**

The Agency relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Agency faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance agencies and other public finance entities have been targeted by outside third parties, including technologically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the Agency, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Agency uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Agency conducts regular information security and privacy awareness training that is mandatory for all Agency staff. The Agency's Business Technology Support group has management responsibility for all information technology and leads the efforts of the Agency to keep its cyber assets secure. The Agency's Business Technology Support group and contracted services from the Office of MN.IT Services, an agency of the executive branch of the State, regularly conduct risk assessments, audits and tests of the Agency's cybersecurity systems and infrastructure.

Despite its efforts, no assurances can be given that the Agency's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used by perpetrators are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber attacks have not had a material impact on the Agency's financial condition, results or business; however, the Agency is not able to predict future attacks or their severity. The results of any attack on the Agency's computer and information technology systems could impact its operations for an unknown period of time, damage the Agency's digital networks and systems, and damage the Agency's reputation, financial performance, and customer or vendor relationships. Such an attack also could result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Agency's reputation and relationships could adversely affect the Agency's ability to conduct its programs and operations in the future.

## THE DEVELOPMENT

**The Development**

The Agency intends to use the proceeds of the Series Bonds to make a short-term first lien Mortgage Loan that will finance a portion of the costs of the acquisition and rehabilitation of a multifamily housing development. The Development, preliminarily to be known as Hillside Gardens, will be the acquisition and rehabilitation of a one-story building, located in Proctor, Minnesota. The Development has 45 residential units. The total development cost is estimated to be approximately $15.7 million. The Development is expected to be completed by October 2026. The Development will be acquired and rehabilitated by Hillside Gardens Limited Partnership, a Minnesota limited partnership.

The Agency expects to use the proceeds of the Series Bonds to be deposited in the Mortgage Loan Account to make a non-amortizing first lien bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. That bridge Mortgage Loan, in the total principal amount of $7.6 million,* will mature in full on November 1, 2026* and will be secured by a guaranty from Trellis Co.., a Minnesota nonprofit corporation. The Agency will also make two zero percent deferred payment loan in the aggregate principal amount of $8.43 million for the benefit of the Development. The bridge Mortgage Loan is expected to be repaid from a portion of those loans together with equity contributions from the tax credit investor.

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*Preliminary, subject to change.

As a result of the issuance of the Series Bonds, all of the dwelling units in the Development will be eligible for low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended. Occupancy in all of those dwelling units will be limited to households with incomes at initial occupancy at or below 60 percent of the area median income, adjusted for household size, for a period of 50 years.

All of the units in the Development will be benefited from project-based Section 8 rental assistance with a 20 year term, provided through the Agency.

**Estimated Sources and Uses of Series Bond Proceeds and Agency Funds**

The estimated sources and uses of proceeds of the Series Bonds and funds to be provided by or through the Agency are as follows:

| | |
|---|---|
| *Sources:* | |
| Principal Amount of Series Bonds .................................. | $7,600,000[*] |
| Funds Available to the Agency ........................................ | ________ |
| Total Sources of Funds....................................... | $________. |
| *Uses:* | |
| Series [B] Mortgage Loan Account .................................. | $7,600,000[*] |
| Revenue Fund .................................................................. | |
| Costs of Issuance ............................................................. | ________ |
| Total Uses of Funds ........................................... | $________. |

## THE SERIES BONDS

The Series Bonds will be fully registered bonds initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series Bonds. Computershare Trust Company, National Association, St. Paul, Minnesota, serves as successor Trustee under the Bond Resolution.

The Series Bonds will be issued as bonds of a single stated maturity in the denominations of $5,000 or any integral multiple thereof. The Series Bonds mature, subject to redemption as herein described, on the date and in the amount set forth on the inside front cover hereof.

The Series Bonds bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025,[*] at the rate set forth on the inside front cover hereof until payment of the principal or redemption price of those Series Bonds. As long as the Series Bonds are in book-entry form, interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, and DTC will redistribute that interest. (See Appendix E – "Book-Entry-Only System.")

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer.

**Special Redemption at Par**

The Agency may redeem the Series Bonds, at its option, in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued interest, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development; and (ii) in the event the Agency receives or recovers Recovery Payments (as defined in Appendix D) relating to the Development. The Agency will apply any unexpended proceeds

[*]Preliminary, subject to change.

or Recovery Payments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to redeem the Series Bonds in addition to the Recovery Payments.

**Optional Redemption**

The Agency may redeem the Series Bonds at its option, in whole or in part, on any date on or after August 1, 2026,* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

**General Redemption Provisions**

Any Series Bonds to be redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an authorized officer of the Agency stating the principal amount of the Series Bonds to be redeemed. If less than all Series Bonds are to be redeemed, the Series Bonds to be redeemed are to be selected in $5,000 principal amounts at random by the Trustee. The Agency will not at any time cause Series Bonds to be optionally redeemed if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after the redemption.

The Trustee is required to mail a copy of the notice of redemption to the registered owner of any Series Bond called for redemption at least 30 days prior to the redemption date. Any defect in or failure to give the required mailed notice of redemption will not affect the validity of any proceedings for the redemption of Series Bonds not affected by that defect or failure.

## SECURITY FOR THE BONDS

Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge and a grant of a security interest in (a) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds and notes), (b) all Mortgage Loans and Investments made or purchased from the proceeds, (c) all Revenues as defined in the Bond Resolution, and (d) money, Investments, and other assets and income held in and receivables of Funds established by or pursuant to the Bond Resolution. The Bonds, including the Series Bonds, are also general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds, and federal or State laws heretofore or hereafter enacted pledging particular funds for a specified purpose. The pledge and security interests granted by the Bond Resolution are for the equal benefit, protection and security of Holders of all Bonds, including the Series Bonds.

**The Agency has no taxing power. The State of Minnesota is not liable for the payment of the Bonds, including the Series Bonds, and the Series Bonds are not a debt of the State.**

**Mortgage Loans**

The Bond Resolution requires, except in certain circumstances hereinafter described, that each Mortgage Loan be secured by a first mortgage lien (subject to permitted encumbrances) on the real property, or leasehold interest of the Mortgagor in the real property under a lease with a term at least twice the length of the term of the Bonds, that is the site of the Development financed by that Mortgage Loan, and all improvements thereon. At the initial closing for each Development, the Agency receives a recorded Mortgage and a mortgagee's title insurance policy in the amount of the Mortgage Loan. The Agency may also participate with other parties in the making of a Mortgage Loan if the Agency's mortgage lien, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Bond Resolution also permits the Agency, if it holds a Mortgage that constitutes a first mortgage lien on a Development, to make an additional Mortgage Loan for the Development and secure the additional Mortgage Loan by a Mortgage on a parity with or junior and subordinate to the first lien Mortgage held by the Agency. In addition, the Bond Resolution allows the Agency to make Subordinate Mortgage Loans with respect to a Development upon the terms and conditions as the Agency may deem appropriate, but solely from amounts that would otherwise be available to be removed by the Agency from the lien of the Bond Resolution.

Under the Bond Resolution, there will at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution that, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from the calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that this covenant is met, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions must be based upon the Agency's reasonable expectations as of the date of the determination. The Agency may forgive a portion of the interest on any Mortgage Loan provided that, after giving effect to the reduction and all similar reductions then in effect, the Agency continues to comply with the covenant.

The scheduled payments of the Principal Installments of and interest on the Bonds are generally based on the receipt of scheduled payments by the Agency on the Mortgage Loans and any Subordinate Mortgage Loans, together with capitalized interest and estimated investment income of certain Funds and Accounts established by the Bond Resolution, to the extent provided therein. The ability of the Mortgagors to make scheduled payments to the Agency depends, among other things, on the Developments achieving and sustaining occupancy and rental levels necessary to generate rental income that, together with any applicable subsidies, the Agency expects will be sufficient to meet the required loan payments, to fund required reserves and escrows and to meet operating expenses. Under the Bond Resolution, the Agency (unless otherwise required by any agency of the United States guaranteeing, insuring or otherwise assisting in the payment of the Mortgage Loan or Subordinate Mortgage Loan) may give its consent to Prepayment of a Mortgage Loan or Subordinate Mortgage Loan only if certain conditions as described under the caption "Summary of Certain Provisions of the Bond Resolution — Mortgage Provisions and Conditions — Prepayments" in Appendix D hereto have been met. If any Mortgage Loan or Subordinate Mortgage Loan goes into default or investment income differs from the amounts estimated to be received, the amount of money available for the payment of Principal Installments of and interest on the Bonds may be adversely affected; however, as is described elsewhere in this Official Statement, moneys may be available from other sources, including the Debt Service Reserve Fund.

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of June 30, 2024 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

**Debt Service Reserve Fund**

No funds will be credited to the Debt Service Reserve Fund with respect to the Series Bonds (and the Debt Service Reserve Requirement in respect of the Series Bonds will be $0.00), since, in addition to the other security provided pursuant to the Bond Resolution, payment of principal with respect to the Mortgage Loan funded by the Series Bonds will be secured as described under "The Development."

Upon issuance of the Series Bonds, the aggregate Debt Service Reserve Requirement for the Bond Resolution will be approximately $______* and the value of the investments in the Debt Service Reserve Fund as calculated under the Bond Resolution will not be less than the aggregate Debt Service Reserve Requirement. The Debt Service Reserve Fund secures all Bonds issued under the Bond Resolution, including the Series Bonds, on an equal basis.

The Act provides that the Agency may create and establish one or more debt service reserve funds for the security of its bonds. The Agency will use moneys held in or credited to a debt service reserve fund solely for the payment of principal of bonds of the Agency as the same mature, the purchase of those bonds, the payment of interest thereon or the payment of any premium required when the bonds are redeemed before maturity, provided that the moneys in that fund must not be withdrawn therefrom at any time in an amount as would reduce the amount reasonably necessary for the purposes of the fund, except for the purpose of paying principal and interest due on the bonds secured by the fund for the payment of which other moneys of the Agency are not available. The Agency may not issue any additional bonds or notes that are secured by a debt service reserve fund if the amount in that debt service reserve fund or any other debt service reserve fund at the time of that issuance does not equal or exceed the minimum amount required by the resolution creating that fund unless the Agency deposits in each fund at the time of the issuance from the proceeds of the bonds or otherwise an amount that, together with the amount then in the fund, will be no less than the minimum amount so required. The Act further provides that:

> In order to assure the payment of principal and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency . . . .

In the opinion of Bond Counsel and counsel to the Agency, the Legislature is legally authorized, *but not legally obligated,* to appropriate those amounts to the Debt Service Reserve Fund.

**Additional Bonds**

The Bond Resolution permits the Agency to issue additional Bonds, upon the adoption of a series resolution, to provide funds for the purpose of financing the making of Mortgage Loans for Developments, or financing Mortgage Loans previously made from moneys in the Housing Investment Fund, under the Agency's programs of making Mortgage Loans and, in addition, to refund outstanding Bonds or other obligations issued to finance Mortgage Loans, upon certain conditions contained therein (see Appendix D – "Summary of Certain Provisions of the Bond Resolution—Additional Bonds"), without limitation as to amount except as may from time to time be provided by law. Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and the Outstanding Bonds and entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

Nothing in the Bond Resolution prohibits the financing of other multifamily housing developments under other bond resolutions.

**State Pledge Against Impairment of Contracts**

The State in the Act has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with them or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of those Holders, are fully met and discharged.

## THE RENTAL HOUSING PROGRAM

The Bond Resolution is currently the primary source of funds borrowed by the Agency to fund its multifamily housing programs. The proceeds of Bonds issued under the Bond Resolution are lent by the Agency to for-profit, nonprofit and limited profit sponsors that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families with low and moderate incomes.

The precise nature of the multifamily housing programs financed under the Bond Resolution has varied over the years and is expected to continue to vary based on the housing needs of the State of Minnesota and resources available to address those needs. There follows a description of the housing programs for which there are loans outstanding that were either funded from Bond proceeds under the Bond Resolution or are pledged as additional security under the Bond Resolution. All of the Developments financed under the Bond Resolution in recent years have been processed under the Low and Moderate Income Rental Program, either as long-term loans or as bridge loans. Recently originated loans have included the acquisition and construction of rental properties that will be eligible for federal low-income housing tax credits and loans for the preservation of existing federal subsidies under the Section 8 program.

The existing Developments financed by Outstanding Bonds have been originated under the following programs:

—Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)

—Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

In addition to the programs listed above, loans contributed as additional security under the Bond Resolution have been financed under the following program:

—Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of June 30, 2024 for the programs as listed above:

*Rental Housing Program Mortgage Loan Program Summary as of June 30, 2024*

| Program | Number of Loans | Number of Units | Outstanding Loan Amount | Percentage of Total Amount |
|---|---|---|---|---|
| Section 8 Housing Assistance Payments/Asset Management Program* | 8 | 619 | $ 16,855,841 | 9.68% |
| Low and Moderate Income Rental Program** .................................. | 60 | 3,865 | 155,976,605 | 89.63 |
| Market Rate Mortgage Loan Program... | 2 | 163 | 1,194,231 | 0.69 |
| | 70 | 4,647 | $174,026,677 | 100.00% |

*Includes six HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 493 aggregate units and an aggregate outstanding loan amount of $15,889,777.

**Includes 38 HUD Risk-Sharing loans for Developments with 2,577 aggregate units and an aggregate outstanding loan amount of $80,927,439, including one loan for a Development with 30 units and an aggregate outstanding loan amount of $1,757,440 that was a refinance of an existing third-party loan, and seven bridge loans for Developments with 444 units and an aggregate outstanding loan amount of $53,670,000, including one bridge loan for a Development with 52 units and an aggregate outstanding loan amount of $10,640,000 that is not bridging a Low and Moderate Income end loan.

**Low and Moderate Income Rental Program**

The Low and Moderate Income Rental Program (the "LMIR Program") is the program under which the Agency is currently making loans funded from the proceeds of Bonds issued under the Bond Resolution. Some of the loans involve the preservation of existing federal housing subsidies. The federal housing subsidies preserved in connection with loans under the LMIR Program have included Section 8 project-based assistance; this subsidy program is described below. Most recent developments financed under this program have also benefited from the receipt of federal low-income housing tax credits.

In the LMIR Program, which is administered by the Multifamily Division of the Agency, the Agency uses the proceeds of Bonds issued under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The Agency, under the LMIR Program, may also use other available funds to provide permanent and construction loan financing for the acquisition/rehabilitation, refinance/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds or other available funds are lent by the Agency to nonprofit or limited profit entities that agree to construct or rehabilitate the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. Several of the loans made under the LMIR Program have been insured under the FHA Section 223(a)(7) and 241 insurance programs. Generally, loans to Developments financed under the LMIR Program also receive one or more low- or non-interest bearing, non-amortizing subordinate loans that facilitate keeping rents below market rate levels and reduce the amount of amortizing debt.

In the Agency's administration of its LMIR Program, the Agency has made Mortgage Loans of up to 100 percent of total development costs. Mortgage Loans for Developments are generally made for terms of 30 to 40 years or are made as short-term loans payable when construction or rehabilitation is completed.

*HUD Risk-Sharing Program*

As part of the LMIR Program under the Bond Resolution, the Agency has made and expects to make Mortgage Loans under the Department of Housing and Urban Development Housing Finance Agency Risk-Sharing Program for Insured Affordable Multifamily Project Loans ("HUD Risk-Sharing Program"). Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act") authorized the Secretary of the Department of Housing and Urban Development ("HUD") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through the Federal Housing Administration ("FHA"), will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The HUD Risk-Sharing Program allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, and provides for reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect.

The HUD Risk-Sharing Program requires that an interested HFA first be approved as a qualified housing finance agency. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement between the Commissioner of FHA and the HFA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans, and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the HUD Risk-Sharing Program include projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program.

The Agency has been designated by HUD as a "qualified HFA" under the Risk-Sharing Act. The Agency has entered into a risk-sharing agreement with HUD dated as of May 3, 1994 (the "Risk-Sharing Agreement") which sets out the terms for the Agency's participation in the HUD Risk-Sharing Program. The Agency has a "Level I" and "Level II" approval under the regulations, which means the Agency agrees to reimburse HUD for 50 percent, or from 10 percent to 50 percent, of any losses incurred as a result of a default under a HUD Risk-Sharing Program loan. "Level I" approval permits the Agency to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans with review and approval by the local HUD office. Most of the Developments committed to be financed to date under the HUD Risk-Sharing Program have been insured based upon a 50/50 split of any losses.

Prior to funding of a Mortgage Loan by the Agency, HUD issues a Risk-Sharing Firm Approval Letter under which it agrees to endorse the Mortgage Note either at closing (in which case all advances are insured) or upon completion of construction and satisfaction of various conditions relating to the Mortgage Loan, including funding of all anticipated sources of funds. If the Mortgage Note is not endorsed until completion of construction, HUD is not obligated to reimburse the Agency for any losses that occur as a result of a default under the loan documents prior to completion of construction and endorsement of the Mortgage Note for insurance by HUD.

A mortgagee under an FHA-insured mortgage is entitled to receive the benefits of insurance after the mortgagor has defaulted and that default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after that grace period and monthly thereafter, unless waived by HUD, until the default has been cured or the Agency has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Agency must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default unless extended at the request of the HFA. The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. HUD must make all claim payments in cash. The initial claim payment is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. Within 30 days of the initial claim payment, the HFA must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms and must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the HFA's reimbursement obligation to HUD under its Risk-Sharing Agreement.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed-in-lieu of foreclosure or (2) expiration of the term of the HFA debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the Mortgage Note and the Risk-Sharing Agreement.

**The Agency Regulatory Agreement**

The uninsured Section 8-assisted Developments and Developments financed under the LMIR and HUD Risk-Sharing Programs are all subject to regulatory agreements with the Agency regulating their rents, distributions, occupancy, management and operation. The regulatory agreements are in effect during the entire term of the Mortgage Loan. Under the regulatory agreements, a limited-profit or nonprofit owner may not make distributions to its partners or members in any one year in excess of a percentage of its initial equity in a Development. The allowable percentage of equity ranges from 6 percent to 15 percent, depending on the program under which the Mortgage Loan was financed.

**Section 8 Program**

*General Description*

Under the Section 8 Program, HUD provides for the payment of a subsidy for the benefit of low income families, which are defined generally as those families whose incomes do not exceed 80 percent of the median income for the area, as determined by HUD. Until recent years, almost all of the Developments with Section 8 subsidies financed by the Agency were financed from a set-aside from HUD under which the Developments were underwritten and financed by the Agency. The Agency entered into Traditional Contract Administration ("TCA") Annual Contributions Contracts ("ACC"s) with HUD and Section 8 Housing Assistance Payments Contracts ("HAP Contracts") with owners under which the subsidy payments were made on behalf of tenants in the Developments. Pursuant to the ACC for each Development, HUD committed funding through the entire term of the HAP Contract. The Agency receives monthly subsidy payments with respect to each assisted dwelling unit, and then in turn disburses or credits monthly housing assistance payments to the owner of the Development under the HAP Contract. In addition, several of these Developments also received an Agency first mortgage loan, some of which were insured under an FHA insurance program. After the initial contract expiration, many of these HAP Contracts have been renewed for a period of 20 years. The owner has the option to renew for a shorter term. It is anticipated, but not assured, that HUD will continue to provide the opportunity for owners to renew expiring HAP Contracts under the provisions of Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. In recent years, the Agency has provided new financing (deferred or amortizing) to Developments with HAP Contracts, many in conjunction with a Declaration of Covenants, Conditions and Restrictions pursuant to which the owner has agreed to continuously renew the HAP Contract through the maturity date of the Agency's Mortgage Loan. It is anticipated, but not assured, that the federal government will continue to provide these owners with the option to renew their HAP Contracts upon expiration. Renewals of HAP Contracts beyond the expiration of the initial contract term are subject to annual appropriations and spending authority in the federal budget. Contracts to convert tenant-based HUD vouchers or certificates into project-based assistance (as described below) are also subject to annual appropriation and spending authorization in the federal budget.

*HAP Contract Term for State Agency Set-Aside Program*

Under HUD regulations, the initial terms of the HAP Contracts for uninsured Developments financed under the state agency set-aside program were for either 30 or 40 years, with provisions for renewal for five-year periods within the 30- or 40-year term. The term of the initial ACC is the same as the initial HAP Contract term. Nonrenewal of the Section 8 HAP Contract under federal law and Minnesota state statutes requires proper notification to the residents, the applicable city, the Metropolitan Council Housing and Redevelopment Authority, the Agency and HUD. This nonrenewal (opt-out) of the HAP Contract is independent of the Development's existing first mortgage financing. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.") Although the Section 8 housing assistance payments are made to the owner and in effect represent rental income, the HAP Contract may, with HUD's consent, be assigned as security by the owner to the first mortgage lender for the Development. All of the Developments with HAP Contracts within the Agency's first mortgage loan portfolio are assigned to the Agency as security for the Mortgage Loan. HAP Contracts may not be terminated by HUD if the Mortgage Loan on the Development goes into default, so long as the owner has not breached any of the owner's obligations under the HAP Contract. In the event of a breach of the HAP Contract by the owner, HUD may abate subsidy payments or terminate the HAP Contract after giving the owner reasonable opportunity to comply with the requirements of the HAP Contract. Under HUD regulations, the HAP Contract may be assigned to a new owner of the Development. HUD may also determine that the HAP Contract may be terminated or may reassign the Section 8 housing assistance payments subsidy to another development. If the Section 8 subsidy is assigned to another development, the HAP Contract and the ACC will continue in effect and housing assistance payments will continue in accordance with the terms of the HAP Contract. (See "Certain Information Regarding Housing Assistance Payment Contracts – Certain Recent Developments.")

**Certain Information Regarding Housing Assistance Payment Contracts**

*General*

The following discussion provides certain information with regard to the Section 8 program and HAP Contract requirements that may affect payments made by HUD pursuant to the HAP Contracts. That information is not comprehensive or definitive and, as appropriate, is qualified in its entirety by reference to the United States Housing Act of 1937, as amended (the "Housing Act"), and HUD Section 8 Program Guidebooks, Handbooks, Notices, and Memoranda.

*Adjustments in Contract Rents*

The HAP Contract defines the type of contract rent adjustment that the Development can request. For HAP Contracts in the Agency's Traditional Contract Administration portfolio that are in their original term, owners can request an Annual Adjustment Factor Rent Adjustment based on the annual adjustment factor published by HUD. Interim revisions may be made where market conditions warrant. The annual adjustment factor is applied on the anniversary date of each HAP Contract to contract rents, resulting in upward adjustment. Pursuant to federal legislation enacted in 1997, if the contract rents for a Development exceed the applicable HUD fair market rents, then contract rents may not be increased beyond comparable market rents (plus the initial differential between the initial contract rents and the comparable rents). The comparable rents are determined by independent appraisals of Developments in the form of a Rent Comparability Study submitted by the owner. In addition, special additional adjustments may be granted to reflect increases in the actual and necessary expenses of owning and maintaining a Development resulting from substantial "and general increase in real property taxes, assessments, utility rates and hazard insurance increases, where the increased cost is not sufficiently covered by the annual AAF adjustment." HUD Notice H 2002-10. Adjustments may not result in material differences between rents charged for assisted units and unassisted units of similar quality and age in the same market area, except to the extent of the initial difference at the time of contract execution. Under current law, "[t]he Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section, unless the project has been refinanced in a manner that reduces the periodic payments of the owner." 42 U.S.C. § 1437f(c)(1)(C). There can be no assurance that increases in contract rents will result in revenues sufficient to compensate for increased operating expenses of the Developments. There can be no assurance that there will not be a decrease in contract rents. A rent decrease may affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See "Certain Recent Developments.")

*Limitations on Increases in Housing Assistance Payments*

An increase in contract rents, because of the application of an annual adjustment factor or a special additional adjustment, will normally result in an increase in Housing Assistance Payments payable to the owner under the HAP Contract. The annual maximum housing assistance payments are initially limited to the initial contract rents. A project account is required to be established and maintained by HUD, in an amount determined by HUD, and the account must be established and maintained consistent with its responsibilities under the Housing Act. Whenever the estimated annual housing assistance payment exceeds the annual maximum housing assistance commitment and would cause the amount in the project account to be less than 40 percent of that maximum commitment, HUD is required to take additional steps authorized by Section 8(c)(6) of the Housing Act to assure that housing assistance payments will be increased on a timely basis. Section 8(c)(6) of the Housing Act authorizes "the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts." Based on this guidance, HUD does not increase annual contributions contract authority until the project account has been exhausted.

*Certain Recent Developments*

In July 2002, HUD announced an interpretation of its Office of General Counsel with respect to the form of HAP Contract in use prior to 1979 (the "Old Regulation HAP Contract"). This interpretation provides that the HAP Contract terminates upon any prepayment of the original permanent financing of the related development, including any refinancing that included prepayment of the first Mortgage Loan. HUD also stated that it would agree to amend any HAP Contract to eliminate that termination. All of the first mortgage loans with this form of HAP Contract in the Agency's TCA portfolio were provided by the Agency. There are many Developments with Agency mortgage loans that have been prepaid where HUD has continued to make payments under the HAP Contracts during the years since the Agency loans were prepaid. It is the Agency's understanding that current HUD practice is to approve the continuation of HAP Contracts upon payment of the original financing when the owner has elected to remain in the Section 8 program. In 2015, HUD issued the final version of the Section 8 Renewal Policy Guide Book. Chapter 16 of the Guide Book reiterates the Office of General Counsel interpretation of the Old Regulation HAP Contract and gives prepaying owners the option to amend the HAP Contract to extend the term to the originally scheduled maturity date, renew the HAP contract under the Multifamily Assisted Housing Reform and Affordability Act ("MAHRA"), or opt out of the Section 8 program. Contracts that are subject to Chapter 16 will be renewed and amended as outlined in the newly revised chapter. At this time, the Agency cannot predict the potential risk for opt-outs under the provisions of Chapter 16; however, the Agency handles potential opt-outs proactively to support the Agency's priority for preservation of federally assisted housing.

In recent years, there have been numerous pronouncements from HUD officials and various elected officials as to the future of HUD and the Section 8 program. The scope of these pronouncements has ranged from a total elimination of HUD and the Section 8 program to a restructuring of HUD and the reduction in funding of the Section 8 program. In addition, the consolidation and alignment of HUD's programs and the transfer of certain administrative responsibilities for HUD programs to contract administrators, state and local governments and other entities continue to be proposed. (Note that HUD has contracted project-based Section 8 program administration services to state and local governments and other entities since 1999.) Furthermore, Congress continues to propose reductions in all federal spending, including funding for HUD and its programs.

HUD officials have from time to time proposed to Congress that it repeal the provision of the Housing Act prohibiting the Secretary of HUD from reducing contract rents below the current contract rents in effect as of April 15, 1987. (See "Adjustments in Contract Rents.") It is not clear whether such a repeal would withstand a constitutional challenge. The effect of repealing those provisions would be to permit HUD to reduce the contract rents for Section 8 Developments to "market rents," but not lower than the initial contract rents, plus the initial difference, approved by HUD for the Development. Reductions in current contract rents have occurred and continue to occur due to HUD's changes to its Section 8 Renewal Policy Guide Book and its 4350.1 Handbook (Chapter 7).

At this time, the Agency cannot predict the terms of the legislation, if any, that may be enacted with respect to HUD. Legislation could significantly change HUD's structure, its administration and its programs (including the Section 8 program), and the funding of HUD and its programs. The Agency also cannot predict whether any legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds (including the Series Bonds) with amounts pledged under the Resolutions.

Over the years, there have been several court decisions with respect to the Section 8 program and HAP Contracts. The United States Supreme Court, in its 1993 decision, *Cisneros v. Alpine Ridge Group*, held that HAP Contracts between private landlords and HUD did not prohibit the use of comparability studies with private market rents to impose an independent cap on formula-based rent adjustments. In a January 1997 decision, *National Leased Housing Association v. United States*, the United States Court of Appeals for the Federal Circuit upheld a decision of the Court of Claims that the "overall limitation" provision contained in the rent adjustment section in HAP Contracts (which states, in effect, that notwithstanding any other provision of the HAP Contract, adjustments provided for in that section of the HAP Contract must not result in material differences between the rents charged for assisted and comparable unassisted units except to the extent that differences existed with respect to the contract rents set at contract execution or cost certification, as applicable) permits HUD to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units that are greater than the initial difference. In addition, the Court of Appeals affirmed the decision of the Court of Claims that HAP Contracts permit HUD to reduce rents below a previous year's rent levels through the use of comparability studies, and that the "initial difference" referred to in the HAP Contract is determined by the initial dollar amount and not by a percentage of the initial rents. Based on guidance in HUD's Section 8 Renewal Policy Guidebook, issued in 2000, as amended, HAP Contracts that are renewed under MAHRA may have their contract rents reduced to "market rents." This Guidebook also provides the opportunity for debt restructuring by HUD's Office of Affordable Housing Preservation in conjunction with the reduction in contract rents if a property is eligible.

At this time, the Agency is unable to predict what additional actions, if any, HUD or Congress will take in the future with respect to rent adjustments. Future policy changes for rent adjustments may be impacted by federal budget constraints. Beginning in federal fiscal year 2012, HUD implemented three primary cost cutting measures that affect all New Regulation (i.e., post-1979) HAP Contracts. These cost cutting measures, which have been continued for federal fiscal year 2015, include using residual receipts in lieu of rent increases, using residual receipts in lieu of subsidy payments, using the lesser of budget-based or Operating Cost Adjustment Factor ("OCAF") rent adjustments, offering automatic OCAF rent adjustments that are limited to market rents including option 4 multi-year annual renewals, and short funding HAP Contracts. Old Regulation HAP Contracts that have not initially renewed under MAHRA have not been affected by the cost cutting measure of using residual receipts in lieu of subsidy payments. As noted above under "Adjustments in Contract Rents," Congress has passed legislation and HUD has implemented procedures to restrict Annual Adjustment Factor rent increases above fair market rents for the 1997 and subsequent federal fiscal years for contracts that are in their original 20-, 30- or 40-year term. Upon initial renewal of the HAP Contract, the Development generally is not eligible for Annual Adjustment Factor rent adjustments under MAHRA, but is eligible for budget based, Operating Cost Adjustment Factor, mark-up-to-market, and mark-to-market (mark down to market) rent adjustments. HUD's Section 8 Renewal Policy Guide Book, as amended, and its Handbook 4350.1, Chapter 7 do not allow for the use of initial differences, Financing Adjustments, or Financing Adjustment Factors when determining these rent adjustments; they are excluded from rent adjustment calculations. Also, HUD has proposed additional changes to the Section 8 HAP Contracts that include provisions around combining HAP Contracts and risk-based monitoring. Currently, guidance for combining HAP Contracts has been issued through a HUD memorandum. The Agency has not seen this tool leveraged by owners; however, the potential does exist. This measure would reduce the number of on-site inspections and the number of financial statements that owners must submit, as well as allow properties to share income and operating expenses. The 2014 cost cutting measures remain in effect. Actions by HUD that limit options for contract renewals and restrict the definition of market rents in many cases result in a decrease in contract rents, which could negatively impact the ability of owners to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds from the amounts pledged under the Bond Resolution.

**Project-Based Vouchers**

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMIR Program. Under this program, approximately 20 percent of the units in a Development receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent ("FMR") or payment standard. The Agency has found that the HUD-published FMR or payment standard is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

**Section 8 Contract Administration**

In 2000, the Agency was awarded an Annual Contributions Contract ("ACC") with HUD as a Performance-Based Contract Administrator ("PBCA") for the contract administration of a portion of HUD's project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through January 31, 2026. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

HUD issued two draft Request for Funding Proposals ("RFPs") that encapsulated the work conducted under the PBCA program in late 2017. The draft RFPs contemplated significant program changes, including dividing the work between a national contract and multiple regional contractors. In March of 2018, HUD cancelled the RFPs in light of the extensive comments that were submitted regarding the drafts. The cancellation notices indicate that HUD plans to undertake additional due diligence and expects to issue new RFPs at some point in the future. It is unclear when HUD may issue any more RFPs related to the work conducted under the PBCA program. Depending on the form and content of any RFPs, there may be bid protests and litigation with respect to the RFPs and any new awards of the PBCA contracts that result from the RFPs. The Agency intends to seek to retain the PBCA work in the State of Minnesota. There is, however, significant uncertainty in this area as it is unknown when HUD will release any subsequent RFPs, what the terms of those RFPs will be, and what impact any bid protests or litigation may have on the process. HUD reserved the right to terminate the ACC with 120 days' notice if HUD completes or anticipates completing the RFP solicitation process before the end of the extension term.

**Market Rate Mortgage Loan Program**

In its Market Rate Mortgage Loan Program, which is administered by the Multifamily Division of the Agency, the Agency issues Bonds under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The proceeds of the Bonds are lent by the Agency to nonprofit or limited profit sponsors that agree to construct the Developments and lease the dwelling units therein principally to persons and families of low and moderate income. The Agency is not presently making any new Mortgage Loans pursuant to this Program.

**Monitoring of Developments**

In an attempt to minimize the risk inherent in long-term Mortgage Loans, the Agency has established the following guidelines for the monitoring of Developments:

- The Agency's Accounting Division is responsible for monthly billing of principal and interest and escrows, and for paying insurance, property taxes and other expenses in a timely manner.
- The Agency's Multifamily Asset Management Section is responsible for the supervision of all Developments, beginning with the feasibility processing. Prior to loan closing the Asset Management Section works with the sponsors and their marketing and management agents to review marketing and management plans. The management plan of a Development includes information on the management agent's proposed method of operating the Development. That information relates to the organizational structure and on-site duties and staffing of the management agent, initial and on-going marketing plans, contents of an orientation handbook for residents and requirements for reporting operating expenses, budget and energy conservation information. Upon completion of construction or rehabilitation, the Asset Management Section begins to monitor the

implementation of the management plan, rent up and ongoing occupancy and reviews periodic submissions of income and expense data.

The Asset Management Section generally monitors the operations of Developments on an ongoing basis in generally the following ways:

- *On-Site Inspections*. After initial marketing has been completed, on-site inspections are periodically made to check on management performance. Reports summarizing findings of inspections are submitted to the owner and management agent along with a timetable for correcting deficiencies, if necessary.
- *Reporting Requirements*. Management agents for each Development are required to submit regular accounting and occupancy reports to the Agency's Asset Management Section. Smaller, non-subsidized Developments have proven to be erratic in meeting the Agency's reporting requirements. The reports are reviewed by the Housing Management Officer assigned to each Development in order to identify significant deviations from the operating budget or change in occupancy.

  The Agency generally receives the following financial information related to each Development:

  (i) Monthly Operating Report—due the 15th day of the following month;

  (ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;

  (iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;

  (iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and

  (v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

  For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.
- *Training Sessions*. The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

**Applicable Federal Law Requirements**

Applicable federal tax law imposes significant limitations on the financing of Mortgage Loans for Developments with the proceeds of qualified residential rental property bonds, such as the Series Bonds. (See "Tax Exemption and Related Considerations.")

## OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency finances other housing programs that provide loans for the purchase or improvement of single family housing and the acquisition, construction or rehabilitation of multifamily rental housing in the State of Minnesota. The assets devoted to these programs are briefly described in the notes to the Financial Statements in Appendix B-1.

## TAX EXEMPTION AND RELATED CONSIDERATIONS

**Series Bonds – Federal Tax Matters**

***General.*** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Code, and interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series Bonds. Failure to comply with such requirements could cause interest on the Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series Bonds.

The accrual or receipt of interest on the Series Bonds may otherwise affect the federal income tax liability of the owners of the Series Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix F.

**State Tax Matters**

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.

**Backup Withholding.**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding, or selling tax-exempt obligations.

**Changes in Federal and State Tax Law.**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX EXEMPTION AND RELATED CONSIDERATIONS" or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES BONDS.**

## LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency, overtly threatened any litigation against the Agency seeking to restrain or enjoin the sale, issuance, execution or delivery of the Series Bonds or in any manner questioning or affecting the validity of the Series Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

The Agency is a party to various litigation arising in the ordinary course of business. While the ultimate effect of those actions cannot be predicted with certainty, the Agency expects that the outcome of these matters will not result in a material adverse effect on the financial position or results of operations of the Agency.

## LEGAL MATTERS

The validity of the Series Bonds and the tax exemption of interest thereon are subject to the legal opinion of Kutak Rock LLP, Bond Counsel. A copy of the opinion of said firm, substantially in the form set forth in Appendix F hereto, will be available at the time of delivery of the Series Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Dorsey & Whitney LLP.

## FINANCIAL ADVISOR

CSG Advisors Incorporated (the "Financial Advisor") is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

## RATINGS

The Series Bonds are rated "___" by Moody's Investors Service, Inc., and "___" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. The Agency cannot give any assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date of this Official Statement, investors should not assume that the ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix C to this Official Statement), or to contest any revision or withdrawal.

## TRUSTEE

Computershare Trust Company, National Association (the "Trustee"), a national banking association, serves as successor Trustee under the Bond Resolution to Wells Fargo Bank, National Association ("WFBNA"). The Trustee also serves as bond trustee for other outstanding bonds of the Agency. As part of the sale of WFBNA's corporate trust services to the Trustee, virtually all corporate trust services employees of WFBNA along with most existing corporate trust services systems, technology and offices, transferred to the Trustee, together with all duties, obligations and rights of WFBNA under the Bond Resolution.

Pursuant to the Bond Resolution, any successor Trustee, including a successor by sale or transfer of the corporate trust business, must be a bank or trust company or national banking association having trust powers and combined capital and surplus aggregating at least $75,000,000.

## UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") will purchase the Series Bonds. The Underwriter is to be paid a fee of $______________ with respect to its purchase of the Series Bonds. The Underwriter may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

The Underwriter is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which it may have received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in those securities and instruments. Those investment and securities activities may involve securities and instruments of the Agency.

The Underwriter is a subsidiary of Royal Bank of Canada.

## MISCELLANEOUS

This Official Statement is submitted in connection with the offering of the Series Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or holders of any of the Series Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

**MINNESOTA HOUSING FINANCE AGENCY**

By ________________________________________
Commissioner

_____________, 2024.

# APPENDIX A

## DESCRIPTION OF OUTSTANDING MORTGAGE LOANS AND DEVELOPMENTS PREVIOUSLY FINANCED BY RENTAL HOUSING BONDS, AND MORTGAGE LOANS AND DEVELOPMENTS PLEDGED AS ADDITIONAL SECURITY UNDER THE RENTAL HOUSING BOND RESOLUTION, INCLUDING THOSE INTENDED TO BE FINANCED WITH PROCEEDS OF THE SERIES BONDS

# APPENDIX B-1

## AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2024

# APPENDIX B-2

## FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY (EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS) AS OF DECEMBER 31, 2024 AND FOR THE SIX MONTHS THEN ENDED (UNAUDITED)

# APPENDIX C

# SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The following statements are extracted provisions of the Continuing Disclosure Undertaking to be executed by the Agency in connection with the issuance of the Series Bonds.

**Purpose**

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the "Bondholders") and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

**Definitions**

In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the following financial information and operating data (in addition to Audited Financial Statements): information about the Mortgage Loans and Developments of a type substantially similar to that in Appendix A in the Official Statement.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under the caption "Annual Financial Information Disclosure" herein.

"*Audited Financial Statements*" means the audited financial statements of the Agency, prepared pursuant to the standards and as described under the caption "Annual Financial Information Disclosure."

"*Beneficial Owners*" means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series Bond (including persons or entities holding Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and such person or entity provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee; or (2) in respect of a Series Bond not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

"*Commission*" means the Securities and Exchange Commission.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Financial Obligation*" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

"*Listed Event*" means the occurrence of any of the events with respect to the Series Bonds set forth below:

1. Principal and interest payment delinquencies;

2. Nonpayment-related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);

13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

"*Listed Events Disclosure*" means dissemination of a notice of a Listed Event as described under the heading "Listed Events Disclosure" in this Appendix C.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*Undertaking*" means the obligations of the Agency described under the headings "Annual Financial Information Disclosure" and "Listed Events Disclosure" in this Appendix C.

**Annual Financial Information Disclosure**

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ending June 30, 2025, by one of the following methods: (i) the Agency may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency's fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency's fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Agency will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the Agency, the Agency will disseminate a notice to the MSRB of such change in Prescribed Form.

**Listed Events Disclosure**

The Agency hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Resolution.

**Consequences of Failure of the Agency To Provide Information**

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondholder or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

**Amendment; Waiver**

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondholders of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Termination of Undertaking**

The Undertaking of the Agency shall be terminated when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

**Additional Information**

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

**Beneficiaries**

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondholders and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

**Recordkeeping**

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

# APPENDIX D

# SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

*The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.*

**Resolution Constitutes Contract with Trustee and Bondholders**

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

**Definitions**

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

*Accreted Value*: for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

*Agency Hedge Payment*: a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement) ).

*Alternative Loan Fund*: The fund so designated in the RHFB Resolution that is maintained pursuant to Section 4.12 of the RHFB Resolution.

*Bond Requirement*: as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

*Capital Accumulator Bond*: any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Current Interest Bond*: any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Debt Service Reserve Requirement*: as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

*Development*: a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

*Escrow Payment*: any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

*Expense Requirement*: such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

*Hedge Agreement*: a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading "Hedge Agreements."

*Hedge Counterparty*: any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

*Hedge Counterparty Guarantee*: a guarantee in favor of the Agency given in connection with the execution and delivery of a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

*Housing Investment Fund*: The portion of the Alternative Loan Fund, designated by the Net Asset Requirements Resolution as Pool 2 (Housing Investment Fund).

*Interest Payment Date*: each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

*Investment Obligation*: any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States;

(iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

*Maximum Rate*: in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

*Mortgage*: a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

*Mortgage Loan*: a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

*Mortgagor*: a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency) .

*Net Asset Requirements Resolution*: Resolution No. MHFA 07-16 entitled "Resolution Amending Resolution No. MHFA 88-7 Regarding Net Asset Requirements and Investment Guidelines for General Reserve Account Assets" adopted April 26, 2007, as subsequently amended by Resolution No. MHFA 09-55 adopted September 24, 2009.

*Outstanding*: a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

*Prepayment*: any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

*Principal Installment*: as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

*Program*: the Agency's program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

*Rating*: with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not "impair" the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

*Record Date*: for (i) payment of principal of and interest on the Bonds shall be the 15th day (whether or not a business day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Bond Resolution or Series Resolution, the last business day of the month preceding the month in which such notice is mailed.

*Recovery Payment*: any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

*Redemption Price*: when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

*Revenues*: all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

*RHFB Resolution*: Resolution No. MHFA 95 82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76 32, adopted July 27, 1976, as amended), together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein.

*Sinking Fund Installment*: any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

*Sinking Fund Installment Date*: the date on which a Sinking Fund Installment is payable.

*Subordinate Mortgage Loan*: a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

*Variable Rate Bonds*: any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

**Authorization of Bonds**

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

**Other Obligations**

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

**Pledge of the Resolution**

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

**Custody and Application of Bond Proceeds**

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans previously made from the proceeds of Notes, moneys in the Housing Investment Fund or moneys otherwise available to the Agency for purposes of making Mortgage Loans, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

*Note Accounts*. Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer's Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.

*Project Account and Mortgage Loan Accounts*. Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer's Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer's Certificate as to each payment or withdrawal, stating:

(i) the name of the Mortgagor to, and Development for, which the payment is to be made;

(ii) the amount to be paid; and

(iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer's Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

**Mortgage Provisions and Conditions**

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in "Program Covenants" herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

*Lien*. With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

*Title*. Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy; and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

*Participation*. The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

*Prepayments*. With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

(a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:

(i) the unpaid principal balance of the Mortgage Loan: plus

(ii) accrued interest to the date of the Prepayment; plus

(iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and

(b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

*Insurance and Escrow*. With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

(a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;

(b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and

(c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

*Disbursements*. Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

(a) obtained all governmental approvals required by law for the acquisition and construction of the Development;

(b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;

(c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

*Alienation*. Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

(a) receipt of full Prepayment conforming to the requirements stated below;

(b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;

(c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;

(d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;

(e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;

(f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or

(g) grant of a subordinate mortgage lien on the Development or a portion thereof.

*Enforcement*. The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

(a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;

(b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;

(c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and

(d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

*Modification*. Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

*Sale*. The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

**Program Covenants—Revenue Covenant**

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

There shall at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution which, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from such calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that the Agency is in compliance with this covenant, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such determination.

The Agency reserves the right:

(a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;

(b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and

(c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

**Deposit of Revenues and Other Money**

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

(a) Revenues to the Revenue Fund:

(b) Prepayments and Recovery Payments to the Redemption Fund; and

(c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

**Revenue Fund**

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

(a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;

(b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;

(c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month:

(d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer’s Certificate as provided in the Bond Resolution); and

(e) when authorized by an Officer’s Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency’s General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer’s Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer’s Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer’s Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

**Bond Fund**

(a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.

(b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

**Debt Service Reserve Fund**

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve Fund) and (b) the amount, if any, determined by the Agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received into the Revenue Fund during that year, for the payment of the principal and interest due and payable in that year on all then Outstanding Bonds and Notes secured by the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

**Expense Fund**

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer's Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

**Redemption Fund**

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer's Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer's Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer's Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.

(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

**Escrow Accounts**

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

**General Reserve Account**

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

**Investment and Deposit of Funds**

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

**Additional Bonds**

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

(a) that it is has received the documents listed above; and

(b) that the amount of Bond proceeds or other funds of the Agency to be deposited in the Debt Service Reserve Fund is sufficient to increase the amount in the Fund to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

**Hedge Agreements**

The Agency may from time to time enter into one or more Hedge Agreements with respect to any Series of Bonds outstanding or proposed to be issued on the terms and conditions and subject to the limitations set forth in this section and elsewhere in the Bond Resolution. The Agency shall not enter into a Hedge Agreement unless (1) as of the date the Agency enters into the Hedge Agreement, either the Hedge Counterparty or the person or entity executing a Hedge Counterparty Guarantee relating thereto has outstanding unsecured long-term debt obligations rated by, or other applicable rating given by, as high as or higher than the Rating on the Outstanding Bonds; and (2) if the Hedge Agreement relates to Outstanding Bonds, the Trustee receives written confirmation from each Rating Agency that the execution and delivery of the Hedge Agreement by the Agency will not impair the Rating on any Bonds then Outstanding. To secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement, the Agency may grant to the Hedge Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondholders) in all or any of the Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts hereunder; provided, however, that the payment of Agency Hedge Payments shall not be secured by the Debt Service Reserve Fund. Nothing in this Section 205 is intended to prohibit the Agency from securing any payments it is obligated to make in respect of the early termination of a Hedge Agreement by the full faith and credit of the Agency, by amounts to be transferred to the General Reserve Account pursuant to the last sentence of the first paragraph under the heading "Revenue Fund" or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.

**Amendments of the Bond Resolution**

Amendments of or supplements to the Bond Resolution may be made by a Supplemental Bond Resolution (a "Supplemental Resolution").

Supplemental Resolutions may become effective upon filing with the Trustee if they add restrictions on the Agency, add covenants by the Agency, surrender privileges of the Agency, authorize additional Bonds and fix the terms thereof or affect only Bonds not yet issued.

Supplemental Resolutions become effective upon consent of the Trustee if they concern only curing or clarifying an ambiguity, omission, defect or inconsistency, or make any other change which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders. Other Supplemental Resolutions become effective only with consent of the Holders of at least a majority in principal amount and Accreted Value of the Outstanding Bonds affected thereby.

However, no amendment shall permit a change in the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Accreted Value thereof or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentage of the Holders the consent of which is required to effect any such amendment, without unanimous consent of the Bondholders.

Any amendment may be made with unanimous consent of the Bondholders, except that no amendment shall change any of the rights or obligations of any Fiduciary without the consent of the Fiduciary.

**Defeasance**

If the Agency shall pay or cause to be paid to the Holders of the Bonds, the principal, Accreted Value and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds pledged by the Bond Resolution and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder shall be discharged and satisfied.

Bonds and interest thereon for the payment or redemption of which moneys shall have been deposited with the Trustee shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for the giving of notice of redemption thereof. Moneys so held by the Trustee shall be invested by the Trustee, as directed by the Agency, in Investment Obligations which are direct obligations of the United States or guaranteed by the United States. If the maturing principal of such Investment Obligations and the interest to fall due thereon at least equal the amount of money required for the payment on any future date of the interest on and principal of or Redemption Price on such Bonds, the Bonds shall be deemed to have been paid.

**Events of Default**

Each of the following shall constitute an event of default under the Bond Resolution: (a) interest on any of the Bonds is not paid on any date when due, or the principal, Accreted Value or Redemption Price of any of the Bonds is not paid at maturity or at a Redemption Date at which the Bonds have been called for redemption; (b) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the applicable Series Resolution on any date; (c) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds, the Bond Resolution, or applicable Series Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (d) certain acts of bankruptcy, insolvency or reorganization by the Agency.

**Remedies**

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the request of the Holders of twenty-five percent (25%) in principal amount and Accreted Value of the Bonds then Outstanding affected by an event of default described in clause (a) or (b) of "Events of Default" above, or twenty-five percent (25%) in principal amount and Accreted Value of all Bonds then Outstanding if the event of default is one described in clauses (c) or (d) of "Events of Default" above, proceed to protect and enforce the rights of the Bondholders under the laws of the State of Minnesota or under the Bond Resolution. No Bondholder shall have the right to institute any proceedings for any remedy under the Bond Resolution unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Bond Resolution contained is intended to affect or impair the right of any Bondholder to enforce the payment of the principal or Accreted Value of and interest on his Bonds at the time and place expressed in the Bonds.

# APPENDIX E

# BOOK-ENTRY-ONLY SYSTEM

**General**

The Depository Trust Company, New York, New York ("DTC"), is to act as securities depository for the Series Bonds. The ownership of one fully registered Series Bond for the Series Bonds in the aggregate principal amount of that series will be registered in the name of Cede & Co., DTC's partnership nominee. *So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds, references herein to the Bondholders, Holders or registered owners of Series Bonds will mean Cede & Co. or the other nominee and will not mean the Beneficial Owners (as hereinafter defined) of the Series Bonds.*

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for the Series Bonds is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or another name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor other DTC nominee) will consent or vote with respect to any Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond issuer as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series Bonds are credited on the Record Date.

Payment of the principal, redemption price, and interest on the Series Bonds will be made to Cede & Co., or another nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, and interest to Cede & Co. (or other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of payments to Direct Participants will be the responsibility of DTC, and disbursement of payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Resolutions, payments made by or on behalf of the Agency to DTC or its nominee satisfy the Agency's obligations to the extent of the payments so made.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriter as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the Underwriter and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

*Neither the Agency, the Underwriter nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Resolutions to be given to Holders of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) any consent given or other action taken by DTC as a Bondholder.*

**Discontinuation of Book-Entry System**

DTC may discontinue its book-entry services with respect to the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, the Series Bonds are required to be delivered as described in the Resolutions. The Beneficial Owner, upon registration of Series Bonds held in the Beneficial Owner's name, will become the Bondholder.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for the Series Bonds. In that event, the Series Bonds are to be delivered as described in the Resolutions.

# APPENDIX F

# FORM OF OPINION OF BOND COUNSEL

___________, 2025

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency
Rental Housing Bonds
2025 Series [B]

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the "Agency") in connection with the authorization, issuance and delivery by the Agency of its Rental Housing Bonds, 2025 Series [B], in the aggregate principal amount of $_______ (the "2025 Series [B] Bonds"), which are issuable only as fully registered bonds of single maturities in denominations of $5,000 or any integral multiple thereof.

The 2025 Series [B] Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolution referenced below. The 2025 Series [B] Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency's Bond Resolution adopted February 25, 1988, as amended and supplemented (the "Bond Resolution"), and the Series Resolution relating to the 2025 Series [B] Bonds adopted December 19, 2024 (the "Series Resolution"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the owner of the Development financed by the 2025 Series [B] Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolution have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2025 Series [B] Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolution, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, and federal or state laws heretofore enacted appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2025 Series [B] Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2025 Series [B] Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to such Debt Service Reserve Fund; and (5) the interest payable on the 2025 Series [B] Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2025 Series [B] Bond is not excluded from gross income for federal income tax purposes of any holder of such bonds who is a "substantial user" of a development financed by such 2025 Series [B] Bond or a "related person" thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Interest on the 2025 Series [B] Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2025 Series [B] Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the 2025 Series [B] Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2025 Series [B] Bonds. All owners of 2025 Series [B] Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations, applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2025 Series [B] Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2025 Series [B] Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2025 Series [B] Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2025 Series [B] Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

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# Item: Approval, 2024 Manufactured Home Community Redevelopment Program Request for Proposals (RFP) Selections

**Information Item:** 7.C
**Date:** 12/19/2024
**Staff Contacts:** Jeramiah Townsend, 651.296.8835, jeramiah.townsend@state.mn.us
Monica Tucker, 651.296.5602, monica.tucker@state.mn.us
Amy Chuk, 651.215.6241, amy.chuk@state.mn.us

**Request Type:** Approval, Resolution

## Request Summary

Staff requests board approval of the 2024 Manufactured Home Community Redevelopment Program Request for Proposals (RFP) and Selections Committee recommendations.

## Fiscal Impact

The Manufactured Home Community Redevelopment Program is funded by state appropriations, with individual awards structured as grants that do not earn interest for the Agency, and Housing Infrastructure bond proceeds and appropriations, which are awarded as grants that do not earn interest for the Agency.

## Agency Priorities

☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

## Attachments

- Background and Funding Recommendations
- Map of Manufactured Home Community Proposals
- Proposals Summaries
- Resolution

## Background

The Manufactured Home Community Redevelopment Program (the "Program") was created in 2020, when the state legislature allocated $2 million in state appropriations to address the needs of aging manufactured home communities around the state. The legislature has funded the Program with $17 million in state appropriations for the current biennium, of which $2,280,066 is remaining for this year's recommended selections. The Program is also an eligible use of Housing Infrastructure appropriations and bonds. Staff recommends utilizing an additional $679,225 in Housing Infrastructure appropriations to fund projects. Program funds will be awarded as grants to eligible applicants for infrastructure improvements or acquisition of manufactured home parks, as described in statute.

Eligible applicants include privately, publicly or cooperatively owned communities, as well as nonprofit organizations acting as an intermediary on behalf of a park. Funds are not eligible for use on individual homes but intended to benefit the whole community. Eligible uses of funds include:

- Infrastructure improvements, including water and sewer installation, installment or repair of storm shelters, electrical work, road and sidewalk improvements or other infrastructure needs as approved in writing by Minnesota Housing.
- Acquisition of manufactured home communities, with priority given to cooperative ownership models.

Grantees must meet the terms of an affordability period of 25 years, and lot rent increase restrictions of no more than 5% per year, unless approved by Minnesota Housing. Statute also requires that community owners establish an account for replacement reserves for infrastructure and improvement repairs, and Agency staff will oversee monitoring and reporting requirements.

## Proposal Review and Selection Process

Applications were accepted through a competitive Request for Proposals (RFP) process. Minnesota Housing received 17 proposals for infrastructure redevelopment and 1 acquisition proposal from manufactured home communities totaling $13,277,894.

Seventeen reviewers, consisting of Minnesota Housing staff and external community reviewers, scored and reviewed each proposal based on the needs of the community, risk of park closure, households served, affordable lot rents, community support, project leverage, costs and project experience of the owner or contractor(s). An organizational capacity assessment was also conducted to review the applicant's ability to implement the project. Scored proposals were then reviewed and prioritized by a selection committee, consisting of seven Agency leadership and staff members.

## Funding Recommendations

Staff recommends funding nine proposals, totaling $2,727,819. Manufactured Home Community Redevelopment Program appropriations of $2,048,594 will support nine of the proposals. Due to limited funding available for this year's RFP projects that clearly demonstrated obvious health and safety needs were prioritized. Housing Infrastructure appropriations in the amount of $679,225 will additionally support one of the nine recommended proposals. Proposal summaries for recommended proposals are found on the pages attached to this report.

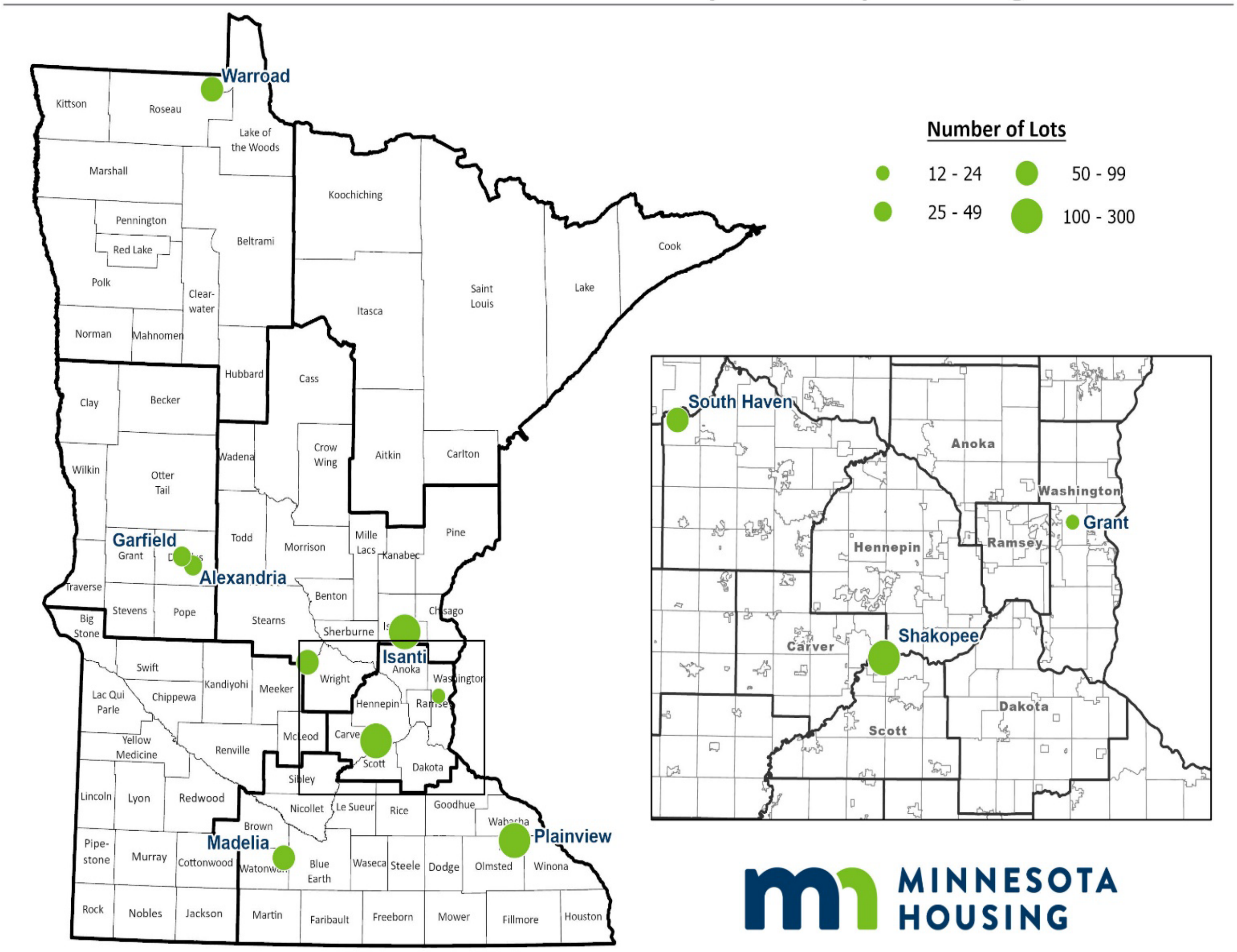
Funding selection letters will be sent to the approved applicants in January 2025. Selections are subject to the program requirements outlined in the funding agreement. Agency staff will reach out to applicants who are not recommended for funding and will offer each applicant a debrief meeting and technical assistance.

| Manufactured Home Community Redevelopment Program<br>2024 Request for Proposals Funding Recommendations | | | | | |
|---|---|---|---|---|---|
| Community Name | Location | Proposal Activity | Funding Request | Manufactured Home Community Redevelopment Program Appropriation Recommendation | Housing Infrastructure Appropriations Recommendation |
| Clearwater Forest LLP | South Haven | Infrastructure Redevelopment | $ 105,400 | $ 105,400 | |
| Bonnevista Terrace MHC | Shakopee | Infrastructure Redevelopment | $ 1,100,000 | $ 420,775 | $ 679,225 |
| Edgewood Acres | Plainview | Infrastructure Redevelopment | $ 254,200 | $ 254,200 | |
| Isanti Estates MHP | Isanti | Infrastructure Redevelopment | $ 1,377,745 | $ 476,221 | |
| Emerald Pines Cooperative | Alexandria | Infrastructure Redevelopment | $ 186,000 | $ 120,100 | |
| River Road Homes LLC | Warroad | Infrastructure Redevelopment | $ 331,100 | $ 298,360 | |
| Cedar Terrace | Grant | Infrastructure Redevelopment | $ 153,638 | $ 153,638 | |

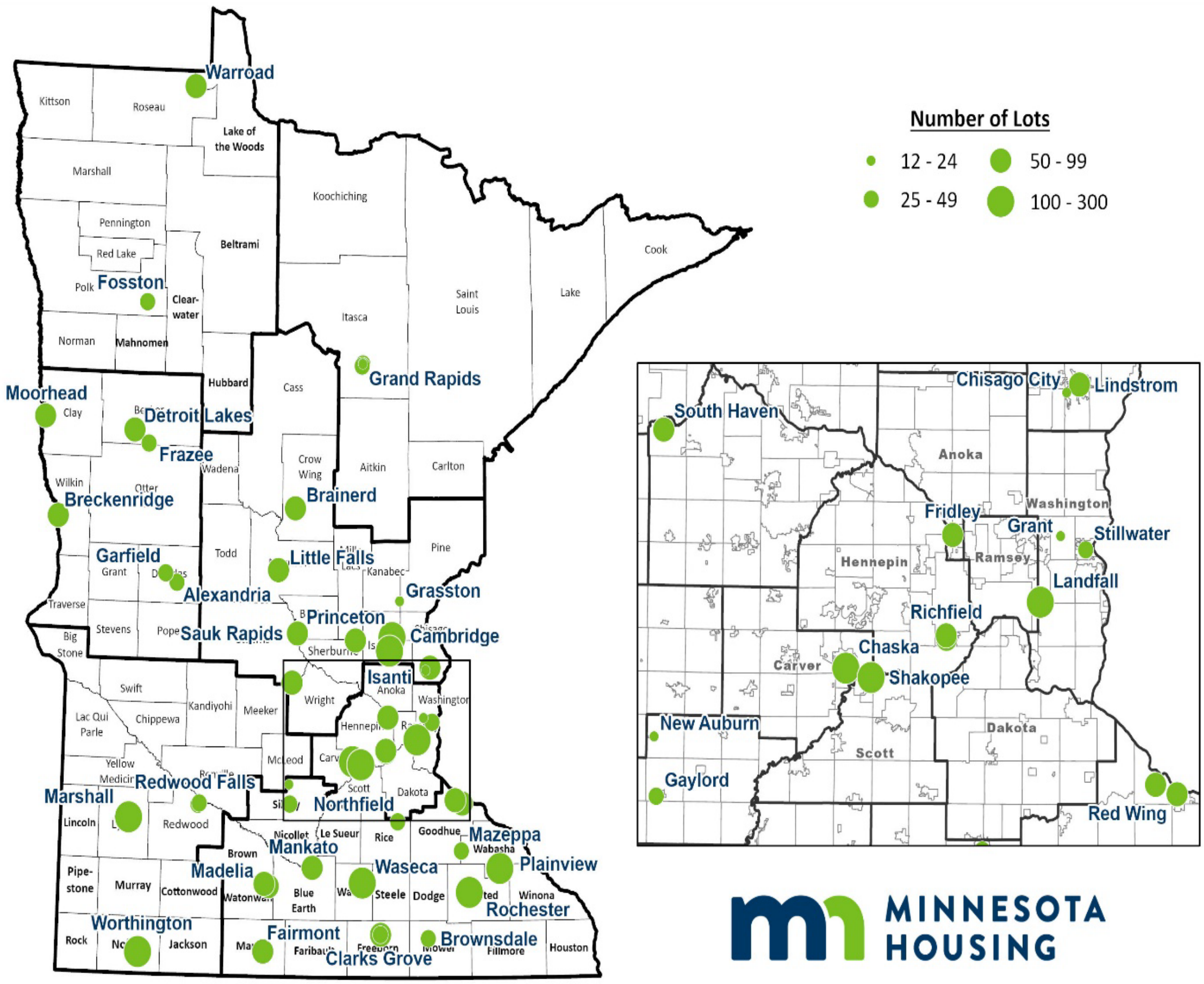
| | | | | | |
|---|---|---|---|---|---|
| Woodlawn Estates | Garfield | Infrastructure Redevelopment | $ 325,000 | $ 91,200 | |
| Madelia Mobile Village | Madelia | Infrastructure Redevelopment | $ 128,700 | $ 128,700 | |
| **Totals:** | | | $ 3,961,783 | $ 2,048,594 | $ 679,225 |
| Combined Total: | | | | | **$ 2,727,819** |

## Map of of Manufactured Home Community Proposals

### 2024 Manufactured Home Community Redevelopment Program Selections



## 2020 - 2024 Manufactured Home Community Redevelopment Program Selections




MINNESOTA HOUSING

## Proposal Summaries

| Clearwater Forest LLP | | | | |
|---|---|---|---|---|
| **Ownership Model:** | Privately Owned | | | |
| **# of Lots:** | 81 | | | |
| **Activity Type:** | Infrastructure Redevelopment | | | |
| **Location:** | Greater Minnesota: South Haven (Stearns County) | | | |
| **Project Funding Details** | | | | |
| **Funds Requested:** | $105,400 | | **Recommended Funds:** | $105,400 |
| **Total Project Cost:** | $187,400 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $105,400 |
| **Funds per Lot:** | $1,301 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $2,313 | | | |
| **Total Leverage $:** | $82,000 | | | |
| **Total Leverage %** | 56% | | Previous MHCR funding: | $1,000,000 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Clearwater Forest has 81 lots, with 69 currently occupied by homeowners and 12 currently vacant. This park does not have any renter-occupied properties or seasonal residents. The proposed project includes updating the electrical system and converting to public utilities. The current electrical system is 50-70 years old and will be replaced, and connected to public utilities, which will benefit residents with cost savings as well as electrical grid reliability. Currently there are periodic power outages at the park, which could impact residents dependent upon electricity for heat, air conditioning and medical devices requiring power.

The local electric company, WH Electric, is managing the project and contributing $82,000, allowing for quicker project completion than if Clearwater Forest found their own licensed electrical contractor. WH Electric employees have all taken part in preliminary discussions and planning, with projects costs estimated by WH Electric.

Lot rents at the park range from $520 to $585 per month, depending on size and location of lot, and include garbage service. The submitted survey shows approximately 53% of the residents have incomes under $50,000 and 74% under $75,000. Approximately 30% of the residents are people with a disability, and approximately 60% receive Social Security benefits.

Staff recommends full funding as work is addressing health and safety issues and has a large amount of financial leverage.

| Bonnevista Terrace MHC | |
|---|---|
| **Ownership Model:** | Privately Owned |
| **# of Lots:** | 202 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Metro: Shakopee (Scott County) |

**Project Funding Details**

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $1,100,000 | | **Recommended Funds:** | $1,100,000 |
| **Total Project Cost:** | $1,654,630 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $420,775 |
| **Funds per Lot:** | $5,445 | | Grant (Housing Infrastructure appropriations): | $679,225 |
| **Project Cost per Lot:** | $8,168 | | | |
| **Total Leverage $:** | $550,000 | | | |
| **Total Leverage %** | 33% | | Previous MHCR Funding: | $1,144,000 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Bonnevista Terrace is a privately-owned community established in 1969 consisting of 202 lots. Funds will be used to replace the electrical system, which is 50 years old and is deteriorating and causing extended power outages, which could impact residents dependent upon electricity for heat, air conditioning and medical devices requiring power.

Bonnevista has received support from their contractor, SPU, which will provide free meters, contribute cost of materials, and will take over the electrical billing. Bonnevista noted they are contributing $550,000 of their own funds towards these repairs.
The applicant will use experienced, licensed, and insured vendors. The contractor, SPU, is the local public utility company and they met with several vendors to assure estimates were reasonable.

Lot rents at the park are affordable for the area at $653 per month, including water, garbage and sewer. The applicant estimated the following demographic data: 70% Latino, 20% white, 10% other; with 65% families, 22% senior citizens and 12% with a disability. For community support, the park does provide services to their residents other than housing.

Staff recommends full funding as the work addresses health and safety issues, is phase 2 of a large-scale project and owner has contributed financial leverage for approximately one-third of total project costs.

| Edgewood Acres | |
|---|---|
| **Ownership Model:** | Privately Owned |
| **# of Lots:** | 100 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Greater MN: Plainview (Wabasha County)) |

**Project Funding Details**

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $254,200 | | **Recommended Funds:** | $254,200 |
| **Total Project Cost:** | $274,200 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $254,200 |
| **Funds per Lot:** | $2,542 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $2,742 | | | |
| **Total Leverage $:** | $20,000 | | | |
| **Total Leverage %** | 7% | | Previous MHCR Funding: | $0 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Edgewood Acres is a privately-owned park in Plainview, MN with 100 lots. The park managers live on-site, and the residents are primarily low-income agricultural and migrant workers employed in the surrounding community. Of the 100 lots in the park, 24 homes are owned by Lakeside Foods to house migrant workers.

The applicant seeks to replace the asphalt on the park roads, as just fixing potholes will no longer alleviate the road damage. Pictures show asphalt in fair/poor condition and past its useful life. The owner is contributing $20,000 to the project, which is 7% of project costs. The project was bid to multiple contractors, and a formal bid is included from M&M Construction which matches the project costs listed in the application. The applicant reports M&M Construction has a long-standing, positive relationship with the park.

The community is largely homeownership with only 13 of 100 being rental units. The rental unit lot rent is subsidized by the local food company as their workers live in the park. The community has a significant Latino population, and most residents have incomes between $25,000 to $50,000. Approximately 50% of households have children under 18, and incomes below 80% AMI. Lot rents are affordable to households under 80% AMI.

Full funding is recommended as pavement is a potential safety hazard and could eventually prevent emergency and other vehicles from accessing the park.

| Isanti Estates MHP | |
|---|---|
| **Ownership Model:** | Privately Owned |
| **# of Lots:** | 120 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Greater MN: Isanti (Isanti County) |

**Project Funding Details**

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $1,377,745 | | **Recommended Funds:** | $476,221 |
| **Total Project Cost:** | $1,377,745 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $476,221 |
| **Funds per Lot:** | $3,968 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $11,481 | | | |
| **Total Leverage $:** | $0 | | | |
| **Total Leverage %** | 0% | | Previous MHCR Funding: | $787,880 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Isanti Estates MHP is a privately-owned, year-round community. It has 120 home sites (100 occupied by homeowners, 1 by a renter, and 19 vacant). They identified having a significant amount of elderly residents and single parents. The community needs to renovate its water system, electrical system, sanitary sewer system, storm shelter, and roadways. In addition, they mentioned a new mailbox and parking for the storm shelter.

The storm shelter has no sidewalk to it; doors, floor, and ceiling are damaged; and there is no lighting. Applicant states electrical system is near failure and at least 30 homes are at risk to lose power at any time. Power outages could impact residents dependent upon electricity for heat, air conditioning and medical devices requiring power.

Specific, detailed estimates were collected and documented based on bids from contractors and suppliers they had worked with in the past. The general contractor is Dustin Brakemeier of Riverview Terrace MHP LLC. The applicant will handle most of the project. Subcontractors will be chosen based on their experience.

Lot rents range between $505 and $565. Lots are therefore affordable at 80% of AMI. Lot rent includes trash removal, but water, sewer, and electric are billed separately.  The applicant suggests the income range is $20,000 - $60,000. They do not have a resident association but state they maintain an "open-door policy" to engage with residents.

Staff recommends partial funding of $476,221 for electrical work, storm shelter repairs and storm shelter sidewalk. All address health and safety needs.

| Emerald Pines Cooperative | | | | |
|---|---|---|---|---|
| **Ownership Model:** | Cooperatively Owned | | | |
| **# of Lots:** | 44 | | | |
| **Activity Type:** | Infrastructure Redevelopment | | | |
| **Location:** | Greater MN: Alexandria (Douglas County) | | | |
| **Project Funding Details** | | | | |
| **Funds Requested:** | $186,000 | | **Recommended Funds:** | $120,100 |
| **Total Project Cost:** | $186,000 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $120,100 |
| **Funds per Lot:** | $2,729 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | 4,000 | | | |
| **Total Leverage $:** | $0.00 | | | |
| **Total Leverage %** | 0% | | Previous MHCR Funding: | $1,074,207 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Emerald Pines is a cooperatively-owned manufactured home park located in Alexandria. Emerald Pines Cooperative has entered into a contract with Northcountry Cooperative Foundation (NCF) whereby NCF will provide technical assistance to Emerald Pines Cooperative. Emerald Pines requests funds to improve water and sewer systems, electrical system, roads, and sidewalks.

The infrastructure at Emerald Pines Cooperative has been neglected for decades leaving the water system in serious need of repair. The water line is at the end of useful life, putting access to potable water at risk for the residents. Water lines are currently leaking throughout the park. The sanitary sewer is also in need of repair in several places, putting residents at risk for sewer backup or discharge into the soil. Ferguson Brothers (water and sewer) have been selected to complete the project and have a history of completing repairs in the park.

Lot rents are $520 and utilities are not included. The applicant describes the income demographics as follows: 33% below 30% AMI, 32% between 30-60% AMI, 8% between 60-80% AMI, 17% between 80-100% AMI and 8% over 100% AMI. The applicant describes residents as being 56% white, 28% Black, 8% Indigenous and 8% multiracial.

Recommending partial funding of $120,100 for water and sewer work only as these address obvious health and safety issues.

## River Road Homes LLC

| | |
|---|---|
| **Ownership Model:** | Privately Owned |
| **# of Lots:** | 55 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Greater MN: Warroad (Roseau County) |

### Project Funding Details

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $331,100 | | **Recommended Funds:** | $298,360 |
| **Total Project Cost:** | $331,100 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $298,360 |
| **Funds per Lot:** | $5,424 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $6,020 | | | |
| **Total Leverage $:** | $0.00 | | | |
| **Total Leverage %** | 0% | | Previous MHCR Funding: | $0 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

River Road Homes is a privately-owned park in Warroad with 55 lots including both homeowners and renters. The park residents are primarily factory or agricultural workers and have incomes well below 80% AMI. The park has a very diverse community. Proposed improvements include fixing drainage problems by replacing culverts, road leveling, signage and lighting, removal and replacement of broken fencing, removal/ trimming of dead and overgrown trees, filling/preparation of vacant lots for homes, removal of vacated homes, curb stops, and the addition of a bus stop for safety.

The applicant provides a detailed breakdown of project costs for the different areas and lists the multiple contractors that they have received bids from. They provided a clear and reasonable timeline. The contractors selected are described as experienced, licensed, and have worked with the park owners in the past.

Lot rents are affordable at $240/month, which is lower than others in the area. The applicant describes very low-income residents, including single parents who primarily work in manufacturing. To foster connections amongst residents the park owners have created a dedicated Facebook group. This helps to facilitate effective communication while keeping tenants informed about community events and resources.

Recommending partial funding of $298,360 for all work requested other than demo and vacant lot prep and fill to address health and safety issues.

## Cedar Terrace

| | |
|---|---|
| **Ownership Model:** | Privately Owned |
| **# of Lots:** | 21 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Metro: Grant (Washington County) |

### Project Funding Details

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $153,638 | | **Recommended Funds:** | $153,638 |
| **Total Project Cost:** | $163,638 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $153,638 |
| **Funds per Lot:** | $7,316 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $7,792 | | | |
| **Total Leverage $:** | $10,000 | | | |
| **Total Leverage %** | 6% | | Previous MHCR Funding: | $659,825 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Cedar Terrace Mobile Home Park is a residential, year-round community in Grant Township. Cedar Terrace Mobile Home Park is privately owned by Allenspach Companies. The owner inherited the park from his grandfather and is upgrading the infrastructure and utilities. Projects include replacing the water system and constructing a new on-premises storm shelter.

The residents currently use an off-site basement for shelter during inclement weather. The Department of Health has cited the well as needing replacement and is nearing unsafe for drinking water. Most residents buy water from outside the park to drink in their homes due to water's color, odor, and damage to appliances. The owner has received $10,000 in grant funds from the Department of Health to support the well replacement.

The owner has received cost estimates from reputable contractors. They provided a detailed cost estimate from a qualified contractor of labor and materials for the well.

The park owner reports most residents are low-income with limited budgets. Lot rents range from $650-750 which includes sewer, water, trash. The owner describes the residents as lower income households, and a diverse community of Black, Latino, immigrant, under-resourced single parents, and people with disabilities.

Staff recommends full funding as water/well and storm shelter address health and safety needs.

## Woodlawn Estates

| | |
|---|---|
| **Ownership Model:** | Privately Owned |
| **# of Lots:** | 40 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Greater MN: Garfield (Douglas County) |

### Project Funding Details

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $325,000 | | **Recommended Funds:** | $91,200 |
| **Total Project Cost:** | $325,000 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $91,200 |
| **Funds per Lot:** | $2,280 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $8,125 | | | |
| **Total Leverage $:** | $0 | | | |
| **Total Leverage %** | 0% | | Previous MHCR Funding: | $310,500 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Woodlawn Mobile Home Court is a 40-lot park located in Garfield. The park houses 27 owners, five renters, one seasonal home and seven vacant lots. Woodlawn proposes to use funding for the water/sewer system, roads, sidewalks, tree trimming and removal, a pole barn replacement, civil engineer fees, new siding for the garage, new mailboxes and a tractor grapple.

The applicant identified needing to renovate approximately half of the current water and sewage system. An MHCRP grant was received last year to renovate the other half of the system. There is no financial leverage, however applicant states the City of Garfield would be involved in the sewer portion of the project. The applicant provided figures based on estimates provided by vendors, park management staff, and online sources. They did not provide a detailed timeline in their application, but it is a continuation of a MHCRP funded project and indicated the work will begin in the spring and be completed in either 2025 or 2026. The individuals and companies were selected based on prior experience the applicant had working with them and a reference from the city.

Lot rents are affordable at $430 per month and includes water, sewer and garbage service. Over half of the residents are lower income, living on a fixed income, and many elderly retired people. The residents are described as covering a wide range of demographics, including indigenous people, people of color and those with disabilities.

Staff recommends partial funding of $91,200 to address sewer work and tree removal as these are health and safety needs.

| **Madelia Mobile Village** | |
|---|---|
| **Ownership Model:** | Cooperatively Owned |
| **# of Lots:** | 67 |
| **Activity Type:** | Infrastructure Redevelopment |
| **Location:** | Greater MN: Madelia (Watonwan County) |

**Project Funding Details**

| | | | | |
|---|---|---|---|---|
| **Funds Requested:** | $128,700 | | **Recommended Funds:** | $128,700 |
| **Total Project Cost:** | $128,700 | | Grant (Manufactured Home Community Redevelopment Program Appropriations): | $128,700 |
| **Funds per Lot:** | $1,920 | | Grant (Housing Infrastructure appropriations): | |
| **Project Cost per Lot:** | $1,920 | | | |
| **Total Leverage $:** | $0 | | | |
| **Total Leverage %** | 0% | | Previous MHCR Funding: | $1,200,000 |
| | | | | |

**Manufactured Home Park Description and Project Activities:**

Madelia is residential year-round park where nearly all members own their homes and belong to the cooperative. Many residents are employed at Tony Downs, a meat processing plant nearby that is the largest employer in town. The community needs 81 trees, which currently pose a danger or are at risk from developing Emerald Ash Borer, either removed or treated.

The need for removal/treatment of the surrounding ash trees has been clearly documented and shown to be a safety hazard. Pictures show extremely large/overgrown trees directly over many homes. Community leaders and an arborist were consulted to come up with a cost estimate. The project provided estimates of tree removal and treatment beginning spring 2025, with continued treatment and removal through fall/winter 2025.

Madelia Mobile Village is part of a co-op with elected board members that engage directly with residents. Lot rent is $275/month with no utilities included. The applicant describes residents as low income and the application mentions a resident breakdown of 21% below 30% AMI, 60% between 30-50% AMI, 18% between 50-80% AMI and 0% above 80% AMI. The application states their demographic survey shows that the residents of Madelia Mobile Village Cooperative are 78% Latino. Many are Spanish speakers and first-generation immigrants.

Staff recommends full funding as pictures show very large and overgrown trees directly over many homes.

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**

**RESOLUTION NO. MHFA 24-XX**

# RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANT FUNDS FOR THE MANUFACTURED HOME COMMUNITY REDEVELOPMENT PROGRAM AND HOUSING INFRASTRUCTURE APPROPRIATIONS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds to manufactured home parks for infrastructure redevelopment and/or acquisition; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; and that the applications will assist in fulfilling the purpose of the program.

**NOW THEREFORE, BE IT RESOLVED**:

1. The Board hereby authorizes Agency staff to enter into grant contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein and in the respective grant agreements:

| 2024 Manufactured Home Community Name | Program Activity | Funding Source | Funding Amount |
|---|---|---|---|
| Clearwater Forest LLP | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 105,400 |
| Bonnevista Terrace | Infrastructure Redevelopment | Housing Infrastructure Appropriations | $ 679,225 |
| Bonnevista Terrace | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 420,775 |
| Edgewood Acres | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 254,200 |
| Isanti Estates MHP | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 476,221 |

| | | | |
|---|---|---|---|
| Emerald Pines Cooperative | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 120,100 |
| River Road Homes LLC | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 298,360 |
| Cedar Terrace | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 153,638 |
| Woodlawn Estates | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 91,200 |
| Madelia Mobile Village | Infrastructure Redevelopment | Manufactured Home Community Redevelopment Program Appropriations | $ 128,700 |
| Total | | | $ 2,727,819 |

1. The applicant and any other parties shall execute all such documents relating to the grant contract, terms and conditions as the Agency staff, in its sole discretion, deems necessary.

Adopted this 19th day of December 2024

______________________________

Chair

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MINNESOTA HOUSING

# Item: Approval, 2024 Single Family Request for Proposals (RFP) Selections, Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development

**Action Item:** 7.D
**Date:** 12/19/2024
**Staff Contacts:** Amanda Hedlund, 651.284.0465, amanda.hedlund@state.mn.us
Nira Ly, 651.296.6345, nira.ly@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary

Staff requests approval of funding recommendations for proposals submitted to the Community Homeownership Impact Fund (Impact Fund) and Workforce and Affordable Homeownership Development (Workforce Homeownership) through the 2024 Single Family Request for Proposals (RFP).

## Fiscal Impact

Impact Fund recommendations include Economic Development and Housing Challenge (EDHC) funds, Housing Infrastructure Appropriations (HIA), Pool 2 resources and State Housing Tax Credit (SHTC) funds. Workforce Homeownership includes Workforce and Affordable Homeownership Development funds. EDHC, HIA and Workforce Homeownership funds are state-appropriated resources provided in the form of grants that do not earn interest for the Agency. Interim loans made from Pool 2 are repayable and earn interest for the Agency. SHTC funds are contributions by taxpayers that will write down the interest rate on Pool 2 interim loans.

## Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background
- Project Summaries
- 2024 Single Family RFP Recommended Applications Summary

- 2024 Single Family RFP Non-Recommended Applications
- 2024 Single Family RFP Map of Recommended Projects
- Resolution

## Background

Minnesota Housing accepted proposals for the 2024 Single Family RFP with applications due July 11, 2024. The Agency received 78 single family proposals totaling $175,857,219. Of the funds requested, $51,214,652, or 29% of total requests, proposed to serve communities in Greater Minnesota. Applicants requested $124,642,567, or 71% of total requests, to serve the seven-county Twin Cities metropolitan area.

Funding partner, Greater Minnesota Housing Fund (GMHF), also accepted eight applications requesting a total of $591,000 through the Single Family RFP, using a common application form and procedure. GMHF will select projects in its separate funding process.

### Impact Fund Eligible Activities

The Impact Fund is available statewide, and provides grants, deferred loans and interim loans for the following eligible activities:

- New construction of homes;
- Acquisition, rehabilitation and resale of housing units;
- Affordability gap and downpayment assistance;
- Owner-occupied rehabilitation programs; and
- Tribal Indian Housing Program, which provides first mortgage financing, downpayment assistance and owner-occupied rehabilitation for tribally-enrolled members.

The Agency provides value gap, affordability gap, and interim loans for new construction and acquisition, rehabilitation, resale projects. Value gap is the difference between the total development cost of a unit and the after-improved appraised value. Affordability gap is the difference between the purchase price of a home and the mortgage financing a homebuyer can afford through a first mortgage. Interim loans are interest-bearing repayable loans that provide financing for direct acquisition and construction costs.

Although interim loans are unsecured, by requiring monthly interest payments and including covenants requiring the Borrower to maintain certain financial ratios, these loans are viewed as investment quality and appropriate to be funded from Pool 2. State Housing Tax Credits (SHTC) will be used to write down interim loan interest rates, with SHTC funding awarded projected to support a reduction from approximately 6.50% to 0.00%.

### Funding Recommendations

Staff recommends funding 46 proposals for a total of $66,563,877 to create or preserve 587 affordable homeownership opportunities. Twenty-six selections, or 57% of recommended projects, with funds totaling $31,955,210, will serve Greater Minnesota communities. Twenty selections, or 43% of recommended projects, with funds totaling $34,608,667, will serve the Twin Cities metropolitan area.

Thirty-two proposals are not recommended for funding and some proposals are recommended for less funding than requested. Below is a summary of recommendations by funding source:

- Economic Development and Housing Challenge (EDHC): $12,747,400 for 5 proposals;
- Workforce Homeownership: $41,619,081 for 36 proposals;
- Housing Infrastructure (HIA): $9,481,752 for 8 proposals;
- Pool 2: $2,257,414 for 5 interim loans; and
- State Housing Tax Credits (SHTC): $458,230 to write down the interest rate of 5 interim loans.

**Strengthen Communities**

The recommended projects will advance our strategic objective to strengthen communities by supporting Tribal Nations and Indigenous communities, investing in Greater Minnesota communities and supporting affordable homeownership opportunities in disinvested communities.

The Agency received $12,889,667 in competitive applications from four Tribal-affiliated entities that are recommended for their full funding requests. This is a historic amount for Tribal housing projects recommended through the Single Family RFP. Prior to the application deadline, staff engaged with a variety of potential applicants, including Indigenous communities and Tribes to explore how the Impact Fund could be a resource to address their homeownership housing needs. This included a virtual convening with Tribal housing partners, presenting at the Tribal Housing Directors meeting and one-on-one technical assistance engagements. All of the Tribes that staff engaged with for one-on-one technical assistance applied for and are recommended for funding.

Five projects will serve Greater Minnesota communities that have not previously received funds through the Single Family RFP. These communities include Becker County, Grand Marais, Fairmont, Luverne and Truman. These projects will create or preserve 28 affordable homeownership opportunities in these communities.

Eight projects will serve households in disinvested communities where there are lower median household incomes, older housing stock and lower than average increases in home sales prices. These projects will create or preserve 71 homeownership housing units.

**Improve the Housing System**

The recommended projects will improve the housing system through diversifying the partners with whom we work and focusing on the people and places most impacted by housing instability.

Staff engaged with Black, Indigenous and people of color (BIPOC)-led organizations to diversify the partners with whom we work. This included presenting at an Agency event for emerging and BIPOC developers and providing one-on-one technical assistance engagements with 14 BIPOC-led or -owned entities. Non-governmental BIPOC-led or -owned entities represent 26% of proposals received and 22% of proposals recommended for funding. Non-governmental women-led or -owned entities represent 46% of proposals received and 48% of proposals recommended for funding.

While all recommended selections market to the people most impacted by housing instability, such as BIPOC households, large families, seniors and people with disabilities, 41 projects focus outreach specifically on people most impacted in their target area. Twenty of these projects will serve the Twin Cities metropolitan area and 21 will serve Greater Minnesota.

Ten projects will create or preserve 79 homes with four or more bedrooms to serve larger and multigenerational families.

Thirty-seven projects, or 80% of recommended projects, will serve households at or below 80% AMI, providing affordable homeownership for 510 low-income households.

Statewide in the 2024 Affordable Housing Plan (AHP) year, 54% of households served under the Impact Fund were Black, Indigenous and people of color. Ninety-seven percent of households served in the Twin Cities metropolitan area, and 90% of households served in Greater Minnesota, had a household income below 80% AMI.

**Preserve and Create Housing Opportunities**

Thirty-seven recommended proposals will result in 400 affordable units created or preserved.

Twenty-two projects will create 173 new construction units in areas where there is an increasing need for workforce housing. Sixteen of these projects will create 99 affordable homes in Greater Minnesota, and six projects will create 74 affordable homes in the Twin Cities metropolitan area.

Six projects will result in the preservation of 24 existing homes through acquisition, rehabilitation and resale of the units to be affordable to low- and moderate-income homebuyers.

Of the new and rehabilitated units, 138 units will be placed into a community land trust (CLT), preserving the long-term affordability of the homes.

Nine projects will provide grants or loans to 203 low-income homeowners to repair and improve their homes to make the homes safe, accessible and habitable, enabling the homeowners to remain in their homes.

Two projects will provide grant funds to newly eligible school entities to build or rehabilitate two homes to be provided to low- to moderate-income households.

**Make Homeownership More Accessible**

Eight projects will provide stand-alone affordability gap for 152 homebuyers to purchase homes. Two projects will serve 26 homebuyers in Greater Minnesota, and six proposals will serve 126 homebuyers in the Twin Cities metropolitan area.

All applicants providing affordability gap will offer or provide resources to homebuyers to access homebuyer and financial education and counseling to support successful homeownership.

One proposal will provide first mortgage financing for tribally-enrolled members of the Lower Sioux Indian Community to enable 35 homebuyers to purchase homes on the Lower Sioux reservation and its federally designated 10-mile service area.

**Proposal Review and Selection Process**

To determine these recommendations, staff first assessed whether each application met the threshold criteria for eligibility, completeness and timely submission. Proposals were then scored based on the Competitive Selection Standards Criteria: Organizational Capacity, Project Feasibility and Community Need, as approved by the Agency's board of directors on March 24, 2022. Proposals needed to receive ten or more points on the Competitive Selection Standards to be recommended for funding.

Applicants that met the ten-point minimum score were then considered under the Pre-Award Risk Assessment required under Minn. Stat. § 16B.981. All applicants passed the Pre-Award Risk Assessment, or passed with conditions, as noted in the project summaries below.

Staff evaluated proposals to determine the number of units, dollar amount, and funding source(s) to be recommended, considering organizational capacity to complete the awarded number of units within the contract period, alignment with funding priorities, geographic coverage, and funding availability.

The organizational capacity assessment was particularly important in light of the large dollar amounts and high number of units awarded through the 2023 Single Family RFP.

Central to application scoring and review was an interdepartmental, collaborative approach to risk mitigation. Program staff collaborated with the Legal, Compliance, Quality Control and Research teams to assess potential risk and establish risk mitigation measures where needed.

**Next Steps**

Final funding selection letters will be sent to all organizations recommended for funding if approved by the Agency board. Selections are subject to the program requirements as outlined in individual Grant Contract Agreements and Loan Contracts, which will be sent to recipients in March 2025.

Applicants not selected for funding through the 2024 Single Family RFP will receive a letter notifying them that they have not been selected. Program staff will contact each applicant and offer a one-on-one opportunity to discuss their proposal and receive technical assistance.

## Project Summaries

| Amani Construction & Development LLC | |
|---|---|
| **Project** | Serenity Townhouses |
| **Location** | City of St. Paul |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 19 | | **# of units:** | 19 |
| **Funding Requested:** | $3,884,100 | | **Funding Recommended:** | $3,884,100 |
| | | | Housing Infrastructure Appropriations | $3,884,100 |

| Organization Information |
|---|
| Amani Construction and Development's vision is to empower all people, especially historically disadvantaged communities, to build wealth through homeownership. Their mission is to create affordable, sustainable homes within communities.<br><br>Amani Construction and Development is an experienced Black- and woman-owned company with a solid track record of small unit residential construction. The organization is an alum of the Local Initiatives Support Corporation (LISC) Developers of Color 2022 cohort and continues to produce strong residential development projects. Amani is in the process of constructing its first set of townhomes in Minneapolis. |

| Project Description |
|---|
| The funds will be used to construct townhomes in St. Paul. The applicant will serve households at or below 80% AMI.<br><br>Serenity Townhouses will feature 15 3-bedroom units and four 4-bedroom corner units designed to accommodate larger or multi-generational families. Their construction strategy emphasizes energy efficiency, following the Department of Energy Zero Energy Ready Home (DOE ZERH) program, which creates highly energy-efficient homes with lower utility costs and a smaller carbon footprint.<br><br>The applicant will partner with Rondo Community Land Trust to place the homes in a community land trust to ensure long-term affordability.<br><br>**3-Bedroom Units**<br>Typical Development Cost Per Unit: $639,601<br>Typical Impact Fund Value Gap Subsidy Per Unit: $201,162<br><br>**4-Bedroom Units**<br>Typical Development Cost Per Unit: $688,896<br>Typical Impact Fund Value Gap Subsidy Per Unit: $216,666 |

| Bjorkberg Grand Marais LLC | |
|---|---|
| **Project** | Bjorkberg Grand Marais (BGM) |
| **Location** | Cook County |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 5 | | **# of units:** | 5 |
| **Funding Requested:** | $296,000 | | **Funding Recommended:** | $296,000 |
| | | | Housing Infrastructure Appropriations | $296,000 |

## Organization Information

Bjorkberg Grand Marais LLC aims to provide much-needed housing in the form of market-rate and affordable homeownership in Cook County within the City of Grand Marais.

The applicant's co-owner is experienced in housing development, including the development of single-family homes in Winona and condos in Northfield. He has also completed three projects in St. Joseph that include a mixed-use development with loft condos and commercial space, rental cottages and townhomes and single-family homes marketing to seniors, and a second mixed-use development with rental lofts and commercial space.

## Project Description

The funds will be used to construct new rowhomes in the City of Grand Marais. The applicant will serve households at or below 115% AMI.

The project is part of a broader effort to redevelop a city block in Grand Marais. The redevelopment is intended to eventually include a total of 21 homeownership units: 19 rowhomes and two cottage homes. The proposed project to construct five rowhomes will be the initial phase of this redevelopment. The proposed homes will be two-story, slab on grade homes with two to three bedrooms.

**Inner Units**

Typical Development Cost Per Unit: $546,494
Typical Impact Fund Value Gap Subsidy Per Unit: $61,200

**End Units**

Typical Development Cost Per Unit: $546,494
Typical Impact Fund Value Gap Subsidy Per Unit:  $56,200

| Carver County Community Development Agency | |
|---|---|
| **Project** | CCCLT Homebuyer Initiated Program (HIP) |
| **Location** | Carver County |
| **Activity** | Stand-Alone Affordability Gap |

**Project Funding Details**

| Requested | | | Recommended | |
|---|---|---|---|---|
| **# of units:** | 6 | | **# of units:** | 6 |
| **Funding Requested:** | $936,000 | | **Funding Recommended:** | $936,000 |
| | | | Housing Infrastructure Appropriations | $480,000 |
| | | | Workforce Homeownership Grant | $456,000 |

**Organization Information**

Carver County Community Development Agency's (CDA) mission is to provide affordable housing opportunities and foster community and economic development in Carver County.

The applicant has more than 15 years of experience administering a community land trust program. Their portfolio includes 42 single family homes, most of which were acquired and rehabilitated or constructed by Carver County CDA.

**Project Description**

The funds will be used for affordability gap assistance for borrowers to purchase homes in Carver County through their Homebuyer Initiated Program (HIP). The applicant will serve households at or below 80% AMI.

The Carver County Community Land Trust HIP is a scattered-site, buyer-initiated program which provides affordability gap grants to low- and moderate-income households in Carver County to purchase market rate homes. The homes will then be placed in the community land trust, ensuring the homes remain long-term affordable. This new buyer-initiated program will follow the same affordability conventions as the existing community land trust program but allows for more homebuyer choice.

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $75,000

<u>Typical Impact Fund Land Acquisition Subsidy Per Unit</u>: $80,000

<u>Administration Fee Per Unit</u>: $1,000

| City of Lakes Community Land Trust | |
|---|---|
| **Project** | Homebuyer Initiated Program (HIP) |
| **Location** | City of Minneapolis |
| **Activity** | Stand-Alone Affordability Gap |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 60 | | **# of units:** | 35 |
| **Funding Requested:** | $6,075,000 | | **Funding Recommended:** | $3,543,750 |
| | | | Housing Infrastructure Appropriations | $875,000 |
| | | | Workforce Homeownership Grant | $2,668,750 |

## Organization Information

City of Lakes Community Land Trust (CLCLT) is a non-profit organization whose mission is to create community ownership that preserves affordability and inclusivity. They realize their mission through the community land trust model, private and public partnerships, development, and homebuyer/homeowner support services.

CLCLT has been in operation for more than 20 years. Through 2023, CLCLT had 396 homes in its community land trust with 213 of those homes being acquired through their Homebuyer Initiated Program (HIP). Over the past five years, CLCLT buyers have purchased 90 homes through HIP and CLCLT has a waitlist for HIP buyers.

## Project Description

The funds will be used for affordability gap and community land trust subsidy for homebuyers in Minneapolis. The applicant will serve households at or below 80% AMI.

CLCLT's HIP is a two-part program. Through the CLCLT HIP, eligible buyers choose a market-rate home to purchase in the target area. CLCLT also provides owner-occupied rehabilitation funds for buyers to fix homes purchased through the HIP.

The requested funds will be used to cover the value of land in the purchase and provide affordability gap for HIP buyers. The land will be placed in the community land trust to ensure the homes remain affordable for the long-term. The owner-occupied rehabilitation funds are requested in a separate, related application.

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $75,000

<u>Typical Land Acquisition Subsidy Per Unit</u>: $25,000

<u>Administration Fee Per Unit</u>: $1,250

The higher than typical administration fee of $1,250 was requested by the applicant and is recommended due to the applicant's role in managing the homebuying process for their clients.

| City of Lakes Community Land Trust | |
|---|---|
| **Project** | Homebuyer Initiated Program (HIP) |
| **Location** | City of Minneapolis |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 60 | | **# of units:** | 35 |
| **Funding Requested:** | $3,075,000 | | **Funding Recommended:** | $1,793,750 |
| | | | Workforce Homeownership Grant | $1,793,750 |

## Organization Information

City of Lakes Community Land Trust (CLCLT) is a non-profit organization whose mission is to create community ownership that preserves affordability and inclusivity. They realize their mission through the community land trust model, private and public partnerships, development, and homebuyer/homeowner support services.

CLCLT has been in operation for more than 20 years. Through 2023, CLCLT had 396 homes in its community land trust with 213 of those homes being acquired through their Homebuyer Initiated Program (HIP). Over the past five years, CLCLT buyers have purchased 90 homes through HIP and CLCLT has a waitlist for HIP buyers.

## Project Description

The funds will be used for homeowners to rehabilitate homes in Minneapolis. The applicant will serve households at or below 80% AMI.

CLCLT's HIP is a two-part program. Through the CLCLT HIP, eligible buyers choose a market-rate home to purchase in the target area. CLCLT also provides affordability gap to homebuyers to purchase homes through the HIP.

The requested funds will be provided to HIP homebuyers to address health, safety and habitability issues in the homes that they purchase through HIP. The affordability gap funds are requested in a separate, related application.

<u>Typical Owner-Occupied Rehabilitation Subsidy Per Unit</u>: $50,000

<u>Administration Fee Per Unit</u>: $1,250

The higher than typical administration fee of $1,250 was requested by the applicant and is recommended due to the applicant's role in managing the rehabilitation of the homes.

| City of Saint Paul Housing and Redevelopment Authority | |
|---|---|
| **Project** | Downpayment Assistance Program |
| **Location** | City of St. Paul |
| **Activity** | Stand-Alone Affordability Gap |

| Project Funding Details | | | |
|---|---|---|---|
| **Requested** | | **Recommended** | |
| **# of units:** | 36 | **# of units:** | 36 |
| **Funding Requested:** | $1,476,000 | **Funding Recommended:** | $1,476,000 |
| | | Workforce Homeownership Grant | $1,476,000 |

## Organization Information

The City of Saint Paul Housing and Redevelopment Authority (St. Paul HRA) is the City's housing division which works to ensure access to quality housing for all St. Paul residents. The St. Paul HRA finances housing construction and renovations, supports homelessness prevention and shelter services and informs housing policy decisions.

Over the past five years, the applicant closed 74 loans totaling $3.2 million through the Downpayment Assistance Program. They have a waitlist of 140 households and are not accepting new applicants as they continue to serve households on the waitlist.

## Project Description

The funds will be used to provide downpayment assistance loans to income-qualified homebuyers in the City of St. Paul. The applicant will serve households at or below 80% AMI.

The City furthers affordability through leveraging the Downpayment Assistance Program with other City programs such as the Inheritance Fund, Housing Trust Fund, and first-generation homebuyers programs. The applicant has partnered with a variety of local nonprofit organizations on outreach and engagement, including Rondo Community Land Trust, Neighborhood Development Alliance, Economic Mobility Hub for American Indians and the Center for Asian Pacific Islanders.

Typical Impact Fund Affordability Gap Subsidy Per Unit: $40,000

Administration Fee Per Unit: $1,000

| City of Saint Paul Housing and Redevelopment Authority | |
|---|---|
| **Project** | Homeowner Rehab Program |
| **Location** | City of St. Paul |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 13 | | **# of units:** | 13 |
| **Funding Requested:** | $523,991 | | **Funding Recommended:** | $523,991 |
| | | | Workforce Homeownership Grant | $523,991 |

**Organization Information**

The City of Saint Paul Housing and Redevelopment Authority (St. Paul HRA) is the City's housing division which works to ensure access to quality housing for all St. Paul residents. The St. Paul HRA finances housing construction and renovations, supports homelessness prevention and shelter services and informs housing policy decisions.

Over the past five years, the applicant completed 115 homeowner rehabilitation projects.

**Project Description**

The funds will be used to provide rehabilitation loans to homeowners in the City of St. Paul. The applicant will serve households at or below 80% AMI.

The funds will be used to address health, safety, habitability, energy efficiency and accessibility repairs. The applicant will determine homeowner eligibility, develop scopes of work, bid out projects and review work completed. The applicant will also coordinate with the following entities when appropriate for additional leverage and support: Energy Cents and Center for Energy and Environment for appliances and energy efficient projects, and Ramsey County for replacement of windows due to lead.

<u>Typical Impact Fund Owner-Occupied Rehabilitation Subsidy Per Unit</u>: $39,307

<u>Administration Fee Per Unit</u>: $1,000

| City of Winona | |
|---|---|
| **Project** | All-Inclusive Home Rehabilitation Program (AIHR) |
| **Location** | City of Winona |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 20 | | **# of units:** | 20 |
| **Funding Requested:** | $544,920 | | **Funding Recommended:** | $544,920 |
| | | | Workforce Homeownership Grant | $544,920 |

## Organization Information

The City of Winona's mission and purpose related to housing development and rehabilitation is to preserve the quality, safety and character of existing homes and neighborhoods.

Over the past five years, the City of Winona completed 20 home rehabilitation loans through its Emergency Loan Program that helps low- to moderate-income homeowners make emergency repairs. They rehabilitated eight homes through a home rehabilitation program funded by the Federal Home Loan Bank - Des Moines' Competitive Affordable Housing Program. Additionally, they are administering a home rehabilitation loan program for 10 households funded by the American Rescue Plan Act with preference given to households with a member that is 62 years of age or older, has a disability or is a veteran.

## Project Description

The funds will be used to rehabilitate owner-occupied homes in the City of Winona. The applicant will serve households at or below 80% AMI.

The applicant will provide eligible homeowners with rehabilitation loans to address home improvements related to energy and sustainability, health and safety, accessibility or exterior work. This includes inspections, radon testing and energy audits. The City of Winona will contribute leverage in the form of reduced building permit fees.

Habitat for Humanity serving Winona County will provide loan origination services for the All-Inclusive Home Rehabilitation Program and will also support homeowners with budgeting, home repair and maintenance classes. Semcac is a lead-certified firm and is offering their services to perform lead-based paint risk assessments prior to construction and lead-based paint clearance inspections and reporting after the work has been completed.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $26,246

Administration Fee Per Unit: $1,000

| Dayton's Bluff Neighborhood Housing Services | |
|---|---|
| **Project** | The Village on Rivoli Pocket Neighborhood West |
| **Location** | City of St. Paul |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 9 | | **# of units:** | 9 |
| **Funding Requested:** | $2,228,440 | | **Funding Recommended:** | $2,228,440 |
| | | | Workforce Homeownership Grant | $2,228,440 |

## Organization Information

Dayton's Bluff Neighborhood Housing Services' mission is to improve the quality of life in the St. Paul neighborhoods they serve through affordable housing development, housing rehabilitation and other community development activities.

Over the last five years, the applicant has completed and sold 25 homes, with 16 more in predevelopment or under construction. The applicant is an experienced Impact Fund administrator. Minnesota Housing has been funding the Village on Rivoli since 2014 and this new phase is a continuation of the project.

## Project Description

The funds will be used to build 3- and 4-bedroom homes in St. Paul, with a priority on the Railroad Island neighborhood. The applicant will serve households at or below 115% AMI.

This project is the fifth phase of the Village on Rivoli, which will have a total of 38 homes when completed. At the time of application, 19 Village on Rivoli homes had been completed and sold. At the time of application, Dayton's Bluff Neighborhood Housing Services was completing two more units, and eight were out for bid. These nine proposed units will complete the Pocket Neighborhood portion of the development. The development will include a youth operated urban farm and orchard. The applicant uses some of its housing developments as City Academy Youth Build Program job training work sites. The Village on Rivoli is part of the larger Railroad Island Housing Initiative with the goal to build and sell 100 new ownership housing units in St. Paul's Railroad Island neighborhood.

**1.5 Story 3-Bedroom Units**
Typical Development Cost Per Unit: $640,440
Typical Impact Fund Value Gap Subsidy Per Unit: $277,560

**2 Story 4-Bedroom Units**
Typical Development Cost Per Unit: $657,440
Typical Impact Fund Value Gap Subsidy Per Unit: $210,160

| Divine Konnections Inc | |
|---|---|
| **Project** | Comfort and Joy Duplexes |
| **Location** | City of Duluth |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 2 | | **# of units:** | 2 |
| **Funding Requested:** | $1,026,000 | | **Funding Recommended:** | $925,420 |
| | | | Workforce Homeownership Grant | $411,000 |
| | | | Interim Loan | $427,618 |
| | | | State Housing Tax Credit | $86,802 |

**Organization Information**

Divine Konnections Inc has the mission to disrupt cycles of poverty and state violence by creating opportunities for low-income and BIPOC families to obtain affordable housing and generational wealth. Their vision is that BIPOC youth and young adults will transform their lives, going from unhoused to houseowner, hopeless to hopeful, and harmed to healing. The applicant provides housing and wraparound support services to unhoused young mothers at Annie's House in Duluth and operates a scattered site supportive housing program.

This is the applicant's first development project. Capacity building programs and partnerships will support their success. The Executive Director is participating in Greater Minnesota Housing Fund's Emerging Developer of Color Program. The Executive Director and Development Team Consultant are also part of Minnesota Housing Partnership's Emerging Developers Initiative cohort.

**Project Description**

The funds will be used to build owner-occupied duplexes in Duluth, with a priority on the Lincoln Park neighborhood. The applicant will serve households at or below 80% AMI.

The applicant is a Black- and woman-led organization that provides opportunities for young mothers who have stabilized their lives to move from supportive housing to homeownership with a baked in revenue stream. In each duplex, a lower-level, 1-bedroom rental apartment will provide monthly income to the homeowner, helping to keep the mortgage affordable. The applicant intends to include sustainable design features such as all-electric homes, with roof solar panels to produce electricity to power the home with renewable energy.

The project benefits from committed city and philanthropic leverage, and the applicant will partner with Just Housing SBC for ready-to-build zero-energy home design and architectural services, Troy Walker for general contractor services and One Roof Community Housing for administration of affordability gap funding.

The requested and recommended funding amounts differ, despite the number of units remaining the same because of the lower recommended interim loan amount, which is anticipated to be sufficient to support the project.

Typical Development Cost Per Unit: $620,000

Typical Impact Fund Value Gap Subsidy Per Unit: $139,500

Typical Impact Fund Affordability Gap Subsidy Per Unit: $65,000

Administration Fee Per Unit: $1,000

| Dreamliner Estates L.L.C. | |
|---|---|
| **Project** | Southern Ridge |
| **Location** | Stearns, Sherburne, Benton, Aitkin, Carlton, Cass, Chisago, Crow Wing, Isanti, Kanabac, Mille Lacs, Morrison, Pine, Todd, Wright and Wadena counties |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 34 | | **# of units:** | 16 |
| **Funding Requested:** | $6,331,718 | | **Funding Recommended:** | $3,371,632 |
| | | | EDHC Grant | $3,371,632 |

## Organization Information

Dreamliner Estates L.L.C. is a newly-formed, Black-owned real estate development company with the mission to transform the dream of homeownership into reality for disenfranchised communities through innovative, sustainable and affordable housing solutions.

While this is the applicant’s first project, Dreamliner Estates’ partnership with Lumber One Avon will help support successful completion of this project. Lumber One Avon is a seasoned general contractor that has successfully completed multifamily projects funded by Minnesota Housing. Over the past five years, Lumber One Avon has been the general contractor on 769 multifamily units, including townhomes, and has provided services and materials for the development of more than 500 single-family homes.

## Project Description

The funds will be used to develop twin homes in Stearns, Sherburne, Benton, Aitkin, Carlton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Todd, Wright or Wadena counties, with a priority on the City of St. Cloud. The applicant will serve households at or below 80% AMI.

The applicant will partner with Lumber One Avon as the general contractor to develop the homes and Central Minnesota Housing Partnership to implement the affordability gap portion of the project.

The homes will incorporate sustainable building designs and energy-efficient technologies that will reduce utility costs and environmental impact. The applicant intends to build the homes in blocks of eight units at one time to gain cost and labor efficiencies. The Housing & Redevelopment Authority of Stearns County provided a letter stating that it will provide funds to help homebuyers purchase the homes. The commitment is pending approval from its board. The City of St. Cloud has also expressed interest in supporting the project but has not made a formal commitment yet.

The organization passes with conditions the Pre-award Risk Assessment due to it being a newly formed organization. The funds will be provided on a reimbursement basis when homes have been developed and sold to eligible homebuyers.

Typical Development Cost Per Unit: $511,727

Typical Impact Fund Value Gap Subsidy Per Unit: $161,727

Typical Impact Fund Affordability Gap Subsidy Per Unit: $48,000

Administration Fee Per Unit: $1,000

| Fairmont Area Schools on behalf of Fairmont High School | |
|---|---|
| **Project** | Building Up Students and Homes |
| **Location** | City of Fairmont |
| **Activity** | School Direct Costs |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 1 | | **# of units:** | 1 |
| **Funding Requested:** | $99,999 | | **Funding Recommended:** | $99,999 |
| | | | EDHC Grant | $99,999 |

**Organization Information**

Fairmont High School's mission is to provide learning experiences for students that teach them employable skills and to give back to the community through the skills they learn.

It has been 17 years since Fairmont High School completed a new build, however they have partnered with Habitat for Humanity of Martin-Faribault Counties on rehabilitation and shed-building projects over the past three years, and with whom they will partner on this project. The applicant has new staff for their new vocational wing, which provides the capacity to construct a home in their building. The applicant's partnership with Habitat for Humanity of Martin-Faribault Counties will support organizational capacity for successful completion of this project.

**Project Description**

The funds will be used for direct costs to construct a home and move it to a permanent foundation in Fairmont. The applicant will serve households at or below 80% AMI.

Fairmont High School will partner with Habitat for Humanity of Martin-Faribault Counties to build a home at the high school through its vocational training program called "Building Up Students and Homes," then relocate the home to its permanent foundation at the end of the school year. It will be up to four bedrooms with 1 1/2 bathrooms, and will provide valuable training for students and a new affordable home in the community.

The school will frame the house, set roof trusses, install windows, hang siding, and complete all other tasks associated with home construction. Habitat will provide funding, manage subcontractors, construct the basement and line up the house move at the end of the school year. The applicant has secured in-kind donations, including foundation materials, kitchen cabinets, tools, appliances, and other donations from local lumberyards and millworks.

<u>Building Materials</u>: $49,999

<u>Construction Tools</u>: $8,000

<u>Subcontractors and Professional Labor</u>: $42,000

| Greater Metropolitan Housing Corporation | |
|---|---|
| **Project** | Scattered Site Homeownership Preservation II |
| **Location** | 7-County Twin Cities Metropolitan Area |
| **Activity** | Acquisition, Rehabilitation, Resale |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 2 |
| **Funding Requested:** | $1,325,000 | | **Funding Recommended:** | $265,000 |
| | | | Workforce Homeownership Grant | $265,000 |

## Organization Information

Greater Metropolitan Housing Corporation's (GMHC) mission is to preserve, improve and increase affordable housing opportunities for low- and moderate-income families and individuals, assist communities with housing revitalization, and create and carry out demonstration projects.

Over the past five years, GMHC has completed nine acquisition, rehabilitation, resale projects, and from 2008 to 2014, they completed 189 acquisition, rehabilitation, resale projects. These projects have included both substantial rehabilitation projects funded with Community Development Block Grant funds and moderate self-funded rehabilitation projects.

## Project Description

The funds will be used to acquire, rehabilitate, and resell homes throughout the 7-county Twin Cities metropolitan area. The applicant will serve households at or below 115% AMI.

The proposed project builds on the applicant's current Scattered Site Homeownership Preservation grant and focuses on acquiring, rehabilitating, and reselling previously foreclosed, vacant, or abandoned homes to owner-occupants. The properties to be acquired include HUD-owned properties that were foreclosed upon and previous rental properties that will be converted to owner-occupant homes. The applicant expects that typical properties will be located in older neighborhoods with a focus on properties with 3+ bedrooms, 1-2 bathrooms and 1,500-2,000 square feet of living space.

The organization passes with conditions the Pre-award Risk Assessment due to low cash flow and potential risk of low cash flow on the organization's ability to maintain operations. The funds will be provided on a reimbursement basis when homes have been rehabilitated and sold to eligible homebuyers.

Typical Development Cost Per Unit: $442,500

Typical Impact Fund Value Gap Subsidy Per Unit: $132,500

| Habitat for Humanity of Minnesota, Inc. | |
|---|---|
| **Project** | Habitat for Humanity of MN Impact Fund 10 Affordability Gap |
| **Location** | 50 Counties in Greater Minnesota |
| **Activity** | Stand-Alone Affordability Gap |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 20 | | **# of units:** | 20 |
| **Funding Requested:** | $1,740,000 | | **Funding Recommended:** | $1,720,000 |
| | | | Workforce Homeownership Grant | $1,720,000 |

**Organization Information**

Habitat for Humanity of Minnesota, Inc. supports four strategic priorities: deepening Habitat's impact in strengthening communities, optimizing the Habitat affiliate network, being a bold voice for affordable housing, and advancing organizational resilience and sustainability.

Habitat for Humanity of Minnesota has 20 years of experience in closing downpayment assistance and affordability gap loans on Habitat affiliate projects. They have funded 200 downpayment assistance and affordability gap loans since July 2018: 20 through the Federal Home Loan Bank Affordable Housing Program, 34 through previous Impact Fund awards, and 146 through Habitat for Humanity of Minnesota's own downpayment assistance program.

**Project Description**

The funds will be used to provide affordability gap to homebuyers in their 50-county Greater Minnesota service area. The applicant will serve households at or below 80% AMI.

The applicant will reach 50 counties in Greater Minnesota and serve households from 30% to 80% AMI, with a current statewide average of 60% AMI. Climbing property costs across the state make it more difficult for low-to moderate-income buyers to afford a home as income levels are not adjusting to property values. This funding would provide additional capital for Habitat for Humanity of Minnesota to continue to support affordability gap for predominately new construction units throughout Greater Minnesota and increase Habitat affiliates' new production.

The requested and recommended funding amounts differ, despite the number of units remaining the same, because staff recommends a lower administration fee than what was requested by the applicant. The recommended administration fee is consistent with the administration fee for other similar projects. In limited cases, applicants may receive a higher administration fee if they demonstrate that they will provide additional eligible services beyond what the standard administration fee covers. In this case, the applicant did not demonstrate the provision of eligible services beyond what the standard administration fee covers.

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $85,000

<u>Administration Fee Per Unit</u>: $1,000

| Habitat for Humanity of Minnesota, Inc. | |
|---|---|
| **Project** | Habitat for Humanity of MN Impact Fund 10a Value Gap (Martin-Faribault Co.) |
| **Location** | Cities of Truman and Lewisville |
| **Activity** | Acquisition, Rehabilitation, Resale |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 1 | | **# of units:** | 1 |
| **Funding Requested:** | $80,000 | | **Funding Recommended:** | $80,000 |
| | | | Workforce Homeownership Grant | $80,000 |

## Organization Information

Habitat for Humanity of Minnesota, Inc. supports four strategic priorities: deepening Habitat's impact in strengthening communities, optimizing the Habitat affiliate network, being a bold voice for affordable housing, and advancing organizational resilience and sustainability. Habitat for Humanity of Minnesota is the applicant and serves as the affiliate support organization for Habitat affiliates in Greater Minnesota. As such, Habitat for Humanity of Minnesota gathers resources, provides training for affiliates, and serves as a single administrator and point of contact for potential funders.

Over the past five years, Habitat affiliates in Minnesota have completed 169 substantial acquisition rehabilitation projects with the support of Habitat for Humanity of Minnesota. Since 2008, Habitat affiliates in Minnesota have built 223 units to Green Communities standards using Community Reinvestment and Impact Fund dollars.

## Project Description

The funds will be used to move a donated home from Lewisville to Truman and then rehabilitate and resell it. The applicant will serve a household at or below 80% AMI.

The house for this project is being donated to Habitat for Humanity of Martin-Faribault Counties by a local church and will be moved to a small rural community in Truman. It is a 4-bedroom home with 1-1/2 bathrooms. Once moved and placed on the new foundation, it will be stripped down to the studs, rewired and replumbed. They will stub in a future bathroom in the basement for the homeowner to finish later, providing additional room to grow. Habitat for Humanity of Minnesota and its local affiliates will leverage a combination of private fundraising, public funding and volunteer labor, in addition to the skills of subcontractors, to rehabilitate the home.

Habitat for Humanity of Minnesota will provide Habitat for Humanity of Martin-Faribault Counties with detailed checklists and required document templates necessary to obtain funding. Habitat for Humanity of Minnesota staff will coordinate and request disbursements on behalf of Habitat for Humanity of Martin-Faribault Counties.

<u>Typical Development Cost Per Unit</u>: $250,000

<u>Typical Impact Fund Value Gap Subsidy Per Unit</u>: $80,000

| Habitat for Humanity of Minnesota, Inc. | |
|---|---|
| **Project** | Habitat for Humanity of MN Impact Fund 10b Value Gap (Winona Co.) |
| **Location** | City of St. Charles |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 2 | | **# of units:** | 2 |
| **Funding Requested:** | $244,000 | | **Funding Recommended:** | $242,000 |
| | | | Workforce Homeownership Grant | $242,000 |

## Organization Information

Habitat for Humanity of Minnesota, Inc. supports four strategic priorities: deepening Habitat's impact in strengthening communities, optimizing the Habitat affiliate network, being a bold voice for affordable housing, and advancing organizational resilience and sustainability. Habitat for Humanity of Minnesota is the applicant and serves as the affiliate support organization for Habitat affiliates in Greater Minnesota. As such, Habitat for Humanity of Minnesota gathers resources, provides training for affiliates, and serves as a single administrator and point of contact for potential funders.

Over the past five years, Habitat affiliates in Minnesota built 267 new construction projects with the support of Habitat for Humanity of Minnesota. Since 2008, Habitat affiliates in Minnesota have built 223 units to Green Communities standards using Community Reinvestment and Impact Fund dollars.

## Project Description

The funds will be used to construct a new twin home in St. Charles. The applicant will serve households at or below 80% AMI.

The applicant will be working with Habitat for Humanity serving Winona County as the developer to construct a twin home. Habitat for Humanity of Minnesota uses a proven in-kind model in both donated materials and professional labor. Its use of volunteer labor and homebuyer building hours serves to build community and homebuyer empowerment as well as cost containment. When construction financing is needed to accelerate production and increase capacity, Habitat affiliates can secure loans through Habitat for Humanity of Minnesota at 0% or otherwise substantially below market interest.

Habitat for Humanity of Minnesota will provide Habitat for Humanity serving Winona County with detailed checklists and required document templates necessary to obtain funding. Habitat for Humanity of Minnesota staff will coordinate and request disbursements on behalf of Habitat for Humanity serving Winona County.

The requested and recommended funding amounts differ, despite the number of units remaining the same because staff recommends a lower administration fee than what was requested by the applicant. The recommended administration fee is consistent with the administration fee for other similar projects. In limited cases, applicants may receive a higher administration fee if they demonstrate that they will provide additional, eligible services beyond what the standard administration fee covers. In this case, the applicant did not demonstrate the provision of eligible services beyond what the standard administration fee covers.

Typical Development Cost Per Unit: $320,000

Typical Impact Fund Value Gap Subsidy Per Unit: $35,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $85,000

Administration Fee Per Unit: $1,000

| Habitat for Humanity of Minnesota, Inc. | |
|---|---|
| **Project** | Habitat for Humanity of MN Impact Fund 10c Value Gap (Central MN) |
| **Location** | Stearns, Benton and Sherburne Counties |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 4 | | **# of units:** | 4 |
| **Funding Requested:** | $648,000 | | **Funding Recommended:** | $644,000 |
| | | | Workforce Homeownership Grant | $644,000 |

**Organization Information**

Habitat for Humanity of Minnesota, Inc. supports four strategic priorities: deepening Habitat's impact in strengthening communities, optimizing the Habitat affiliate network, being a bold voice for affordable housing, and advancing organizational resilience and sustainability. Habitat for Humanity of Minnesota is the applicant and serves as the affiliate support organization for Habitat affiliates in Greater Minnesota. As such, Habitat for Humanity of Minnesota gathers resources, provides training for affiliates, and serves as a single administrator and point of contact for potential funders.

Over the past five years, Habitat affiliates in Minnesota built 267 new construction projects with the support of Habitat for Humanity of Minnesota. Since 2008, Habitat affiliates in Minnesota have built 223 units to Green Communities standards using Community Reinvestment and Impact Fund dollars.

**Project Description**

The funds will be used to construct new homes in Stearns, Benton and Sherburne counties, with a priority on the greater St. Cloud area. The applicant will serve households at or below 80% AMI.

Partner affiliate Central Minnesota Habitat for Humanity will utilize local high schools and a vocational college to build single family homes. The homes will be constructed in a controlled environment in partnership with St. Cloud Tech High School, Sartell St. Stevens High School, and St. Cloud Community College, and then moved onto foundations. This cost-effective method provides education and training for students and affordable homes for families.

Habitat for Humanity of Minnesota will provide Central Minnesota Habitat for Humanity with detailed checklists and required document templates necessary to obtain funding. Habitat for Humanity of Minnesota staff will coordinate and request disbursements on behalf of Central Minnesota Habitat for Humanity.

The requested and recommended funding amounts differ, despite the number of units remaining the same because staff recommends a lower administration fee than what was requested by the applicant. The recommended administration fee is consistent with the administration fee for other similar projects. In limited cases, applicants may receive a higher administration fee if they demonstrate that they will provide additional, eligible services beyond what the standard administration fee covers. In this case, the applicant did not demonstrate the provision of eligible services beyond what the standard administration fee covers.

Typical Development Cost Per Unit: $380,000

Typical Impact Fund Value Gap Subsidy Per Unit: $80,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $80,000

Administration Fee Per Unit: $1,000

| Habitat for Humanity Serving Winona County | |
|---|---|
| **Project** | Preserving the Housing Stock of Winona County |
| **Location** | Winona County |
| **Activity** | Owner-Occupied Rehabilitation |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 10 |
| **Funding Requested:** | $112,000 | | **Funding Recommended:** | $112,000 |
| | | | Workforce Homeownership Grant | $112,000 |

**Organization Information**

Habitat for Humanity Serving Winona County has the mission to bring people together to build homes, communities, and hope. It has a commitment to providing educational opportunities, facilitating homeowner repairs, and constructing affordable homes.

Over the past 5 years, the applicant has completed 164 owner-occupied rehabilitation projects, which were similar in type and scope to those in this proposal. Although the applicant is new to the Impact Fund, it has been in operation for three decades, is well-established in the target area, and is experienced with owner-occupied rehabilitation projects.

**Project Description**

The funds will be used for owner-occupied rehabilitation projects in Winona County, with a priority on the City of Winona. The applicant will serve households at or below 80% AMI.

Typical rehabilitation projects include accessibility improvements, such as widening doorways, bathroom remodels, kitchen counter adaptions, wheelchair ramps; energy efficiency improvements such as replacing doors and windows; critical home repairs, such as lifting sagging porches and foundation repair; and exterior refinishing, such as roofs, new siding or scraping and painting existing siding.

Habitat for Humanity Serving Winona County will use donated materials and involve volunteers from corporate groups, community members and college students from Minnesota Southeast Technical College to help with home repair projects. This will reduce cost and increase community support. The project focus will be on helping individuals with disabilities, elderly homeowners, and underserved communities with a variety of essential home repairs.

<u>Typical Owner-Occupied Rehabilitation Subsidy Per Unit</u>: $10,000

<u>Administration Fee Per Unit</u>: $1,200

The higher than typical administration fee of $1,200 was requested by the applicant and is recommended due to the applicant's role in managing the rehabilitation of the homes.

| Headwaters Housing Development Corporation | |
|---|---|
| **Project** | Regional Application - New Construction |
| **Location** | Beltrami, Clearwater, Hubbard, Manhomen and Lake of the Woods Counties |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 2 | | **# of units:** | 2 |
| **Funding Requested:** | $370,000 | | **Funding Recommended:** | $226,143 |
| | | | Workforce Homeownership Grant | $70,000 |
| | | | Interim Loan | $129,796 |
| | | | State Housing Tax Credit | $26,347 |

**Organization Information**

The mission of Headwaters Housing Development Corporation is to ensure quality, affordable housing options for low- and moderate-income households throughout the Headwaters Region, either independently or through strategic partnerships.

Over the past five years, the applicant has completed 12 single family new construction homes. They currently have one house under contract and another that will begin construction soon. The applicant has experience completing both single family and multifamily projects.

**Project Description**

The funds will be used to construct new homes in Beltrami, Clearwater, Hubbard, Mahnomen and Lake of the Woods counties. The applicant will serve households at or below 80% AMI.

The applicant will develop stick-built, slab on grade homes on vacant infill lots. They will partner with local units of government to identify available lots for development. These lots are often tax forfeited properties. Currently, there are multiple sites available in Baudette and the applicant is also exploring sites in Mahnomen.

The applicant partners with local high schools to build the homes through their construction trade programs. They bid each project with local builders in the individual community in which they intend to develop homes.

The requested and recommended funding amounts differ, despite the number of units remaining the same because of the lower recommended interim loan amount, which is anticipated to be sufficient to support the project.

<u>Typical Development Cost Per Unit</u>: $300,000

<u>Typical Impact Fund Value Gap Subsidy Per Unit</u>: $35,000

| Hennepin County Housing and Redevelopment Authority | |
|---|---|
| **Project** | Home Accessibility Ramps Program |
| **Location** | Hennepin County |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 30 | | **# of units:** | 30 |
| **Funding Requested:** | $303,000 | | **Funding Recommended:** | $303,000 |
| | | | Workforce Homeownership Grant | $303,000 |

## Organization Information

The mission of the Hennepin County Housing and Redevelopment Authority is to serve the housing, economic development and redevelopment needs of the citizens of Hennepin County and its municipalities by undertaking or assisting housing projects that will provide decent, affordable housing, and projects to create jobs, expand the tax base, eliminate blight, and provide or facilitate the provision or operation of public conveniences and improvement in a manner which produces the lowest possible cost to such citizens.

The applicant has successfully implemented 15 previous Impact Fund awards and completed 440 ramps and steps projects.

## Project Description

The funds will be used for home accessibility ramps or long-tread, low-rise steps for persons with physically limiting disabilities and low incomes in Hennepin County. The applicant will serve households at or below 80% AMI.

The Home Accessibility Ramps Program allows people with disabilities to stay in their existing, affordable homes by adding a home accessibility ramp or long-tread, low-rise steps. The applicant will market the project to eligible households and provide administrative support. The applicant will partner with Tree Trust to accept program referrals, design and construct projects, and store reclaimed materials.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $10,000

Administration Fee Per Unit: $100

The applicant requested and therefore is recommended a lower than typical administration fee of $100 per unit rather than the typical $1,000 per unit.

| Housing and Redevelopment Authority of Duluth, Minnesota | |
|---|---|
| **Project** | Duluth HRA Single Family Owner-Occupied Exterior Rehabilitation and Fuel Oil Conversion Program |
| **Location** | City of Duluth |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | |
|---|---|---|---|
| **Requested** | | **Recommended** | |
| **# of units:** | 30 | **# of units:** | 30 |
| **Funding Requested:** | $300,000 | **Funding Recommended:** | $300,000 |
| | | Workforce Homeownership Grant | $300,000 |

**Organization Information**

The Housing and Redevelopment Authority of Duluth, Minnesota (Duluth HRA) creates housing opportunities and strengthens neighborhoods to sustainably achieve a quality of living environment for all. The Duluth HRA was created for the City of Duluth to provide rehabilitation services and activities to preserve existing housing stock and provide housing opportunities for low- to moderate-income families.

Over the past five years, Duluth HRA has completed 166 owner-occupied rehabilitation projects in the Duluth area using a variety of funding sources. This applicant has been an administrator of owner-occupied rehabilitation programs for many years.

**Project Description**

The funds will be used for homeowners to rehabilitate homes in Duluth, with a priority on the Lincoln Park and Hillside neighborhoods. The applicant will serve households at or below 80% AMI.

The Duluth HRA Single Family Owner-Occupied Exterior Rehabilitation and Fuel Oil Conversion Program focuses on converting homes with fuel-oil heat sources to forced air gas heat. The project includes matching funds from the City of Duluth, and an established Healthy Homes fund. Duluth HRA coordinates with other organizations to ensure the greatest possible number of community members are assisted.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $10,000

| Housing and Redevelopment Authority of Duluth, Minnesota | |
|---|---|
| **Project** | Homes in Central Hillside |
| **Location** | City of Duluth |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 3 | | **# of units:** | 3 |
| **Funding Requested:** | $1,141,980 | | **Funding Recommended:** | $271,980 |
| | | | Workforce Homeownership Grant | $271,980 |

**Organization Information**

The Housing and Redevelopment Authority of Duluth, Minnesota (Duluth HRA) creates housing opportunities and strengthens neighborhoods to sustainably achieve a quality of living environment for all. The Duluth HRA was created for the City of Duluth to provide rehabilitation services and activities to preserve existing housing stock and provide housing opportunities for low- to moderate-income families.

Over the past five years, Duluth HRA has completed construction of Fairmount Cottages, which was a project of 18 mixed-income single family rental units. It has begun construction of Skyridge Flats in Harbor Highlands and of Harbor Highlands Phase VI, which consists of 40 rental townhome units affordable to households at 50% AMI.

**Project Description**

This project will provide two-bedroom single-family homes in Duluth, with walkable access to employment, transportation, basic services, and recreation, for households at or below 115% AMI.

The lots are owned by Duluth HRA. Duluth HRA will partner with Community Action Duluth to provide homebuyer education and recruitment.

Duluth HRA also requested funding for an interim loan, which staff is not recommending because Duluth HRA has indicated they have other sources of funding available for interim loans. As a result, the requested and recommended funding amounts differ, despite the number of units remaining the same.

Typical Development Cost Per Unit: $413,993

Typical Impact Fund Value Gap Subsidy Per Unit: $90,660

| Housing and Redevelopment Authority of Duluth, Minnesota | |
|---|---|
| **Project** | The Orchards of Morgan Park |
| **Location** | City of Duluth |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 12 | | **# of units:** | 12 |
| **Funding Requested:** | $4,721,682 | | **Funding Recommended:** | $1,121,682 |
| | | | Workforce Homeownership Grant | $1,121,682 |

**Organization Information**

The Housing and Redevelopment Authority of Duluth, Minnesota (Duluth HRA) creates housing opportunities and strengthens neighborhoods to sustainably achieve a quality of living environment for all. The Duluth HRA was created for the City of Duluth to provide rehabilitation services and activities to preserve existing housing stock and provide housing opportunities for low- to moderate-income families.

Over the past five years, Duluth HRA has completed construction of Fairmount Cottages, which was a project of 18 mixed-income single family rental units. It has begun construction of Skyridge Flats in Harbor Highlands and of Harbor Highlands Phase VI, which consists of 40 rental townhome units affordable to households at 50% AMI.

**Project Description**

The funds will be used to build single family homes in Duluth, with a priority on the Morgan Park neighborhood. The applicant will serve households at or below 115% AMI.

This project will develop two- and three-bedroom single-family homes in an area with no recent new construction and a high percentage of rental housing. The lots are owned by Duluth HRA. Duluth HRA has committed pre-development planning as an in-kind contribution and committed its own funds for development gap and affordability gap. Duluth HRA will partner with Community Action Duluth to provide homebuyer education and recruitment.

Duluth HRA also requested funding for an interim loan, which staff is not recommending because Duluth HRA has indicated they have other sources of funding available for interim loans. As a result, the requested and recommended funding amounts differ, despite the number of units remaining the same.

**2-Bedroom Units**
Typical Development Cost Per Unit: $452,131
Typical Impact Fund Value Gap Subsidy Per Unit: $85,543

**3-Bedroom Units**
Typical Development Cost Per Unit: $487,992
Typical Impact Fund Value Gap Subsidy Per Unit: $101,404

| Housing and Redevelopment Authority of St. Cloud, Minnesota | |
|---|---|
| **Project** | 152 19th Ave N Home |
| **Location** | City of St. Cloud |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 1 | | **# of units:** | 1 |
| **Funding Requested:** | $99,252 | | **Funding Recommended:** | $99,252 |
| | | | Workforce Homeownership Grant | $99,252 |

## Organization Information

The mission of the Housing and Redevelopment Authority of St. Cloud, Minnesota (St. Cloud HRA) is to enhance the communities they serve by providing housing opportunities, fostering stability, and promoting neighborhood revitalization.

The applicant completed construction of a five-bedroom single-family home in 2022, which they used Neighborhood Stabilization Program funding to complete. This construction project will be similar but with four bedrooms rather than five due to lot size. The St. Cloud HRA and St. Cloud Technical & Community College built five similar projects between 2008 and 2012.

## Project Description

The funds will be used to build a single-family home in St. Cloud. The applicant will serve a household at or below 115% AMI.

The St. Cloud HRA will partner with the St. Cloud Technical & Community College construction classes to provide the labor to build the home on a lot owned by the St. Cloud HRA. The St. Cloud HRA will self-finance the interim financing so there will be no interest expense incurred by this project.

<u>Typical Development Cost Per Unit:</u> $439,252

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $99,252

| Josh Hanson (JRMH Holdings, LLC) | |
|---|---|
| **Project** | Lawrence Lake Acres |
| **Location** | Otter Tail County |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 4 | | **# of units:** | 4 |
| **Funding Requested:** | $554,652 | | **Funding Recommended:** | $554,652 |
| | | | Housing Infrastructure Appropriations | $554,652 |

## Organization Information

Josh Hanson is a property developer and small business owner in Vergas with the goal to make Vergas a place to "not only raise your family but be able to work and be able to experience the value of what smalltown life is all about."

The applicant has previously built three houses and remodeled one home. He has also renovated a 12-room resort.

## Project Description

The funds will be used to build single-family homes in Otter Tail county, with a priority on the City of Vergas. The applicant will serve households at or below 115% AMI.

The applicant has site control of the land to be developed and was awarded funds through the 2023 Single Family RFP to complete one unit as a first phase of this project. Road construction and site stabilization was completed in 2023 and the first unit is under construction.

While Vergas is a smaller community, many moderate-income families in the area are on waitlists for rental units because of the limited supply of housing. This project will help to address that limited supply by developing new single-family homes in the community.

<u>Typical Development Cost Per Unit</u>: $435,823

<u>Typical Impact Fund Value Gap Subsidy Per Unit</u>: $138,663

| Leech Lake Financial Services, Inc. | |
|---|---|
| **Project** | Wealth Creation Model - Cass and Itasca County MN |
| **Location** | Cass, Beltrami and Itasca Counties |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 15 | | **# of units:** | 15 |
| **Funding Requested:** | $2,751,292 | | **Funding Recommended:** | $2,751,292 |
| | | | Workforce Homeownership Grant | $2,751,292 |

## Organization Information

Leech Lake Financial Services, Inc. promotes the economic well-being of individuals and families by providing safe and affordable financial products and financial training. Its purpose is to provide a safe space for the Leech Lake community to share their deepest financial concerns and receive support through one-on-one counseling, training and education grounded in Anishinaabe values.

The applicant is currently constructing its first five single-family homes in the City of Cass Lake. Seeking to expand its capacity, the applicant is a participant in Minnesota Housing Partnership's capacity building technical assistance program and Greater Minnesota Housing Fund's (GMHF) Emerging Developers of Color program. The GMHF team will provide technical assistance throughout the project.

The applicant will partner with Dynamic Homes to complete the modular construction of the homes. Wilson Services, LLC will be the general contractor and has experience completing slab on grade foundations. Wilson Services, LLC will work with Dynamic Homes on home installation. The applicant will also partner with Lucachick Architecture to design the homes and Kootasca Community Action to help homebuyers qualify for mortgage financing and downpayment assistance.

## Project Description

The funds will be used to construct new homes in Cass, Beltrami and Itasca counties. The applicant will also provide affordability gap grants for the buyers who purchase the homes, and will serve households at or below 80% AMI.

Of the 15 homes proposed, 12 will be located in and near Cass Lake and three will be in the City of Deer River. The proposed project is a part of a broader initiative to develop 20 new construction homes within and near the Leech Lake Band of Ojibwe reservation. Five of the 20 homes are currently under construction, funded by a grant from Sourcewell.

The applicant is containing costs with this project by partnering with workforce training programs and acquiring the land at a reduced cost through a partnership with the City of Cass Lake.

The applicant provided costs and subsidy requests for four types of units.

**Cass Lake – 2-bedroom, 1 bath**
Typical Development Cost Per Unit: $344,407
Typical Impact Fund Value Gap Subsidy Per Unit: $100,910
Typical Impact Fund Affordability Gap Subsidy Per Unit: $68,100
Administration Fee Per Unit: $1,000

**Cass Lake – 3-bedroom, 1 bath**
Typical Development Cost Per Unit: $387,795
Typical Impact Fund Value Gap Subsidy Per Unit: $114,298
Typical Impact Fund Affordability Gap Subsidy Per Unit: $77,125
Administration Fee Per Unit: $1,000

**Deer River – 2-bedroom, 1 bath**
Typical Development Cost Per Unit: $326,190
Typical Impact Fund Value Gap Subsidy Per Unit: $103,511
Typical Impact Fund Affordability Gap Subsidy Per Unit: $45,200
Administration Fee Per Unit: $1,000

**Deer River – 3-bedroom, 1 bath**
Typical Development Cost Per Unit: $369,577
Typical Impact Fund Value Gap Subsidy Per Unit: $106,879
Typical Impact Fund Affordability Gap Subsidy Per Unit: $83,200
Administration Fee Per Unit: $1,000

| Lower Sioux Indian Community in the State of Minnesota | |
|---|---|
| **Project** | Cansayapi Homebuyers Project |
| **Location** | Lower Sioux Indian Community Reservation and Its Federally Designated 10-mile Service Area |
| **Activity** | Tribal Indian Housing Program |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 35 | | **# of units:** | 35 |
| **Funding Requested:** | 7,018,375 | | **Funding Recommended:** | $7,018,375 |
| | | | EDHC Grant | $7,018,375 |

**Organization Information**

The Lower Sioux Housing Authority (LSHA) is a tribally designated housing entity for the Lower Sioux Indian Community (LSIC). The mission of the LSHA is to provide decent and affordable housing for the tribally-enrolled members of the LSIC. It is the primary entity to assist in fulfilling the Tribe's commitment to providing housing to community citizens and serves as a central catalyst to bring community partners and supportive resources to fulfill this purpose.

Over the past five years, the applicant has completed 19 first mortgage financing loans, 15 rehabilitation loans and seven downpayment assistance loans. The 19 first mortgage loans were funded through the Impact Fund in 2019.

**Project Description**

The funds will be used to provide first mortgage financing and construction loans to homebuyers on the Lower Sioux Indian Community and its federally designated 10-mile service area immediately surrounding the reservation. The applicant will serve households at or below 115% AMI.

The project is a recapitalization of the applicant's Tribal Indian Housing Program (TIHP). Repayments will be made to the applicant to recycle within its TIHP. This project has an option for homebuyers to obtain construction to permanent loans, which provide construction financing to build homes, and then convert to permanent financing structured like traditional first mortgages. Buyers may utilize the applicant's hempcrete home building program.

<u>Typical First Mortgage Subsidy Per Unit:</u> $200,525

| Martin County West School District | |
|---|---|
| **Project** | High School Construction Course |
| **Location** | Martin County |
| **Activity** | School Direct Costs |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 1 | | **# of units:** | 1 |
| **Funding Requested:** | $99,999 | | **Funding Recommended:** | $99,999 |
| | | | EDHC Grant | $99,999 |

**Organization Information**

The applicant's mission is to provide students with a well-rounded learning experience, which includes obtaining employable skills and learning to give back to their community.

The applicant has staff experienced in home construction and rehabilitation and is partnering with Habitat for Humanity of Martin-Faribault Counties, which has completed nine similar acquisition rehabilitation projects in the past five years. Lack of direct experience with a project of this size is mitigated by the applicant's partnership with Habitat for Humanity of Martin-Faribault Counties.

**Project Description**

The funds will be used for direct costs to rehabilitate a previously built home in Martin County, with a priority on the City of Sherburne. The applicant will serve households at or below 80% AMI.

The project is part of the applicant's high school construction course, which teaches employable skills to students. A donated home in need of renovation will be moved to a new, full basement foundation in the City of Sherburne. Once the home is set on the new foundation, the applicant will provide supplies and labor for the rehabilitation. Under the supervision of applicant's staff, students will gut the kitchen and bathroom, hang sheetrock, remove and replace hardwood flooring, sand/stain floors, install cabinets, paint and more.

The applicant will partner with Habitat for Humanity of Martin-Faribault Counties, which will provide additional funding and volunteer recruitment; complete administrative tasks, including arranging the foundation construction, house move, and sale of the home to an eligible buyer; and enforcing long term affordability. The applicant obtained in-kind contributions for the foundation, appliances, kitchen and bathroom cabinets, tools, bathroom and bedroom blinds, and shingles.

<u>Building Materials</u>: $50,000

<u>Subcontractors and Professional Labor</u>: $49,999

| North Star Neighbors | |
|---|---|
| **Project** | CLT Home Production: Roseau and East Grand Forks |
| **Location** | Northwest Minnesota |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 8 | | **# of units:** | 8 |
| **Funding Requested:** | $3,965,600 | | **Funding Recommended:** | $4,249,784 |
| | | | Housing Infrastructure Appropriations | $246,000 |
| | | | Workforce Homeownership Grant | $2,319,600 |
| | | | Interim Loan | $1,400,000 |
| | | | State Housing Tax Credit | $284,184 |

**Organization Information**

North Star Neighbors is a community land trust whose mission is to create a long-term solution for affordable homeownership opportunities in Northwest Minnesota for low- to moderate- income households, while addressing disparities in homeownership for underrepresented households.

The applicant was awarded funding in the 2023 Single Family RFP to build six new construction homes and serve six additional households through their Home Buyers Initiated Program. The applicant is a subsidiary non-profit of the Northwest Minnesota Foundation and has the Grand Forks Community Land Trust as a contracted partner.

**Project Description**

The funds will be used to construct new homes in Northwest Minnesota, with a priority on the cities of Roseau and East Grand Forks. The applicant will serve households at or below 80% AMI.

North Star Neighbors will build new single family homes that serve a range of potential homebuyers from seniors wishing to age in place to households with children. Several plan options will be available, including three- to four-bedroom homes. The affordability gap will be a grant subsidy for the community land trust homes. The applicant is partnering with the cities of Roseau and East Grand Forks who will provide the lots for the project. They are also partnering with Grand Forks Community Land Trust, Rod Wulff Construction and Thomsen Homes.

The higher than requested recommended funding reflects the SHTC funds to write down the interest rate on the interim loan.

**One Story, 3-Bedroom Homes in Roseau**

Typical Development Cost Per Unit: $ 503,150
Typical Impact Fund Value Gap Subsidy Per Unit: $100,150
Typical Land Acquisition Subsidy Per Unit: $21,500
Typical Impact Fund Affordability Gap Subsidy Per Unit: $185,000

**1.5 Story, 3-Bedroom Homes in East Grand Forks**
Typical Development Cost Per Unit: $577,500
Typical Impact Fund Value Gap Subsidy Per Unit: $102,500
Typical Land Acquisition Subsidy Per Unit: $40,000
Typical Impact Fund Affordability Gap Subsidy Per Unit: $205,000

**Two Story, 3-Bedroom Homes in East Grand Forks**
Typical Development Cost Per Unit: $462,000
Typical Impact Fund Value Gap Subsidy Per Unit: $72,000
Typical Land Acquisition Subsidy Per Unit: $40,000
Typical Impact Fund Affordability Gap Subsidy Per Unit: $210,000

| PRG, Inc. | |
|---|---|
| **Project** | PRG-Investor Intervention II |
| **Location** | City of Minneapolis |
| **Activity** | Acquisition, Rehabilitation, Resale |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 4 | | **# of units:** | 4 |
| **Funding Requested:** | $993,000 | | **Funding Recommended:** | $1,013,299 |
| | | | Workforce Homeownership Grant | $893,000 |
| | | | Interim Loan | $100,000 |
| | | | State Housing Tax Credit | $20,299 |

## Organization Information

PRG's mission is to enhance neighborhood stability and empower families to become self-sustaining. PRG is a nonprofit organization that has developed quality, affordable housing and provided related services since 1976.

PRG was one of the top producers of acquisition, rehabilitation, resale projects following the 2008 recession. Due to having shifted largely to new construction work in recent years, PRG has completed three acquisition, rehabilitation, resale projects over the last five years. PRG has also processed affordability gap for the City of Minneapolis and originated and closed 16 Impact Fund affordability gap deferred loans.

## Project Description

The funds will be used for value gap and affordability gap to acquire, rehabilitate and resell homes in Minneapolis, with a priority on North Minneapolis. The applicant will serve households at or below 80% AMI.

PRG will acquire single family homes and duplexes and return them to owner-occupancy to prevent investor ownership. PRG will place a 30-year restrictive covenant on all homes, requiring resales to be to owner-occupants, which is similar to the restrictive covenants under the Neighborhood Stabilization Program. Rehabilitation will focus on health, safety, code, and systems such as HVAC, plumbing and electrical. PRG will also provide affordability gap to the buyers of the homes.

The higher than requested recommended funding reflects the SHTC funds to write down the interest rate on the interim loan.

<u>Typical Development Cost Per Unit:</u> $449,250

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $199,250

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $23,000

<u>Administration Fee Per Unit</u>: $1,000

| PRG, Inc. | |
|---|---|
| **Project** | PRG-Minneapolis Infill-2 |
| **Location** | City of Minneapolis |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 4 | | **# of units:** | 4 |
| **Funding Requested:** | $1,196,000 | | **Funding Recommended:** | $1,236,598 |
| | | | Workforce Homeownership Grant | $996,000 |
| | | | Interim Loan | $200,000 |
| | | | State Housing Tax Credit | $40,598 |

**Organization Information**

PRG's mission is to enhance neighborhood stability and empower families to become self-sustaining. PRG is a nonprofit organization that has developed quality, affordable housing and provided related services since 1976.

Over the past five years, PRG has completed and sold 33 new construction single-family homes, all of which have similar designs. The current proposal adds two new designs aimed at reducing costs and addressing site constraints. PRG has also processed affordability gap for the City of Minneapolis and originated and closed 16 Impact Fund affordability gap deferred loans.

**Project Description**

The funds will be used for value gap and affordability gap for the new construction of homes in Minneapolis, with a priority on the Near North and Camden neighborhoods. The applicant will serve households at or below 80% AMI.

PRG's infill program addresses vacant land and increases the supply of quality affordable homeownership opportunities for lower-income households, particularly larger households of color. PRG will serve as the developer and affordability gap loan administrator. The homes will have three to four bedrooms, two to two-and-a-half bathrooms and a two-car detached garage. PRG will also provide affordability gap to the buyers of the homes.

The higher than requested recommended funding reflects the SHTC funds to write down the interest rate on the interim loan.

**Two Story, 3-Bedroom Homes**
Typical Development Cost Per Unit: $524,900
Typical Impact Fund Value Gap Subsidy Per Unit: $225,000
Typical Impact Fund Affordability Gap Subsidy Per Unit: $23,000
Administration Fee Per Unit: $1,000

**One Story, 4-Bedroom Homes**
Typical Development Cost Per Unit: $524,900
Typical Impact Fund Value Gap Subsidy Per Unit: $225,000
Typical Impact Fund Affordability Gap Subsidy Per Unit: $23,000
Administration Fee Per Unit: $1,000

| Red Lake Reservation Housing Authority | |
|---|---|
| **Project** | Red Lake Housing Rehabilitation Program: 80% AMI |
| **Location** | Red Lake Nation |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 20 | | **# of units:** | 20 |
| **Funding Requested:** | $2,070,000 | | **Funding Recommended:** | $2,070,000 |
| | | | Workforce Homeownership Grant | $2,070,000 |

**Organization Information**

The foundation of the Red Lake Reservation Housing Authority (RLRHA) is success in communities. RLRHA collaborates with individuals, communities, Red Lake Tribal Council/Chiefs and Red Lake Housing Commissioners to create, preserve and finance housing that is high-quality and affordable.

Over the past five years, RLRHA has completed 50 rehabilitation projects funded by a Community Development Block Grant, 183 projects funded by the U.S. Treasury, and four projects through Minnesota Housing's RLP/ELP programs. Rehabilitation projects included accessibility improvements, roof replacements, furnace replacements and repairs, electrical upgrades, siding, septic and more.

**Project Description**

The funds will be used to provide owner-occupied rehabilitation grants to existing homeowners residing in the Red Lake Nation, which includes Beltrami and Clearwater counties. The applicant will serve households at or below 80% AMI.

Rehabilitation will address major repairs such as roofs, HVAC, siding and septic repairs. Required repairs will determine the grant amount, which may result in lower subsidies in some cases. In addition to providing the grants to homeowners for the repairs, the applicant will support the homeowners throughout the project, including developing scopes of works, putting the projects out for bid and overseeing the rehabilitation to ensure successful completion of projects.

Owner-Occupied Rehabilitation Subsidy Per Unit: $100,000

Administration Fee Per Unit: $3,500

The higher than typical administration fee of $3,500 was requested by the applicant and is recommended due to the applicant's role in managing the rehabilitation of the homes. This includes initial home inspections and creation of rehabilitation scopes using in-house Rehabilitation Inspectors, assistance with requesting bids from qualified licensed contractors and on-site rehabilitation inspections. This is comparable to the fee the Agency provides for RLP/ELP loans, which are structured similarly to the applicant's proposed project.

| The Rondo Community Land Trust | |
|---|---|
| **Project** | Rondo CLT - Strategic Acquisition Rehab Program |
| **Location** | Ramsey County |
| **Activity** | Acquisition, Rehabilitation, Resale |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 10 |
| **Funding Requested:** | $3,830,000 | | **Funding Recommended:** | $3,830,000 |
| | | | Workforce Homeownership Grant | $3,830,000 |

**Organization Information**

The mission of Rondo Community Land Trust is to strengthen and preserve communities by providing and advocating for permanently affordable, sustainable housing for families and individuals with low- to moderate-incomes; promote the community land trust model as a method of preserving affordable housing, economic growth and neighborhood stabilization; and support and celebrate cultural diversity by providing affordable business opportunities to increase community economic wealth, property values and jobs.

Over the past five years, the applicant has assisted 63 families with affordability gap grants through its programs and assisted another 24 families with finding affordability gap loans when purchasing a Rondo Community Land Trust home. Rondo Community Land Trust has also completed four acquisition, rehabilitation, resale projects. The organization went through a leadership change in the fall of 2021 and has since scaled up its organizational budget and capacity, growing staff from 1.5 full time staff to 9 full time staff. This includes the recent hiring of an additional Housing Specialist, which has allowed Rondo Community Land Trust to expand its housing work.

**Project Description**

The funds will be used to provide value gap and affordability gap to acquire, rehabilitate and resell homes in Ramsey County with priority in the St. Paul neighborhoods of Rondo, Eastside, North End, Frogtown, Westside and Midway. The applicant will serve households at or below 80% AMI.

The scope of rehabilitation work will include lead hazard reduction, housing quality standards, health and safety repairs and system updates. They will prioritize electrical, heating and plumbing updates.

<u>Typical Development Cost Per Unit</u>: $600,000

<u>Typical Impact Fund Value Gap Subsidy Per Unit</u>: $247,000

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $135,000

<u>Administration Fee Per Unit</u>: $1,000

| Southwest Minnesota Housing Partnership | |
|---|---|
| **Project** | Luverne Twinhomes |
| **Location** | City of Luverne |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 6 | | **# of units:** | 6 |
| **Funding Requested:** | $1,187,580 | | **Funding Recommended:** | $1,187,580 |
| | | | Workforce Homeownership Grant | $1,187,580 |

**Organization Information**

The applicant's mission is to partner with communities to develop places for people to call home.

Over the past five years, Southwest Minnesota Housing Partnership (SWMHP) has built 15 single-family homes and started construction on nine homes in the summer of 2024. They have built attached and detached single-family homes, slab-on-grade, full basements, split-level and multi-story homes. SWMHP also has ample experience in multifamily development, including smaller fourplex designs and construction along with larger multi-story, multifamily buildings.

**Project Description**

The funds will be used to build twin homes in Luverne. Value gap will be used for six units for households at or below 100% AMI. Any affordability gap provided will be limited to households at or below 80% AMI, which is consistent with the income limit policy that was published with the 2024 Single Family RFP and that is applied to other affordability gap proposals.

The proposed project is for three-bedroom, two-bathroom, two-car garage single-level twin homes with one shared wall. They will build three twin homes for six units of housing. The City of Luverne platted the lots identified for use in this project in a new subdivision and it will be a catalyst for additional development in the subdivision. There is committed leverage from the City of Luverne for $27,820 per unit and a prospective commitment of $15,000 per unit from Rock County Economic Development Authority.

<u>Typical Development Cost Per Unit:</u> $443,250

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $145,850

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $51,080

<u>Administration Fee Per Unit</u>: $1,000

| Southwest Minnesota Housing Partnership | |
|---|---|
| **Project** | PCLT - Scattered Regional - New Construction |
| **Location** | Southwest Minnesota |
| **Activity** | New Construction |

**Project Funding Details**

| Requested | | | Recommended | |
|---|---|---|---|---|
| **# of units:** | 10 | | **# of units:** | 10 |
| **Funding Requested:** | $1,464,500 | | **Funding Recommended:** | $1,464,500 |
| | | | Workforce Homeownership Grant | $1,464,500 |

**Organization Information**

The applicant's mission is to partner with communities to develop places for people to call home.

Over the past five years, Southwest Minnesota Housing Partnership (SWMHP) has built 15 single-family homes and started construction on nine homes in the summer of 2024. They have built attached and detached single-family homes, slab-on-grade, full basements, split-level and multi-story homes. SWMHP also has ample experience in multifamily development, including smaller fourplex designs and construction along with larger multi-story, multifamily buildings.

**Project Description**

The funds will be used to build homes in Southwest Minnesota, including Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Freeborn, Jackson, Kandiyohi, Lac qui Parle, Le Sueur, Lincoln, Lyon, McLeod, Martin, Meeker, Murray, Nicollet, Nobles, Pipestone, Redwood, Renville, Rock, Sibley, Steele, Swift, Waseca, Watonwan and Yellow Medicine counties. The applicant will serve households at or below 80% AMI.

The project proposes new construction homes of varying sizes to meet the unique needs of households in the communities they serve including several with four bedrooms to accommodate large families. The homes will be placed into the Partnership Community Land Trust to ensure the homes remain affordable for the long term.

Typical Development Cost Per Unit: $441,450

Typical Impact Fund Value Gap Subsidy Per Unit: $31,450

Typical Impact Fund Affordability Gap Subsidy Per Unit: $114,000

Administration Fee Per Unit: $1,000

| Three Rivers Community Action, Inc. | |
|---|---|
| **Project** | Twin Oaks Subdivision - Phase II |
| **Location** | Rice County |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 8 | | **# of units:** | 8 |
| **Funding Requested:** | $968,000 | | **Funding Recommended:** | $968,000 |
| | | | Workforce Homeownership Grant | $968,000 |

## Organization Information

Three Rivers Community Action, Inc. has the mission to work with community partners to address the basic human needs of people in their service area, thereby improving the quality of life of the individual, family and community. Three Rivers is a certified Community Housing Development Organization that creates permanently affordable housing throughout the 20 counties of Southeast and South-Central Minnesota.

Three Rivers Community Action has developed 882 affordable housing units, built more than 100 new single-family homes, and rehabilitated and sold 32 homes to income-eligible households. They have provided an average of 17 downpayment assistance loans annually for more than a decade.

## Project Description

Funds will be used to build new construction single family homes in Rice County, with a priority on the City of Faribault. The applicant will serve households at or below 80% AMI.

Three Rivers Community Action will partner with the Rice County Housing and Redevelopment Authority (HRA) for Phase II of the Twin Oaks Subdivision. The first six lots of the development are currently being built in a partnership with Rice County HRA and Rice County Habitat for Humanity.

Rice County HRA will donate the land, develop infrastructure, assist with local fee waiver requests and fast-track local approvals as needed. Rice County Habitat for Humanity will develop the homes. Three Rivers Community Action will conduct homebuyer education and counseling, deliver the Achieve Homeownership Program, administer affordability gap funds to homebuyers and value gap funds to Rice County Habitat for Humanity and ensure that the project is successful.

Typical Development Cost Per Unit: $475,000

Typical Impact Fund Value Gap Subsidy Per Unit: $20,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $100,000

Administration Fee Per Unit: $1,000

| Trio Development Group LLC | |
|---|---|
| **Project** | 14th Avenue Townhomes |
| **Location** | City of Minneapolis |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 10 |
| **Funding Requested:** | $2,157,395 | | **Funding Recommended:** | $2,157,395 |
| | | | EDHC Grant | $2,157,395 |

## Organization Information

Trio Development Group, LLC was formed to develop the 14th Avenue Townhomes project. The project began as a part of Lyndale Boulevard Development Co. LLC, a partnership of Lisa Kugler, Paul Gates and Ellen Herman.

As Lyndale Boulevard Development Co., the partners developed a mixed-use, mixed-income building in 2004 and have remained owners and asset managers of the building. Ms. Kugler has developed 20 residential new construction projects, including townhomes. Paul Gates is the project architect and has designed and administered the construction of 97 affordable housing units. Ms. Herman is a real estate broker.

## Project Description

The funds will be used to build passive house townhomes in the Midtown Philips neighborhood of Minneapolis. The applicant will serve households at or below 80% AMI, with a priority on households at or below 50% AMI.

The townhomes will be highly energy-efficient using passive house construction. Each townhome will have four bedrooms to accommodate larger families. The project will incorporate workforce training. All homes will be placed into the City of Lakes Community Land Trust (CLCLT), ensuring the homes remain affordable for the long-term. CLCLT will also advise on project design, market the units, qualify the homebuyers and support homebuyers through the home purchase process.

**1-Bedroom Units**
Typical Development Cost Per Unit: $544,485
Typical Impact Fund Value Gap Subsidy Per Unit: $178,135

**2-Bedroom Units**
Typical Development Cost Per Unit: $624,236
Typical Impact Fund Value Gap Subsidy Per Unit: $229,139

**4-Bedroom Units**
Typical Development Cost Per Unit: $789,847
Typical Impact Fund Value Gap Subsidy Per Unit: $235,478

| Twin Cities Habitat for Humanity, Inc. | |
|---|---|
| **Project** | 2024 New Construction The Heights - Blocks 3 & 4 |
| **Location** | City of St. Paul |
| **Activity** | New Construction |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 45 | | **# of units:** | 25 |
| **Funding Requested:** | $9,045,000 | | **Funding Recommended:** | $5,025,000 |
| | | | Workforce Homeownership Grant | $5,025,000 |

| **Organization Information** |
|---|
| Twin Cities Habitat for Humanity, Inc. (TCHFH) has the mission to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. They are committed to building the quality of life, health and economic prosperity for the area by producing, preserving and advocating for affordable homeownership because homes and families are the foundation of successful communities.<br><br>Over the past five years, TCHFH has completed 107 projects. It develops and rehabilitates homes and provides first mortgage and downpayment assistance financing to homebuyers to purchase homes. |

| **Project Description** |
|---|
| The funds will be used to build single family homes in St. Paul. The applicant will serve households at or below 80% AMI.<br><br>The Heights development project is located at the former Hillcrest Golf course and is being developed by the St. Paul Port Authority. It will include affordable single family homeownership and multifamily rental units, district storm water management, and new active and passive public park spaces. This is a continuation of the 74 homeownership units to be developed in Phase 1. TCHFH owns the lots and will incorporate sustainable design features, such as solar panels. Construction is in progress on the 29 units funded through the 2023 Single Family RFP.<br><br>This project benefits from federal, city and philanthropic leverage and will utilize workforce training programs, donated in-kind materials and volunteer labor. The St. Paul Port Authority is the master developer for The Heights and Sherman Associates is the lead housing developer.<br><br><u>Typical Development Cost Per Unit</u>: $712,160<br><br><u>Typical Impact Fund Value Gap Subsidy Per Unit</u>: $100,000<br><br><u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $100,000<br><br><u>Administration Fee Per Unit</u>: $1,000 |

| Twin Cities Habitat for Humanity, Inc. | |
|---|---|
| **Project** | A Brush with Kindness - Owner Occupied Repair 2024 |
| **Location** | 7-County Twin Cities Metropolitan Area |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 10 |
| **Funding Requested:** | $225,000 | | **Funding Recommended:** | $212,500 |
| | | | Workforce Homeownership Grant | $212,500 |

## Organization Information

Twin Cities Habitat for Humanity, Inc. (TCHFH) has the mission to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. They are committed to building the quality of life, health and economic prosperity for the area by producing, preserving and advocating for affordable homeownership because homes and families are the foundation of successful communities.

Over the past five years, TCHFH has completed 169 rehabilitation projects through A Brush with Kindness. Since this program was established in 1989, they have served more than 2,700 homeowners.

## Project Description

The funds will be used for owner-occupied rehabilitation projects in the seven-county Twin Cities metropolitan area, with a priority on Minneapolis and St. Paul. The applicant will serve households at or below 80% AMI, with a priority on households at or below 60% AMI.

The funds will be used for home repairs such as roofs, windows, siding, mechanical systems, accessibility modifications and other health and safety needs. The program also provides additional services, including application and project assistance and connections to trusted wrap-around services such as mental health, food support and government benefits enrollment.

The requested and recommended funding amounts differ, despite the number of units remaining the same because staff recommends a lower administration fee than what was requested by the applicant. The recommended fee is still higher than the typical administration fee because of the applicant's role in managing the rehabilitation of the homes. The recommended fee is not as high as the requested fee because the services that applicant intended to cover with the higher administration fee, such as mental health and food support services, are ineligible costs.

Typical Owner-Occupied Rehabilitation Subsidy Per Unit: $20,000

Administration Fee Per Unit: $1,250

| Twin Cities Habitat for Humanity, Inc. | |
|---|---|
| **Project** | Beebe Meadows - New Construction 2024 |
| **Location** | Ramsey County |
| **Activity** | New Construction |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 7 | | **# of units:** | 7 |
| **Funding Requested:** | $637,000 | | **Funding Recommended:** | $637,000 |
| | | | Workforce Homeownership Grant | $637,000 |

**Organization Information**

Twin Cities Habitat for Humanity, Inc. (TCHFH) has the mission to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. They are committed to building the quality of life, health and economic prosperity for the area by producing, preserving and advocating for affordable homeownership because homes and families are the foundation of successful communities.

Over the past five years, TCHFH has completed 107 projects. It develops and rehabilitates homes and provides first mortgage and downpayment assistance financing to homebuyers to purchase homes.

**Project Description**

The funds will be used to build new homes in Ramsey County, with a priority on the City of Maplewood. The applicant will serve households at or below 80% AMI.

The project will include one and half and two story, four- and five-bedroom homes. TCHFH has a commitment to sustainable development, structuring each home in this project with solar panels and increased exterior insulation. TCHFH will utilize workforce training programs, donated in-kind materials and volunteer labor, as well as philanthropic leverage and their own funds for this project.

Typical Development Cost Per Unit: $435,000

Typical Impact Fund Value Gap Subsidy Per Unit: $40,000

Typical Impact Fund Affordability Gap Subsidy Per Unit: $50,000

Administration Fee Per Unit: $1,000

| Twin Cities Habitat for Humanity, Inc. | |
|---|---|
| **Project** | Twin Cities Habitat for Humanity, 2024 SAAG Open Market Program |
| **Location** | 7-County Twin Cities Metropolitan Area |
| **Activity** | Stand-Alone Affordability Gap |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 70 | | **# of units:** | 27 |
| **Funding Requested:** | $3,570,000 | | **Funding Recommended:** | $1,377,000 |
| | | | Workforce Homeownership Grant | $1,377,000 |

## Organization Information

Twin Cities Habitat for Humanity, Inc. (TCHFH) has the mission to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. Their vision is an equitable Twin Cities region where all families have access to the transformational power of homeownership. They are committed to building the quality of life, health and economic prosperity for the area by producing, preserving and advocating for affordable homeownership because homes and families are the foundation of successful communities.

TCHFH has experience in affordability gap financing through Minnesota Housing, as well as with other public funding. It has also provided first mortgage financing and forgivable subordinate loans for the purchase of homes. The applicant has received numerous Impact Fund awards, including multiple awards for affordability gap.

## Project Description

The funds will be used to provide affordability gap funding to homebuyers purchasing homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80% AMI.

Affordability gap loans through this program will be available to homebuyers who have completed TCHFH's Open Market Program, which provides coaching and educational services to prepare families to successfully purchase a home on the open market. Homebuyers who complete the program access low-interest mortgages provided by TCHFH Lending, Inc., which are accompanied by affordability gap subsidies, allowing families to increase their purchasing power.

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $50,000

<u>Administration Fee Per Unit</u>: $1,000

| Two Rivers Community Land Trust | |
|---|---|
| **Project** | Wide PATH (Preserving Affordable Tracks to Homeownership) Phase 2 |
| **Location** | Washington County |
| **Activity** | Acquisition, Rehabilitation, Resale |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 6 |
| **Funding Requested:** | $1,699,740 | | **Funding Recommended:** | $1,019,844 |
| | | | Workforce Homeownership Grant | $1,019,844 |

**Organization Information**

Two Rivers Community Land Trust's mission is to provide permanent affordable housing for low- and moderate-income households in Washington County. Two Rivers Community Land Trust promotes and provides housing for low- to moderate-income persons in the community and promotes the betterment of the community by preserving affordable housing, including acquiring, holding, developing, owning and leasing real estate for such persons.

Over the past five years, Two Rivers Community Land Trust acquired 18 homes for rehabilitation and resale, processed 22 resales and repurchased two homes that needed excessive repairs. The organization is on track for processing six to eight homes this year, which includes processing resales. The recommended six units represent an increase in the number of homes to be acquired, rehabilitated and resold as compared to the past five years. The applicant states that extensive planning has gone into preparation for the increase in development activity, including structuring a development team and expanding staff capacity.

**Project Description**

The funds will be used to acquire and rehabilitate homes to add to their community land trust portfolio in Washington County. The applicant will serve households at or below 80% AMI.

The applicant will acquire and rehabilitate homes in Washington County's four job centers to increase affordable workforce housing. The homes will be sold to eligible homebuyers and placed in the community land trust. This will ensure the homes remain affordable for the long term. Two Rivers Community Land Trust is the lead on this project and will be responsible for all aspects of implementation, compliance and reporting.

<u>Typical Development Cost Per Unit</u>: $467,485

<u>Typical Impact Fund Value Gap Subsidy Per Unit</u>: $61,974

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $108,000

| West Central Minnesota Communities Action, Inc. | |
|---|---|
| **Project** | West Central Community Land Trust |
| **Location** | Douglas, Pope and Ottertail Counties |
| **Activity** | Stand-Alone Affordability Gap |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 6 | | **# of units:** | 6 |
| **Funding Requested:** | $486,000 | | **Funding Recommended:** | $486,000 |
| | | | Workforce Homeownership Grant | $486,000 |

## Organization Information

West Central Minnesota Communities Action, Inc. (WCMCA) is committed to alleviating poverty, fostering self-sufficiency, and enhancing rural quality of life in West Central Minnesota. Their mission is to partner with communities to empower individuals to overcome poverty and achieve their full potential. The applicant strives to strengthen communities by addressing essential needs and supporting the sustainability of small towns through affordable solutions, strategic partnerships and funding initiatives.

Over the past five years, the applicant provided eight affordability gap subsidies to homebuyers purchasing new construction homes developed by the applicant or its partner Habitat for Humanity of Douglas County. The applicant has a long history of working with community partners in completing construction projects. Since 1998, they have completed 127 affordable units.

## Project Description

The funds will be used for affordability gap for homes the applicant is developing in Douglas, Pope and Ottertail Counties. The applicant will serve households at or below 80% AMI, with a priority on households at or below 70% AMI.

The applicant will acquire land and construct new energy-efficient homes. The requested affordability gap funds will be provided to the homebuyers of the new construction homes. The applicant is not requesting development dollars for the project. The homes will be placed into WCMCA's community land trust, ensuring the homes remain affordable for the long term.

WCMCA will partner with the Department of Corrections Inmate/Community Work Crew, which will provide construction training to eligible inmates. The applicant will also partner with Habitat for Humanity of Douglas County for construction of one home.

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit</u>: $80,000

<u>Administration Fee Per Unit</u>: $1,000

| West Hennepin Affordable Housing Land Trust | |
|---|---|
| **Project** | HWR HIP (Homebuyer Initiated Program) |
| **Location** | Hennepin County |
| **Activity** | Stand-Alone Affordability Gap |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 12 | | **# of units:** | 12 |
| **Funding Requested:** | $2,136,000 | | **Funding Recommended:** | $2,136,000 |
| | | | Housing Infrastructure Appropriations | $2,136,000 |

## Organization Information

West Hennepin Affordable Housing Land Trust (WHAHLT) creates and sustains long-term affordable homeownership in suburban Hennepin County using the community land trust model. Their mission is to transform people's lives through homeownership.

Over the past five years, the applicant acquired and rehabilitated 61 properties in partnership with other nonprofits and processed 16 resales. Since its founding, WHAHLT has assisted more than 245 households, including resales of community land trust units.

## Project Description

The funds will be used to provide affordability gap to homebuyers purchasing homes in suburban Hennepin County. The applicant will serve households at or below 80% AMI.

The Homebuyer Initiated Program is a buyer-driven program through which homebuyers choose a qualified home to purchase. The requested funds will be used to reduce the purchase price of the homes by the value of the land, making the homes more affordable to the homebuyers. The homes will then be placed in the applicant's Homes Within Reach community land trust to ensure that the homes remain affordable for the long term.

<u>Typical Impact Fund Land Acquisition Subsidy Per Unit</u>: $177,000

<u>Administration Fee Per Unit</u>: $1,000

| West Hennepin Affordable Housing Land Trust | |
|---|---|
| **Project** | HWR Mills Church Twin Homes Project |
| **Location** | City of Minnetonka |
| **Activity** | Stand-Alone Affordability Gap |

| **Project Funding Details** | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 10 | | **# of units:** | 10 |
| **Funding Requested:** | $1,010,000 | | **Funding Recommended:** | $1,010,000 |
| | | | Housing Infrastructure Appropriations | $1,010,000 |

**Organization Information**

West Hennepin Affordable Housing Land Trust (WHAHLT) creates and sustains long-term affordable homeownership in suburban Hennepin County using the community land trust model. Their mission is to transform people's lives through homeownership.

Over the past five years, the applicant acquired and rehabilitated 61 properties in partnership with other nonprofits and processed 16 resales. Since its founding, WHAHLT has assisted more than 245 households, including resales of community land trust units.

**Project Description**

The funds will be used to provide affordability gap to homebuyers purchasing homes in Minnetonka. The applicant will serve households at or below 80% AMI.

WHAHLT will partner with Twin Cities Habitat for Humanity (TCHFH) who will develop five twin homes, for a total of ten units, on the Mills Church Campus in the Minnetonka Mills neighborhood. The development plans include an apple orchard, community garden and playground.

The requested affordability gap funds will be provided to the homebuyers of the twin homes. The funds will be used to reduce the purchase price of the homes by the value of the land, making the homes more affordable to the homebuyers. The applicant is not requesting development dollars for the project. The homes will be placed into the applicant's community land trust, ensuring the homes remain affordable for the long term.

<u>Typical Impact Fund Land Acquisition Subsidy Per Unit</u>: $100,000

<u>Administration Fee Per Unit</u>: $1,000

| White Earth Reservation Housing Authority | |
|---|---|
| **Project** | 2024 White Earth Reservation Housing Authority Owner-Occupied Rehabilitation Program |
| **Location** | On or Within 50 Miles of the White Earth Band of Chippewa Reservation Including Becker, Mahnomen and Clearwater Counties |
| **Activity** | Owner-Occupied Rehabilitation |

| Project Funding Details | | | | |
|---|---|---|---|---|
| **Requested** | | | **Recommended** | |
| **# of units:** | 35 | | **# of units:** | 35 |
| **Funding Requested:** | $1,050,000 | | **Funding Recommended:** | $1,050,000 |
| | | | Workforce Homeownership Grant | $1,050,000 |

## Organization Information

The White Earth Reservation Housing Authority (WERHA) is the tribally designated housing entity of the White Earth Nation. Its mission is to preserve, maintain and enhance the quality of life for White Earth Nation tribally-enrolled members and future generations. The WERHA accomplishes its mission through programs and projects that are designed to promote social, environmental, community and economic development on the White Earth Reservation.

Over the past five years, the applicant completed 36 owner-occupied rehabilitation projects funded through the Impact Fund. The proposed project is a continuation of its existing owner-occupied rehabilitation program that has been funded through the Single Family RFP in the past.

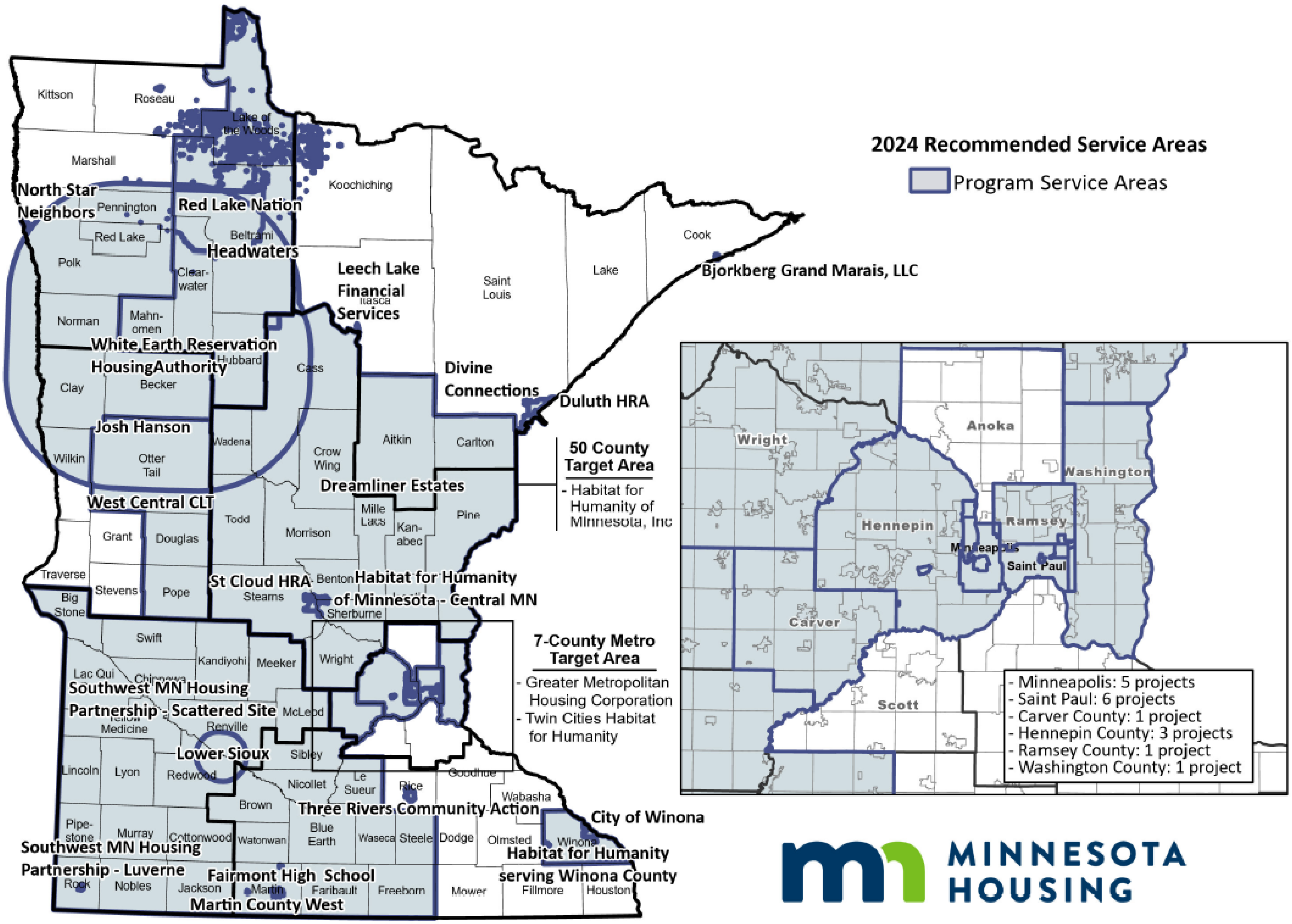
## Project Description

The funds will be used to provide owner-occupied rehabilitation grants to tribally-enrolled members of the White Earth Band of Ojibwe who live on or within 50 miles of the White Earth Band of Chippewa Reservation, including Becker, Mahnomen and Clearwater counties. The applicant will serve households at or below 80% AMI.

WERHA currently has a waitlist of 200 tribally-enrolled members who are homeowners living on or within 50 miles of the White Earth Reservation. Many of the households applied for rehabilitation funds after the successful launch of WERHA's owner-occupied rehabilitation and water/sewer replacement program. The requested funds will prioritize health and safety concerns such as roofs, siding, window, heating, plumbing, flooring, electrical and water and sewer repairs or replacement.

<u>Typical Owner-Occupied Rehabilitation Subsidy Per Unit:</u> $30,000

## 2024 Single Family RFP Map of Recommended Projects




MINNESOTA HOUSING

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**

**RESOLUTION NO. MHFA 24-XXX**

**RESOLUTION APPROVING SELECTIONS OF ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT (WORKFORCE), STATE HOUSING TAX CREDITS (SHTC), HOUSING INVESTMENT FUND (POOL 2), AND HOUSING INFRASTRUCTURE APPROPRIATIONS (HIA)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds and construction financing for single family homeownership housing units, affordability gap, owner-occupied rehabilitation, and Tribal Indian Housing Program serving persons and families of low- and moderate-income; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such grants and loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED**:

The board hereby authorizes Agency staff to enter into grant and loan contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein:

| 2024 Applicant Name | Project/Program Name Title | Funding Source | $ Awarded |
|---|---|---|---|
| Amani Construction & Development LLC | Serenity Townhouses | HIA – Grant | $ 3,884,100 |
| Bjorkberg Grand Marais LLC | Bjorkberg Grand Marais (BGM) | HIA – Grant | $ 296,000 |
| Carver County Community Development Agency | CCCLT Homebuyer Initiated Program (HIP) | HIA – Grant<br>Workforce – Grant | $ 480,000<br>$ 456,000 |
| City of Lakes Community Land Trust | Homebuyer Initiated Program (HIP) Affordability Gap | HIA – Grant<br>Workforce – Grant | $ 875,000<br>$ 2,668,750 |
| City of Lakes Community Land Trust | Homebuyer Initiated Program (HIP) Owner-Occupied Rehabilitation | Workforce – Grant | $ 1,793,750 |
| City of Saint Paul Housing and Redevelopment Authority | Downpayment Assistance Program | Workforce – Grant | $ 1,476,000 |
| City of Saint Paul Housing and Redevelopment Authority | Homeowner Rehab Program | Workforce – Grant | $ 523,991 |
| City of Winona | All-Inclusive Home Rehabilitation Program (AIHR) | Workforce – Grant | $ 544,920 |

| | | | |
|---|---|---|---|
| Dayton's Bluff Neighborhood Housing Services | The Village on Rivoli Pocket Neighborhood West | Workforce – Grant | $ 2,228,440 |
| Divine Konnections Inc | Comfort and Joy Duplexes | Pool 2 – Loan<br>SHTC – Grant<br>Workforce – Grant | $ 427,618<br>$ 86,802<br>$ 411,000 |
| Dreamliner Estates L.L.C. | Southern Ridge | EDHC – Grant | $ 3,371,632 |
| Fairmont Area Schools on behalf of Fairmont High School | Building Up Students and Homes | EDHC – Grant | $ 99,999 |
| Greater Metropolitan Housing Corporation | Scattered Site Homeownership Preservation II | Workforce – Grant | $ 265,000 |
| Habitat for Humanity of Minnesota, Inc. | Habitat for Humanity of MN Impact Fund 10 Affordability Gap | Workforce – Grant | $ 1,720,000 |
| Habitat for Humanity of Minnesota, Inc. | Habitat for Humanity of MN Impact Fund 10a Value Gap (Martin Faribault Co.) | Workforce – Grant | $ 80,000 |
| Habitat for Humanity of Minnesota, Inc. | Habitat for Humanity of MN Impact Fund 10b Value Gap (Winona Co.) | Workforce – Grant | $ 242,000 |
| Habitat for Humanity of Minnesota, Inc. | Habitat for Humanity of MN Impact Fund 10c Value Gap (Central MN) | Workforce – Grant | $ 644,000 |
| Habitat for Humanity Serving Winona County | Preserving the Housing Stock of Winona County | Workforce – Grant | $ 112,000 |
| Headwaters Housing Development Corporation | Regional Application - New Construction | Pool 2 – Loan<br>SHTC – Grant<br>Workforce – Grant | $ 129,796<br>$ 26,347<br>$ 70,000 |
| Hennepin County Housing and Redevelopment Authority | Home Accessibility Ramps Program | Workforce – Grant | $ 303,000 |
| Housing and Redevelopment Authority of Duluth, Minnesota | Duluth HRA Single Family Owner-Occupied Exterior Rehabilitation and Fuel Oil Conversion Program | Workforce – Grant | $ 300,000 |
| Housing and Redevelopment Authority of Duluth, Minnesota | Homes in Central Hillside | Workforce – Grant | $ 271,980 |
| Housing and Redevelopment Authority of Duluth, Minnesota | The Orchards of Morgan Park | Workforce – Grant | $ 1,121,682 |
| Housing and Redevelopment Authority of St. Cloud, Minnesota | 152 19th Ave N Home | Workforce – Grant | $ 99,252 |
| Josh Hanson (JRMH Holdings, LLC) | Lawrence Lake Acres | HIA – Grant | $ 554,652 |

| | | | |
|---|---|---|---|
| Leech Lake Financial Services, Inc. | Wealth Creation Model - Cass and Itasca County MN | Workforce – Grant | $ 2,751,292 |
| Lower Sioux Indian Community in the State of Minnesota | Cansayapi Homebuyers Project | EDHC – Grant | $ 7,018,375 |
| Martin County West School District | High School Construction Course | EDHC – Grant | $ 99,999 |
| North Star Neighbors | CLT Home Production: Roseau and East Grand Forks | HIA – Grant<br>Pool 2 – Loan<br>SHTC – Grant<br>Workforce – Grant | $ 246,000<br>$ 1,400,000<br>$ 284,184<br>$ 2,319,600 |
| PRG, Inc. | PRG-Investor Intervention II | Pool 2 – Loan<br>SHTC – Grant<br>Workforce – Grant | $ 100,000<br>$ 20,299<br>$ 893,000 |
| PRG, Inc. | PRG-Minneapolis Infill-2 | Pool 2 – Loan<br>SHTC – Grant<br>Workforce – Grant | $ 200,000<br>$ 40,598<br>$ 996,000 |
| Red Lake Reservation Housing Authority | Red Lake Housing Rehabilitation Program: 80% AMI | Workforce – Grant | $ 2,070,000 |
| The Rondo Community Land Trust | Rondo CLT - Strategic Acquisition Rehab Program | Workforce – Grant | $ 3,830,000 |
| Southwest Minnesota Housing Partnership | Luverne Twinhomes | Workforce – Grant | $ 1,187,580 |
| Southwest Minnesota Housing Partnership | PCLT - Scattered Regional - New Construction | Workforce – Grant | $ 1,464,500 |
| Three Rivers Community Action, Inc. | Twin Oaks Subdivision - Phase II | Workforce – Grant | $ 968,000 |
| Trio Development Group LLC | 14th Avenue Townhomes | EDHC – Grant | $ 2,157,395 |
| Twin Cities Habitat for Humanity, Inc. | 2024 New Construction The Heights - Blocks 3 & 4 | Workforce – Grant | $ 5,025,000 |
| Twin Cities Habitat for Humanity, Inc. | A Brush with Kindness - Owner Occupied Repair 2024 | Workforce – Grant | $ 212,500 |
| Twin Cities Habitat for Humanity, Inc. | Beebe Meadows - New Construction 2024 | Workforce – Grant | $ 637,000 |
| Twin Cities Habitat for Humanity, Inc. | Twin Cities Habitat for Humanity, 2024 SAAG Open Market Program | Workforce – Grant | $ 1,377,000 |
| Two Rivers Community Land Trust | Wide PATH (Preserving Affordable Tracks to Homeownership) Phase 2 | Workforce – Grant | $ 1,019,844 |
| West Central Minnesota Communities Action, Inc. | West Central Community Land Trust | Workforce – Grant | $ 486,000 |
| West Hennepin Affordable Housing Land Trust | HWR HIP (Homebuyer Initiated Program) | HIA – Grant | $ 2,136,000 |
| West Hennepin Affordable Housing Land Trust | HWR Mills Church Twin Homes Project | HIA – Grant | $ 1,010,000 |

| | | | |
|---|---|---|---|
| White Earth Reservation Housing Authority | 2024 White Earth Reservation Housing Authority Owner-Occupied Rehabilitation Program | Workforce – Grant | $ 1,050,000 |
| | | **Total Awarded:** | **$ 66,563,877** |

1. The execution of the grant contract agreement or loan agreement for all funds awarded by the Agency in form and substance acceptable to the Agency shall occur no later than nine months from the adoption date of this Resolution; all Housing Investment Funds (Pool 2) must be repaid within 42 months from the effective date of the loan agreement contract; and all other funds must be expended and all reporting of the use of funds shall be completed within 36 months from the effective date of the grant contract agreement or loan agreement; and

2. The Commissioner is authorized to approve non-material changes in the selections and may approve changes in the geographic area served; and

3. The applicant and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the grant contract agreement or loan agreement, to the construction or rehabilitation of the homeownership housing units, provision of grants for land acquisition, affordability gap or owner-occupied rehabilitation, and the origination and closing of repayable or deferred loans, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 19th day of December 2024

____________________________________

CHAIR

## 2024 Single Family RFP Recommended Applications Summary

| Applicant – Project Name – Activity | Unit Counts: Total Existing Units | Unit Counts: Total New Units | Strategic Priorities: 80% AMI | Strategic Priorities: BIPOC-Led Entity | Strategic Priorities: Workforce Housing | Minnesota Housing Funding: Economic Development & Housing Challenge | Minnesota Housing Funding: Housing Infrastructure Appropriations | Minnesota Housing Funding: Pool 2 Interim Loan | Minnesota Housing Funding: State Housing Tax Credits | Minnesota Housing Funding: Workforce & Affordable Homeownership Development | Total Funding: Total Minnesota Housing Funding |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **METRO AREA** | | | | | | | | | | | |
| **Minneapolis** | | | | | | | | | | | |
| City of Lakes Community Land Trust - Homebuyer Initiated Program (HIP) - Stand-Alone Affordability Gap | 35 | 0 | Yes | Yes | Yes | $ - | $ 875,000 | $ - | $ - | $ 2,668,750 | $ 3,543,750 |
| City of Lakes Community Land Trust - Homebuyer Initiated Program (HIP) - Owner-Occupied Rehabilitation | 35 | 0 | Yes | Yes | Yes | $ - | $ - | $ - | $ - | $ 1,793,750 | $ 1,793,750 |
| PRG, Inc. - PRG-Investor Intervention II - Acquisition, Rehabilitation, Resale | 4 | 0 | Yes | No | Yes | $ - | $ - | $ 100,000 | $ 20,299 | $ 893,000 | $ 1,013,299 |
| PRG, Inc. - PRG-Minneapolis Infill-2 - New Construction | 0 | 4 | Yes | No | Yes | $ - | $ - | $ 200,000 | $ 40,598 | $ 996,000 | $ 1,236,598 |
| Trio Development Group LLC - 14th Avenue Townhomes - New Construction | 0 | 10 | Yes | No | Yes | $ 2,157,395 | $ - | $ - | $ - | $ - | $ 2,157,395 |
| **Total Minneapolis** | **74** | **14** | **5** | **2** | **5** | **$ 2,157,395** | **$ 875,000** | **$ 300,000** | **$ 60,897** | **$ 6,351,500** | **$ 9,744,792** |
| **Saint Paul** | | | | | | | | | | | |
| Amani Construction & Development LLC - Serenity Townhouses - New Construction | 0 | 19 | Yes | Yes | Yes | $ - | $ 3,884,100 | $ - | $ - | $ - | $ 3,884,100 |
| City of Saint Paul Housing and Redevelopment Authority - Downpayment Assistance Program - Stand-Alone Affordability Gap | 36 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 1,476,000 | $ 1,476,000 |
| City of Saint Paul Housing and Redevelopment Authority - Homeowner Rehab Program - Owner-Occupied Rehabilitation | 13 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 523,991 | $ 523,991 |
| Dayton's Bluff Neighborhood Housing Services - The Village on Rivoli Pocket Neighborhood West - New Construction | 0 | 9 | No | No | Yes | $ - | $ - | $ - | $ - | $ 2,228,440 | $ 2,228,440 |
| The Rondo Community Land Trust - Rondo CLT - Strategic Acquisition Rehab Program - Acquisition, Rehabilitation, Resale | 10 | 0 | Yes | Yes | Yes | $ - | $ - | $ - | $ - | $ 3,830,000 | $ 3,830,000 |
| Twin Cities Habitat for Humanity, Inc. - 2024 New Construction The Heights - Blocks 3 & 4 - New Construction | 0 | 25 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 5,025,000 | $ 5,025,000 |
| **Total Saint Paul** | **59** | **53** | **5** | **2** | **6** | **$ -** | **$ 3,884,100** | **$ -** | **$ -** | **$ 13,083,431** | **$ 16,967,531** |
| **Seven-County Metro Area (Some units may be located in Minneapolis and St. Paul)** | | | | | | | | | | | |
| Carver County Community Development Agency - CCCLT Homebuyer Initiated Program (HIP) - Stand-Alone Affordability Gap | 6 | 0 | Yes | No | Yes | $ - | $ 480,000 | $ - | $ - | $ 456,000 | $ 936,000 |
| Greater Metropolitan Housing Corporation - Scattered Site Homeownership Preservation II - Acquisition, Rehabilitation, Resale | 2 | 0 | No | No | Yes | $ - | $ - | $ - | $ - | $ 265,000 | $ 265,000 |
| Hennepin County Housing and Redevelopment Authority - Home Accessibility Ramps Program - Owner-Occupied Rehabilitation | 30 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 303,000 | $ 303,000 |
| Twin Cities Habitat for Humanity, Inc. - A Brush with Kindness - Owner Occupied Repair 2024 - Owner-Occupied Rehabilitation | 10 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 212,500 | $ 212,500 |
| Twin Cities Habitat for Humanity, Inc. - Beebe Meadows - New Construction 2024 - New Construction | 0 | 7 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 637,000 | $ 637,000 |
| Twin Cities Habitat for Humanity, Inc. - Twin Cities Habitat for Humanity, 2024 SAAG Open Market Program - Stand-Alone Affordability Gap | 27 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 1,377,000 | $ 1,377,000 |

## 2024 Single Family RFP Recommended Applications Summary

| | Unit Counts | | Strategic Priorities | | | Minnesota Housing Funding | | | | | Total Funding |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Applicant – Project Name – Activity | Total Existing Units | Total New Units | 80% AMI | BIPOC-Led Entity | Workforce Housing | Economic Development & Housing Challenge | Housing Infrastructure Appropriations | Pool 2 Interim Loan | State Housing Tax Credits | Workforce & Affordable Homeownership Development | Total Minnesota Housing Funding |
| Two Rivers Community Land Trust - Wide PATH (Preserving Affordable Tracks to Homeownership) Phase 2 - Acquisition, Rehabilitation, Resale | 6 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 1,019,844 | $ 1,019,844 |
| West Hennepin Affordable Housing Land Trust - HWR HIP (Homebuyer Initiated Program) - Stand-Alone Affordability Gap | 12 | 0 | Yes | No | Yes | $ - | $ 2,136,000 | $ - | $ - | $ - | $ 2,136,000 |
| West Hennepin Affordable Housing Land Trust - HWR Mills Church Twin Homes Project - Stand-Alone Affordability Gap | 10 | 0 | Yes | No | Yes | $ - | $ 1,010,000 | $ - | $ - | $ - | $ 1,010,000 |
| **Total Seven-County Metro Area** | **103** | **7** | **8** | **0** | **9** | **$ -** | **$ 3,626,000** | **$ -** | **$ -** | **$ 4,270,344** | **$ 7,896,344** |
| **Total METRO AREA** | **236** | **74** | **18** | **4** | **20** | **$ 2,157,395** | **$ 8,385,100** | **$ 300,000** | **$ 60,897** | **$ 23,705,275** | **$ 34,608,667** |

## 2024 Single Family RFP Recommended Applications Summary

| Applicant – Project Name – Activity | Unit Counts | | Strategic Priorities | | | Minnesota Housing Funding | | | | | Total Funding |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Applicant – Project Name – Activity | Total Existing Units | Total New Units | 80% AMI | BIPOC-Led Entity | Workforce Housing | Economic Development & Housing Challenge | Housing Infrastructure Appropriations | Pool 2 Interim Loan | State Housing Tax Credits | Workforce & Affordable Homeownership Development | Total Minnesota Housing Funding |
| **GREATER MINNESOTA** | | | | | | | | | | | |
| **Central** | | | | | | | | | | | |
| Dreamliner Estates L.L.C. - Southern Ridge - New Construction | 0 | 16 | Yes | Yes | Yes | $ 3,371,632 | $ - | $ - | $ - | $ - | $ 3,371,632 |
| Habitat for Humanity of Minnesota, Inc. - Habitat for Humanity of MN Impact Fund 10c Value Gap (Central MN) - New Construction | 0 | 4 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 644,000 | $ 644,000 |
| Housing and Redevelopment Authority of St. Cloud, Minnesota - 152 19th Ave N Home - New Construction | 0 | 1 | No | No | Yes | $ - | $ - | $ - | $ - | $ 99,252 | $ 99,252 |
| **Total Central** | **0** | **21** | **2** | **1** | **3** | **$ 3,371,632** | **$ -** | **$ -** | **$ -** | **$ 743,252** | **$ 4,114,884** |
| **Northeast** | | | | | | | | | | | |
| Bjorkberg Grand Marais LLC - Bjorkberg Grand Marais (BGM) - New Construction | 0 | 5 | No | No | No | $ - | $ 296,000 | $ - | $ - | $ - | $ 296,000 |
| Divine Konnections Inc - Comfort and Joy Duplexes - New Construction | 0 | 2 | Yes | Yes | Yes | $ - | $ - | $ 427,618 | $ 86,802 | $ 411,000 | $ 925,420 |
| Housing and Redevelopment Authority of Duluth, Minnesota - Duluth HRA Single Family Owner-Occupied Exterior Rehabilitation and Fuel Oil Conversion Program - Owner-Occupied Rehabilitation | 30 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 300,000 | $ 300,000 |
| Housing and Redevelopment Authority of Duluth, Minnesota - Homes in Central Hillside - New Construction | 0 | 3 | No | No | Yes | $ - | $ - | $ - | $ - | $ 271,980 | $ 271,980 |
| Housing and Redevelopment Authority of Duluth, Minnesota - The Orchards of Morgan Park - New Construction | 0 | 12 | No | No | Yes | $ - | $ - | $ - | $ - | $ 1,121,682 | $ 1,121,682 |
| Leech Lake Financial Services, Inc. - Wealth Creation Model - Cass and Itasca County MN - New Construction | 0 | 15 | Yes | Yes | Yes | $ - | $ - | $ - | $ - | $ 2,751,292 | $ 2,751,292 |
| **Total Northeast** | **30** | **37** | **3** | **2** | **5** | **$ -** | **$ 296,000** | **$ 427,618** | **$ 86,802** | **$ 4,855,954** | **$ 5,666,374** |
| **Northwest** | | | | | | | | | | | |
| Headwaters Housing Development Corporation - Regional Application - New Construction - New Construction | 0 | 2 | Yes | No | Yes | $ - | $ - | $ 129,796 | $ 26,347 | $ 70,000 | $ 226,143 |
| North Star Neighbors - CLT Home Production: Roseau and East Grand Forks - New Construction | 0 | 8 | Yes | No | Yes | $ - | $ 246,000 | $ 1,400,000 | $ 284,184 | $ 2,319,600 | $ 4,249,784 |
| Red Lake Reservation Housing Authority - Red Lake Housing Rehabilitation Program: 80% AMI - Owner-Occupied Rehabilitation | 20 | 0 | Yes | Yes | No | $ - | $ - | $ - | $ - | $ 2,070,000 | $ 2,070,000 |
| **Total Northwest** | **20** | **10** | **3** | **1** | **2** | **$ -** | **$ 246,000** | **$ 1,529,796** | **$ 310,531** | **$ 4,459,600** | **$ 6,545,927** |
| **Southeast** | | | | | | | | | | | |
| City of Winona - All-Inclusive Home Rehabilitation Program (AIHR) - Owner-Occupied Rehabilitation | 20 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 544,920 | $ 544,920 |
| Fairmont Area Schools on behalf of Fairmont High School - Building Up Students and Homes - School Direct Costs | 0 | 1 | Yes | No | Yes | $ 99,999 | $ - | $ - | $ - | $ - | $ 99,999 |
| Habitat for Humanity of Minnesota, Inc. - Habitat for Humanity of MN Impact Fund 10a Value Gap (Martin Faribault Co.) - Acquisition, Rehabiltiation, Resale | 1 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 80,000 | $ 80,000 |
| Habitat for Humanity of Minnesota, Inc. - Habitat for Humanity of MN Impact Fund 10b Value Gap (Winona Co.) - New Construction | 0 | 2 | Yes | No | No | $ - | $ - | $ - | $ - | $ 242,000 | $ 242,000 |

## 2024 Single Family RFP Recommended Applications Summary

| | Unit Counts | | Strategic Priorities | | | Minnesota Housing Funding | | | | | Total Funding |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Applicant – Project Name – Activity | Total Existing Units | Total New Units | 80% AMI | BIPOC-Led Entity | Workforce Housing | Economic Development & Housing Challenge | Housing Infrastructure Appropriations | Pool 2 Interim Loan | State Housing Tax Credits | Workforce & Affordable Homeownership Development | Total Minnesota Housing Funding |
| Habitat for Humanity Serving Winona County - Preserving the Housing Stock of Winona County - Owner-Occupied Rehabilitation | 10 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 112,000 | $ 112,000 |
| Martin County West School District - High School Construction Course - School Direct Costs | 1 | 0 | Yes | No | No | $ 99,999 | $ - | $ - | $ - | $ - | $ 99,999 |
| Three Rivers Community Action, Inc. - Twin Oaks Subdivision - Phase II - New Construction | 0 | 8 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 968,000 | $ 968,000 |
| **Total Southeast** | **32** | **11** | **7** | **0** | **5** | **$ 199,998** | **$ -** | **$ -** | **$ -** | **$ 1,946,920** | **$ 2,146,918** |
| **Southwest** | | | | | | | | | | | |
| Lower Sioux Indian Community in the State of Minnesota - Cansayapi Homebuyers Project - Tribal Indian Housing Program | 35 | 0 | No | Yes | Yes | $ 7,018,375 | $ - | $ - | $ - | $ - | $ 7,018,375 |
| Southwest Minnesota Housing Partnership - Luverne Twinhomes - New Construction | 0 | 6 | No | No | Yes | $ - | $ - | $ - | $ - | $ 1,187,580 | $ 1,187,580 |
| Southwest Minnesota Housing Partnership - PCLT - Scattered Regional - New Construction - New Construction | 0 | 10 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 1,464,500 | $ 1,464,500 |
| **Total Southwest** | **35** | **16** | **1** | **1** | **3** | **$ 7,018,375** | **$ -** | **$ -** | **$ -** | **$ 2,652,080** | **$ 9,670,455** |
| **West Central** | | | | | | | | | | | |
| Josh Hanson (JRMH Holdings, LLC) - Lawrence Lake Acres - New Construction | 0 | 4 | No | No | Yes | $ - | $ 554,652 | $ - | $ - | $ - | $ 554,652 |
| West Central Minnesota Communities Action, Inc. - West Central Community Land Trust - Stand-Alone Affordability Gap | 6 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 486,000 | $ 486,000 |
| White Earth Reservation Housing Authority - 2024 White Earth Reservation Housing Authority Owner-Occupied Rehabilitation Program - Owner-Occupied Rehabilitation | 35 | 0 | Yes | Yes | Yes | $ - | $ - | $ - | $ - | $ 1,050,000 | $ 1,050,000 |
| **Total West Central** | **41** | **4** | **2** | **1** | **3** | **$ -** | **$ 554,652** | **$ -** | **$ -** | **$ 1,536,000** | **$ 2,090,652** |
| **Multiple Regions/Statewide** | | | | | | | | | | | |
| Habitat for Humanity of Minnesota, Inc. - Habitat for Humanity of MN Impact Fund 10 Affordability Gap - Stand-Alone Affordability Gap | 20 | 0 | Yes | No | Yes | $ - | $ - | $ - | $ - | $ 1,720,000 | $ 1,720,000 |
| **Total Multiple Regions/Statewide** | **20** | **0** | **1** | **0** | **1** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 1,720,000** | **$ 1,720,000** |
| **Total GREATER MINNESOTA** | **178** | **99** | **19** | **6** | **22** | **$ 10,590,005** | **$ 1,096,652** | **$ 1,957,414** | **$ 397,333** | **$ 17,913,806** | **$ 31,955,210** |
| **Total STATEWIDE** | **414** | **173** | **37** | **10** | **42** | **$ 12,747,400** | **$ 9,481,752** | **$ 2,257,414** | **$ 458,230** | **$ 41,619,081** | **$ 66,563,877** |

**KEY:**
**Existing:** Includes Acquisition/Rehabilitation/Resale, Stand-Alone Affordability Gap, Owner-Occupied Rehabilitation
**New:** Includes New Construction
**80% AMI**: Proposals will serve households at or below 80% AMI

**BIPOC-Led Entity**: Applicant entity is owned or led by a Black, Indigenous or person of color
**Workforce Housing**: Proposed units will be in communities that have had job growth, are top job centers, have seen employers significantly increase jobs, or have long commutes

## 2024 Single Family RFP Non-Recommended Applications

| Applicant - Project Name | Funding Requested |
|---|---|
| **METRO AREA** | |
| **Minneapolis** | |
| *Amani Construction & Development* - Humboldt Triangles - New Construction | $5,356,425 |
| *Amani Construction & Development* - Pamoja Grove Townhomes - New Construction | $414,160 |
| *City of Minneapolis Community Planning and Economic Development* - Minneapolis Homes: Community Fix Up Program - Owner-Occupied Rehabilitation | $4,440,000 |
| *City of Minneapolis Community Planning and Economic Development* - Minneapolis Homes: Financing Perpetually Affordable Housing - New Construction | $3,150,000 |
| **St. Paul** | |
| *Contained Solutions* - Contained Solutions Project 0ne - New Construction | $3,371,000 |
| *Magic Housing LLC DBA Glow Tiny Homes* - Construct a 480 Square Foot Single Family Small Home in Saint Paul - New Construction | $185,000 |
| **Minneapolis and St. Paul** | |
| *Community Neighborhood Housing Services dba NeighborWorks Home Partners* - Targeted Minneapolis/St. Paul Home Repair Program - Owner-Occupied Rehabilitation | $2,659,750 |
| **7-County Metropolitan Area** | |
| *Build Wealth, MN, Inc.* - Family Stabilization Plan/9000 Equities Affordability Gap/DPA Fund - Stand-Alone Affordability Gap | $6,400,000 |
| *Change, Inc.* - Page Street - School Direct Costs | $100,000 |
| *Community Neighborhood Housing Services dba NeighborWorks Home Partners* - Community Keys Plus - Stand-Alone Affordability Gap | $1,300,000 |
| *Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)* - Critical Repair Projects for Low-Income Homeowners in 7-County Metro - Owner-Occupied Rehabilitation | $1,294,030 |

## 2024 Single Family RFP Non-Recommended Applications

| Applicant - Project Name | Funding Requested |
|---|---|
| *Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)* - Roof Repair or Replacement Projects for Low-Income Homeowners throughout Minnesota - Owner-Occupied Rehabilitation | $532,500 |
| *Rondo Community Land Trust* - Canal Brook Townhomes - New Construction | $6,504,360 |
| *Rondo Community Land Trust* - Homebuyer Initiated Program (HIP) Owner Occupied Rehab - Owner-Occupied Rehabilitation | $7,575,000 |
| *Rondo Community Land Trust - Rondo CLT* - Homebuyer Initiated Program (HIP) - Stand-Alone Affordability Gap | $15,075,000 |
| *Rondo Community Land Trust* - The Beasley - 642 Selby Avenue Affordable Condo Project - New Construction | $13,637,177 |
| *Spring Lake Park Schools* - School Direct Costs | $99,999 |
| *TCHFH Lending Inc.* - TCHFH Lending Inc. Entry Assistance 2024 - Stand-Alone Affordability Gap | $4,800,000 |
| *Twin Cities Habitat for Humanity* - Scattered Site Acquisition/ Rehabilitation 2024 - Acquisition, Rehabilitation, Resale | $852,000 |
| *Twin Cities Habitat for Humanity* - Scattered Site - New Construction 2024 - New Construction | $455,000 |
| *West Hennepin Affordable Housing Land Trust* - HWR HIP (Homebuyer Initiated Program) - Owner-Occupied Rehabilitation | $648,000 |
| **Total METRO - 21 projects** | **$78,849,401** |

| **GREATER MINNESOTA** | |
|---|---|
| **Central** | |
| ROCORI Public Schools - Construction 2 House Build Project - School Direct Costs | $90,500 |
| **Northeast** | |
| *ISD #100 Wrenshall School* - Carpentry Class Energy Efficient House Build - School Direct Costs | $210,000 |
| **Northwest** | |
| *Elevated Plains Development LLC* - Hallock Development - Phase 1 - New Construction | $133,600 |

## 2024 Single Family RFP Non-Recommended Applications

| Applicant - Project Name | Funding Requested |
|---|---|
| North Star Neighbors - CLT Affordability Gap - Northwest Region and Bemidji - Stand-Alone Affordability Gap | $4,270,000 |
| **Southeast** | |
| *Build Wealth, MN, Inc.* - Family Stabilization Plan/9000 Equities Affordability Gap/DPA Fund-Rochester Housing Development - New Construction | $915,000 |
| *POTSH Construction CO., LLC (Nicholas Boyd)* - PCC Austin Affordable Housing Initiative - PCCAAHI - Project 1 - New Construction | $188,975 |
| *POTSH Construction CO., LLC (Nicholas Boyd)* - PCC Austin Affordable Housing Initiative - PCCAAHI - Project 2 - New Construction | $123,178 |
| **Southwest** | |
| *Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)* - Critical Repair Projects for Low-Income Homeowners in Cottonwood, Jackson, Murray, Nobles, Pipestone, and Rock Counties - Owner-Occupied Rehabilitation | $378,750 |
| *Southwest Minnesota Housing Partnership* - PCLT - Mankato - New Construction - New Construction | $1,558,520 |
| *Southwest Minnesota Housing Partnership* - PCLT - St Peter - New Construction - New Construction | $547,080 |
| **West Central** | |
| *Cass Clay Community Land Trust* - Homebuyer Initiated Program - Stand-Alone Affordability Gap | $2,895,000 |
| **Total GREATER MINNESOTA - 11 projects** | **$11,310,603** |

| | |
|---|---|
| **Total STATEWIDE - 32 projects** | **$90,160,004** |

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MINNESOTA HOUSING

# Item: Approval, 2024 Multifamily Consolidated Request for Proposals (RFP) Selections for Deferred and Amortizing Loans, 2025 Housing Tax Credit (HTC) Round 1 and the United States Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA)

| | |
|---|---|
| **Information Item:** | 7.E |
| **Date:** | 12/19/2024 |
| **Staff Contacts:** | Que Vang, 651.296.7613, que.vang@state.mn.us<br>Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us |
| **Request Type:** | Approval, Resolution |

## Request Summary

Staff requests the following approvals related to the 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1:

1. Adoption of a resolution approving the selection and allocation of federal 9% Low Income Housing Tax Credits (HTC) and applicable waivers;
2. Adoption of a resolution approving the selection of projects and applicable waivers for further processing, and the commitment of deferred financing, and, subject to final underwriting and due diligence, authorizing the closing of loans related to the following programs and/or funding sources:
    - Economic Development and Housing Challenge (EDHC)
    - Housing Infrastructure (HI) Program
    - HOME Investment Partnership (HOME)
    - National Housing Trust Fund (NHTF)
    - Preservation Affordable Rental Investment Fund (PARIF);
3. Adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental (LMIR) Program loans and Bond Bridge Loans (BBL); and
4. Adoption of a resolution approving the selection of projects and units for further processing under the HUD Section 811 PRA and, subject to final underwriting and due diligence, to execute the Rental Assistance Contract (RAC).

5. Staff requests approval to advance a project for further evaluation of feasibility and initial underwriting under the Housing Infrastructure Program.

## Fiscal Impact

The 2024 Multifamily Consolidated RFP funding recommendations include numerous funding sources, and the fiscal impacts of these selections vary. HTCs are a federal resource, and Minnesota Housing earns administrative fees for the costs to implement the HTC Program. Generally, deferred financing from state or federal appropriations do not earn interest for the Agency but do provide fee income for the Agency. LMIR loans and BBLs earn interest income and certain fee income for the Agency.

## Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background
- Resolutions
- Summary of Recommendations
  - Non-Select
  - Consolidated
  - Detailed
  - Strategic Priorities
  - Strategic Priorities, Details
- Selection Maps
- Development Summaries and Community Profiles

## BACKGROUND

On November 17, 2022, Minnesota Housing's board members approved the 2024 – 2025 Housing Tax Credit (HTC) Qualified Allocation Plan (QAP), including the Self-Scoring Worksheet. These two documents set the policies and procedures used to score, evaluate and select multifamily applications for funding that are submitted to the 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1.

Minnesota Housing's annual Multifamily Consolidated RFP/ HTC Round 1 coordinates multiple housing funding resources into one multifamily application process to help maximize the number of projects that can be selected and to allocate funds as efficiently as possible. The process allows multifamily affordable housing development sponsors to apply for resources from the Agency and two other public entity funding partners using a common application and procedure.[1] The 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1 application materials were issued on April 10, 2024. Applicants were required to submit an intent to apply by May 7, 2024, and final applications were due on July 11, 2024.

The Agency received 104 intents to apply, and applicants chose to submit 64 applications for consideration in the 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1. The request for funds were nearly $60 million in federal 9% HTCs and $330 million in deferred loans[2] for primary proposal types. For this 2024 Multifamily Consolidated RFP, we propose allocating approximately $13.2 million of 9% HTCs and nearly $121.5 million of deferred loans.

The Multifamily evaluation process is separated into three phases: 1) eligibility, 2) scoring and 3) feasibility review. The eligibility review determines if a complete application was submitted as defined by the Multifamily RFP Standards. In the second phase, scoring consists of ranking the applications based on the requirements in the QAP, Self-Scoring Worksheet and the Scoring Guide. In conjunction with the scoring, applications are categorized by project type within geographic areas and prioritized based upon the program requirements of the funding sources available. Projects prioritized will move forward to feasibility review. In the final phase, feasibility reviews consist of a detailed analysis of the application's project cost, funding structure and financial capacity. The feasibility review is conducted by the internal

[1] The Metropolitan Council and the St. Paul Public Housing Authority utilize Minnesota Housing's application tool, Multifamily Customer Portal, and access applications submitted in the Multifamily Consolidated RFP. Funding partners' selections are subject to their own review and approval processes. Minnesota Housing does not select applications on behalf of the funding partners.

[2] This amount was based on the deferred request from the primary financing structure. Many applicants submit more than one financial structure in their proposal to increase flexibility and allow the use of 9% HTCs, deferred with 4% HTCs or deferred loan-only financing structures.

development team, which consists of a program manager(s), underwriter, architect, housing management officer, compliance officer, credit risk officer, and if applicable, a housing stability officer for the following:

- Consistency with the Agency's mission and strategic priorities;
- Compliance with statutes and program rules, including geographic distribution of resources;
- Consistency with program requirement, eligible uses and priorities; and
- Consistency with the Agency's policy standards which includes financial feasibility, market need, architectural quality and overall development team capacity.

## SELECTION OVERVIEW

From the 64 submitted applications, Agency staff propose selecting 21 projects with 959 units. Of the 21 projects, 20 projects are proposed to be selected for further processing to allocate various combinations of 9% HTCs, deferred loans, LMIR loans, BBLs and HUD Section 811 PRA. One project will advance for further evaluation for initial underwriting and final determination of project feasibility. The advancing project will return to board for approval at a later date.

Additional funding conditions may apply for project(s) or a project's development team(s) to address potential concerns or program requirements. When an application is selected for funding, the proposed project and financing structure may still require modifications to meet Minnesota Housing requirements and any conditions of approval. Potential modifications may relate to such factors as management and operating numbers, underwriting, and design requirements. If a project cannot meet funding requirements and conditions, a funding selection approval may be withdrawn.

## FUNDING RESOURCES

The following totals represent the proposed selection amounts, which are further detailed in the attached Consolidated Report, Detailed Report and Development Summaries.

Table 1: Multifamily Consolidated RFP Funding Types and Total Allocated/ Awarded

| Funding Type | Projects per Funding Type | Total Allocated/ Awarded |
|---|---|---|
| Housing Tax Credits (9%) | 9 | $ 13,235,604 |
| Minnesota Housing Deferred Loans | 18 | $ 121,472,000 |
| LMIR Loans | 6 | $ 12,761,000 |
| Bond Bridge Loans | 6 | $ 40,628,000 |
| HUD Section 811 PRA | 1 | $ 114,024 |

The total number of projects in the Table 1 exceeds 21 because a project may receive more than one funding source from the Agency.

## Housing Tax Credits

For 2025, Minnesota Housing has estimated that the federal government will allocate a total of approximately $17.2 million of 9% HTCs to the state of Minnesota. The HTC distributions plans for Greater Minnesota and the Metropolitan Area are formulated in accordance with Minn. Stat. 462A.222, subdivision 4 with 38% for the Greater Minnesota Pool and 62% for Metropolitan Pool. Through the authority specified in Minnesota Statutes section 462A.222 and Minnesota Statutes section 462A.223, Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County are authorized to administer a portion of 9% HTC allocations as suballocators. Minneapolis, St. Paul, Dakota County and Washington County administer their 9% HTCs locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements (JPA) with the Agency through which the Agency will perform the 9% HTC allocation and compliance monitoring.

In 2025 HTC Round 1, staff recommend reserving and allocating approximately $13.2 million of 9% HTC, which includes the suballocator HTCs administered by Minnesota Housing, the nonprofit and RD set-asides, and HTCs carried forward from the 2024 credit ceiling. Most of the 9% HTCs administered by the Agency are issued in this 2025 HTC Round 1.

The second round of 9% HTC applications, 2025 HTC Round 2, will close in the first quarter of 2025, which includes any remaining or returned 9% HTCs from previously selected projects and any additional 9% HTCs resulting from changes in population.

Nine projects are recommended for 9% HTCs: four in Greater Minnesota and five in the Metropolitan area.[3] Of the nine projects with 9% HTCs, three are progressing with no Agency loans and six are recommended with an Agency deferred loan, a LMIR loan and/or a BBL.

Section 42 of the Internal Revenue Code (IRC) establishes procedures for obtaining 4% HTCs through the issuance of tax-exempt volume limited bonds. Projects that are selected for deferred loans with a 4% HTC financial structure, must still undergo a process known as Preliminary Determination to receive an award.

[3] Metropolitan area includes only the counties of Anoka; Carver; Dakota excluding the cities of Northfield and Cannon Falls; Hennepin excluding the cities of Hanover and Rockford; Ramsey; Scott excluding the city of New Prague; and Washington.

Nine projects are recommended for deferred loans with a 4% HTC financial structure, including the project advancing towards further evaluation and initial underwriting. The 18 HTC projects are anticipated to generate approximately $175M in HTC equity proceeds.

## Minnesota Housing Deferred Loans

Projects recommended for deferred loans will be funded through state and federal appropriations. The deferred loans will have at least a 30-year term and are structured as repayable upon maturity. For the 2024 Multifamily Consolidated RFP, the Agency will award deferred loans through five programs:

1. EDHC Program funds appropriated by the Minnesota Legislature to finance new construction workforce. Three projects are recommended for EDHC.
2. HI Program is a state program that funds permanent supportive housing, senior housing, preservation, and housing with rents at or below 50% of area median income (AMI) applications. This year, staff prioritized selections for projects serving populations most impacted by housing disparity and preserving the condition and affordability of existing subsidized housing. The program has two types of resources: HI Appropriations (HIA), which are direct state appropriations not associated with the issuance of bonds, and HI Bonds (HIB), which are limited obligation tax-exempt bonds issued by Minnesota Housing and the proceeds of HIBs can be used to fund deferred loans. Six projects are recommended for HIA funding and six projects are recommended for HIB.
3. HOME Program is a federal resource used to finance new construction and will support projects with units that meet several strategic priorities, including permanent supportive housing units serving high priority homeless and people with disabilities, and Greater Minnesota workforce housing needs. Five projects are recommended for HOME funding.
4. NHTF is a federal resource to increase or preserve the supply of multifamily rental housing for extremely low- and very low-income families, including homeless families. This program provides funding to add a supply of affordable housing to markets where there is strong evidence of an inadequate supply. One application is recommended for NHTF.
5. PARIF Program is appropriated by the Minnesota Legislature to preserve federally assisted housing units that are at risk of being lost. The program may also be used to preserve existing supportive housing properties. Two projects are recommended for PARIF funding.

## LMIR Loans and Bond Bridge Loans

Six projects are recommended for a LMIR loan and are anticipated to be funded through Housing Investment Fund – Pool 2 (Pool 2) resources, Tax Exempt Bonds (TEB) or other mortgage capital. The LMIR loan terms will generally be a 30- to 40-year amortization with fixed interest rates and must be in first lien position. The loans may be insured under the HUD Risk-Sharing Mortgage Insurance Program and may also be securitized through the Federal Financing Bank (FFB) / Section 542(c) Risk-

Sharing Program. Loans processed under HUD's Risk-Sharing Mortgage Insurance Program will include a mortgage insurance premium of 0.125% in addition to the interest charged on the loan. Loans may also be originated as non-HUD Risk-Sharing loans and may be financed through the use of long-term bonds.

Six projects will be recommended for a BBL with the proceeds of short-term tax-exempt volume limited bonds issued by the Agency. This bond structure is necessary to qualify the developments to be eligible for 4% HTCs. BBLss generally have 18- to 24-month terms, must be in first lien position and carry a fixed interest rate.

Selections for the LMIR loans and BBLs through this Multifamily Consolidated RFP do not represent commitments for funding. Prior to closing, board approval will be required to enter into loan commitments.

### HUD Section 811 PRA

HUD Section 811 PRA expands the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities. This program also advances Minnesota's Olmstead Plan, a series of key activities to help ensure people with disabilities live, learn, work and enjoy life in the most integrated setting possible.

One project, with a total of 6 units, is recommended for HUD Section 811 PRA funding. Rental assistance under HUD Section 811 PRA are long-term contracts and the initial RAC term is 20 years if funds are available. The award amount in Table 1 illustrates an estimated annualized gross rent based on the application workbook. The HUD Section 811 PRA proposed total award amount may change at the time of contract execution and will be adjusted over time to reflect updated Fair Market Rate (FMR) rents, Operating Cost Adjustment Factors (OCAF) and other factors that may affect award amounts.

## Geographic Distribution

Over the last five years, all regions of the state have been represented in the annual Multifamily Consolidated RFP, Workforce Housing Development Program, Publicly Owned Housing Program and/or Rental Rehabilitation Deferred Loan Program.

The 21 proposals recommended for board approval by Minnesota Housing includes:

- Thirteen in Greater Minnesota or 62% of the overall recommended projects, which include a total of 596 units; and
- Eight in the seven-county Metropolitan area or 38% of the overall recommended projects, which include 363 units. Of the eight, three are in the city of Minneapolis and five are in suburban locations.

Table 2. Distribution of Funds by Geographic Areas

| Region | Total Apps (R[4]) | Total Apps (S[5]) | % of Total Apps (S) | Total Units (S) | % of Total Units (S) | 9% HTC Allocation (S) | Deferred Loan Selection (S) |
|---|---|---|---|---|---|---|---|
| **GREATER MN[6]** | **31** | **13** | **62%** | **596** | **62%** | **$ 6,047,900** | **$ 94,749,000** |
| Central | 13 | 4 | 19% | 152 | 16% | $ 3,400,000 | $ 15,904,000 |
| Northeast | 5 | 2 | 10% | 106 | 11% | $ 2,222,900 | $ 11,695,000 |
| Northwest[6] | 4 | 3 | 14% | 158 | 16% | $ 425,000 | $ 25,418,000 |
| Southeast | 7 | 3 | 14% | 136 | 14% | $ - | $ 31,932,000 |
| Southwest | 1 | 0 | 0% | 0 | 0% | $ - | $ - |
| West Central | 1 | 1 | 5% | 44 | 5% | $ - | $ 9,800,000 |
| **Metro** | **33** | **8** | **38%** | **363** | **38%** | **$ 7,187,704** | **$ 26,723,000** |
| Minneapolis | 18 | 3 | 14% | 124 | 13% | $ 935,605 | $ 5,960,000 |
| Saint Paul | 4 | 0 | 0% | 0 | 0% | $ - | $ - |
| Suburban | 11 | 5 | 24% | 239 | 25% | $ 6,252,099 | $ 20,763,000 |
| **TOTALS** | **64** | **21** | **100%** | **959** | **100%** | **$13,235,604** | **$121,472,000** |

## MINNESOTA HOUSING'S 2024 – 2027 STRATEGIC PLAN

The 2024-2027 Strategic Plan established five focus areas:

- Improve the Housing System
- Strengthen Communities
- Preserve and Create Housing Opportunities
- Make Homeownership More Accessible
- Support People Needing Services

The five focus areas included 14 strategic objectives. The Strategic Plan is the foundation for the QAP and the Self-scoring Worksheet criteria, which are collectively implemented in the proposed Multifamily Consolidated RFP selections. This section highlights how the proposed selection advance the focus areas and select strategic objectives found in the Strategic Plan. The number of projects and/or units for each

[4] Total applications Received (R) at the time of the 2024 Multifamily Consolidated RFP application deadline.

[5] Total applications Selected (S), including the project recommended to advance.

strategic objective can be found in the attachments, the Multifamily Consolidated RFP Priorities Report and/or the Strategic Priorities Report.

## Improving the Housing System

### *Strategic Objective: Focus on the people and places most impacted by housing instability.*

Minnesota Housing continues to prioritize developing new units that are deeply affordable to households at or below the 30% Area Median Income (AMI) level. The proposed selections include new deeply affordable units with rents restricted to 30% AMI, units with rental assistance and/or permanent supportive housing units.

In addition to developing new deeply affordable units, several projects meet the Workforce Housing Communities selection criterion and will contribute new units to the workforce housing supply in Minnesota communities. The units respond to housing needs of workers in communities: (1) that have a large number of jobs, (2) that have experienced job growth in recent years or (3) an individual employer added a large number of new jobs in that community within the past five years. A combination of federal and state appropriated programs support the creation of workforce housing units including the 9% HTCs, EDHC program, HI program, HOME program, NHTF program and funding partner support.

### *Strategic Objective: Create a more inclusive, equitable and just housing system.*

The Strategic Plan focuses on ways to continually engage and empower communities facing barriers to create more opportunities for participation in program decision-making and to better serve households with different needs and different backgrounds. Minnesota Housing first implemented the Equitable Development policy in the 2021 Multifamily Consolidated RFP. The goal of the selection criteria is to center the voices, opinions and needs of Communities Most Impacted (CMI) by housing disparities in the development planning process. The input of the CMI is used to inform the development team of how various project elements should be structured to best serve the CMI and provide a community benefit.

Another objective in the Strategic Plan is diversifying the partners with which we work and incentivizing developments that have Black, Indigenous and people of color-owned/Women-owned Business Enterprises on the development team(s). This year 95% of selected projects received points for having a Black-, Indigenous-, people of color-owned, or Women-owned Business Enterprise as part of their development teams. Fifteen projects recommended for board approval that are sponsored by a Black, Indigenous, People of Color or Women-owned Business Enterprise, which includes seven projects that are nonprofit entities. Of the eight for-profit sponsors: three are tribally owned, a tribally designated housing entity or a tribal corporate entity; one is Black-, Indigenous-, People of Color-owned Business Enterprises; and four are for-profit Women-owned Business Enterprises. Two sponsors are newer to the Multifamily Consolidated RFP process.

## Preserve and Create Housing Opportunities

*Strategic Objective: Preserve and improve the condition and affordability of existing housing.*

This year, 45% of the total units will be rehabilitated and preserved. Of the 45%, 230 units have project-based rental assistance and 303 units meet the Preservation selection criteria based upon a risk of loss due to market conversion, critical physical needs, and ownership capacity/program commitment. Investing in these units will address critical capital needs and/or support the transfer to a preservation minded owner. It will also position the properties to maintain their project-based rental subsidies for the long term.

*Strategic Objective: Increase the development of new housing that is affordable.*

Fifty-five percent of total units in this year's recommended selections will increase housing units and create new rental homes that are affordable. In the Metropolitan area, 197 units of new housing units will be created through new construction. The number of units created in Greater Minnesota is 326.

*Strategic Objective: Develop green, energy-efficient, climate-resilient, sustainable housing.*

The recommended selections this year include projects that meet the key metrics of improving Minnesota's environment. Included in the Agency's efforts to enhance our existing sustainability standards, one project will be certified, designed and constructed to Passive House standards which emphasize strategies that aggressively reduce whole building energy loads by reducing the need to heat and cool, reducing utility bills, reducing associated greenhouse gas emissions and increasing project capacity to sustain habitability during loss of power. Agency staff is very excited to see the project move further along the "path to zero."

## Support People Needing Services

*Strategic Objective: Prevent and end homelessness.*

The recommended selections include 22% of the total units to serve households experiencing homelessness and will advance the Agency's efforts to end homelessness. Seventy-eight percent of these units will serve high priority homeless households.

*Strategic Objective: Support people with disabilities to live full, independent and integrated lives in the community.*

Selections continue to advance the objectives of Minnesota's Olmstead Plan, with 9% of total units specifically set aside to serve people with disabilities. This includes six units that will also receive HUD Section 811 PRA.

*Strategic Objective: Support older adults and create age-friendly communities.*

The recommended selections include 14% of the total units for seniors, ages 55 years and older. A total of 137 new senior units will be preserved in Greater Minnesota. All selected projects will serve senior households at or below 60% AMI with 32% of these units will provide deeply affordable rents to households at or below the 30% AMI.

### Strengthen Communities

*Strategic Objective: Support Tribal Nations and Indigenous communities.*

The Agency recommends three projects that are either tribal sponsored or anticipated to serve tribal and indigenous communities. One of the projects was the top scoring application for this 2024 Multifamily Consolidated RFP. These projects will build 94 new units in Greater Minnesota.

## TRENDS

Many of the trends are not new but have been exacerbated by the continuous and considerable shifts in the market.

### Market Conditions

Minnesota continues to have a shortage of rental housing that is affordable. According to the U.S. Census Bureau, the percentage of Minnesota renter households that are cost burdened (paying 30% or more of their income on rent) has increased from 37% in 2000 to 48% in 2023. Among lower-income renters with incomes less than $50,000, 79% (or nearly 235,000 households) are cost burdened.

Low vacancy rates for the last decade drove up rents and increased the need for rental housing that is affordable. The rental vacancy rates in many parts of Minnesota have been consistently well below the 5% threshold that is generally considered optimal for a balanced market. For the last couple of years, the vacancy rate has been higher (between 4% - 5%), and rents after controlling for inflation have largely stabilized, but rent increases are still outpacing income increase for the lowest income Minnesotans. According to Marquette Advisor's *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 4% in the third quarter of 2024. In addition, rental eviction filings are above pre-pandemic levels.

The low vacancy rates were primarily created by limited rental production between 2006 and 2017. The number of new rental units did not keep pace with the growth in renter households. Since 2017, the level of production finally reached and has now surpassed the level of annual household growth and unit replacement, which is needed to fill the gap created by the lack of production prior to 2017. However, the market is still slightly below the 5% vacancy rate that characterizes a balanced market.

## Total Development Cost (TDC) per Unit and Subsidy per Unit

In this 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1, 50% of the selected projects had TDCs per unit at or above $400,000, which is the same from the 2023 Multifamily Consolidated RFP. A project costs of $400,000 per unit is not a formal threshold and is only used in this report as an indicator. While TDCs did increase in 2024 over 2023, the pace of increases has slowed. The Consolidated Report includes each project's TDC/unit. Staff will continue to monitor and track costs, though experience suggests that costs will rise before a project starts construction.

Table 3: Total Development Cost per Unit Above $400K

| Project Name | Region | Construction Type | TDC Per Unit |
|---|---|---|---|
| Clare Apartments | Metro | Rehabilitation | $ 417,578 |
| Leech Lake Homes IX | Central | New Construction | $ 493,126 |
| Mission Creek Estates | Central | New Construction | $ 403,508 |
| Cobb Cook Place | Northeast | New Construction | $ 510,716 |
| Albert Lea Family Housing | Southeast | New Construction | $ 400,297 |
| Eastside Apartments | Southeast | New Construction | $ 556,196 |
| The Warren Apartments | Metro | New Construction | $ 463,461 |
| Melrose Commons | Metro | New Construction | $ 409,905 |
| Lotus Pointe | Metro | New Construction | $ 587,200 |
| Penn Station | Metro | New Construction | $ 539,538 |

Table 4 provides an overview of average TDC/unit and deferred subsidy/unit for new construction developments for the last four Multifamily Consolidated RFPs.

Table 4: Average New Construction Costs/Unit by Region for 2021 – 2024 Multifamily Consolidated RFPs

| | 2021 MF Cons. RFP | | 2022 MF Cons. RFP | | 2023 MF Cons. RFP | | 2024 MF Cons. RFP | |
|---|---|---|---|---|---|---|---|---|
| | TDC / Unit | Subsidy / Unit | TDC / Unit | Subsidy / Unit | TDC / Unit | Subsidy / Unit | TDC / Unit | Subsidy / Unit |
| Greater MN | $302,000 | $128,000 | $356,000 | $214,000 | $434,000 | $180,000 | $433,000 | $200,000 |
| Metro | $341,000 | $158,000 | $393,000 | $ 30,000 | $453,000 | $135,000 | $494,000 | $ 79,000 |
| Total | $320,000 | $142,000 | $381,000 | $ 67,000 | $445,000 | $165,000 | $456,000 | $148,000 |

## WAIVER REQUESTS

### Housing Tax Credits Waiver of Development Allocation Credit Limits

Chapter 2.H of the 2024-2025 QAP states that during the allocation year, no development may receive HTCs in excess of the per development limit without a waiver. Projects are subject to a development limit of no more than $1,700,000 in cumulative annual HTCs.

The Agency's goal is to optimize the use of all available sources of funding for multifamily developments, including private investor equity, amortizing loans and deferred loans, to produce the maximum number of affordable rental units that meet the strategic priorities adopted by the Agency and represent developments that are sustainable, cost effective and geographically diverse. The board may waive this limit for projects that demonstrate financial need.

Of the projects recommended for selection of 9% 2024 HTCs Round 1, the three projects listed below exceed the development limit. These developments are eligible for the Agency's development limit waiver because they have demonstrated the HTCs are necessary for the financial feasibility of the proposed development and that a significant funding gap will remain if the waiver is not granted. A waiver of the development limit will allow the applicants to maximize the amount of equity available to fund development costs. All proposed waivers are identified in the board resolution.

1. *Cobb Cook Place* | City Center Housing Corporation

   Staff recommends a waiver to the $1,700,000 per development limit to allow for an allocation amount of $2,222,900 in 2025 HTCs for the Cobb Cook project in Hibbing submitted by City Center Housing Corporation. The amount exceeds the limit by $522,900. If the waiver is not granted, a funding gap of approximately $4,235,490 would remain and undermine the financial feasibility of the proposed development.

2. *Lotus Pointe* | Woda Cooper Developments, Inc. & Project for Pride in Living
   Staff recommends a waiver to the $1,700,000 per development limit to allow for an aggregate amount of $1,850,000 in 2025 HTCs for the Lotus Pointe project in Crystal submitted by Woda Cooper Development, Inc. The amount exceeds the limit by $150,000. If the waiver is not granted, a funding gap of approximately $1,260,000 would remain and undermine the financial feasibility of the proposed development.

3. *Penn Station* | JO Companies
   Staff recommends a waiver to the $1,700,000 per development limit to allow for an aggregate amount of $2,240,115 in 2025 HTCs for the Penn Station project in Richfield submitted by JO Companies. The amount exceeds the cap by $540,115. If the waiver is not granted, a funding gap

of approximately $4,699,000 would remain and undermine the financial feasibility of the proposed development.

## Predictive Cost Model Waiver

The predictive cost model is a tool that the Agency uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued HTCs and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 64% to 79% of the variation in historical costs, it cannot capture all components of every proposed project. Rehabilitation projects tend to have a wider variation because the scope of work can range from minimal to modest to extensive rehabilitation depending on the building.

In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.

Table 5: Waiver of Predictive Cost Model - Selections

| Project Name | Use | TDC per Unit | Predictive Model | Over |
|---|---|---|---|---|
| Shields Plaza | Rehabilitation | $ 299,611 | $ 158,151 | 89.5% |
| Uptown Maple Commons | Rehabilitation | $ 319,510 | $ 213,490 | 49.7% |
| Mission Creek Estates | New Construction | $ 403,508 | $ 308,694 | 30.7% |
| Cobb Cook Place | New Construction | $ 510,716 | $ 363,264 | 40.8% |

1. *Shields Plaza* | North Branch Janken LLC
   Based on the application review and analysis, the scope of work for Shields Plaza is an extensive rehabilitation. Of the 89.5% TDC overage, 40% overall were due to higher than predicted acquisition costs and soft costs. Soft costs are impacted by relocation costs, and costs related to bond financing. The model provides less robust results (67% of the variation in acquisition and 50% in soft costs) due to the wide variation in these costs across different projects. Based on the information provided and our assessment, the costs appear reasonable.

2. *Uptown Maple Commons* | Ecumen
   Based on the application review and analysis, staff determined the cost for Uptown Maple Commons' TDC exceeding the model is largely driven by acquisition and soft costs. The model provides less robust results (67% of the variation in acquisition and 50% in soft costs) due to the wide variation in these costs across different projects. Soft costs in particular are impacted by the bond financing costs. The model does account for higher costs for HTCs but does not differentiate

between 9% and 4% structures. The extensive rehabilitation work included in the proposed scope of work such as the façade and sitework costs are 28% of the construction budget. Based on the information provided and our assessment, the costs appear reasonable.

3. *Mission Creek Estates* | Mille Lacs Corporate Ventures
   Based on the application review and analysis, staff determine the cost for the garages and community building included in the proposed scope of work contributes to the higher total costs. Based on the information provided and our assessment, the costs appear reasonable.

4. *Cobb Cook Place* | Center City Housing Corp.
   This project is a combination of an elevator building and townhomes, and it is classified as an elevator building in the model. Although including townhome units increases the costs, the costs would still exceed the model if classified as such. It is possible that the high costs are attributable to the goal of meeting the Department of Energy Zero Energy Ready Home costs. Soft costs such as furnishings for HPH units and high financing costs related to the large tax credit award may also contribute the cost exceeding the model. Based on the information provided and our assessment, the costs appear reasonable.

## Next Steps

### Selection

With board approval, the 20 projects recommended to be selected for funding and/or an allocation of 9% HTCs from the Agency will receive a notice informing that they have been selected for additional processing. The developers will work with Agency staff, other funding partners and the local community to finalize project details, including final underwriting and due diligence so that they may close on funding to start construction.

Due to the time period between the original application submittals and the start of construction, it is common for project costs and funding sources to evolve. The board will have final approvals for projects that are:

- Selected for LMIR loans, BBLs and/or projects using tax-exempt volume limited bonds; and
- Experience material changes and/or require modifications that exceed the delegated authorities previously established by the board.

### Further Project Analysis and Final Board Approval Required

The project recommended for advancement will move to initial underwriting and processing by Agency staff to finalize the project feasibility review. The final recommended HIB loan funding amount, and/or other deferred loans using other funding sources besides HIB, if applicable, are subject to change as a result of further review. Final HIB loan amounts are subject to future approval by the Minnesota Housing board.

While Minnesota Housing recommends advancing this HIB-eligible project for initial underwriting and processing, this advancement is conditional. Ultimately, an HIB-eligible project could be deemed ineligible or not financially feasible based upon further review and could, subsequently, be discontinued for further processing.

## Attachment Summary

The following 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1 selection attachments include the resolutions, reports, geographic maps, and application narratives with community profiles.

1. 7e2 – 7e5. Resolutions for Housing Tax Credit Round 1, Deferred Loans, LMIR loans and BBLs, and HUD Section 811 PRA
2. 7e6. Summary Reports, including:
    a. Non-Select Report, lists the applications recommended for non-select;
    b. Consolidated Report, lists the projects recommended for funding including Agency resources to support the project;
    c. Detailed Report, lists the projects recommended for funding including the programs and resources to support the project;
    d. Strategic Priorities Report, outlines the strategic priorities met by the 2024 Multifamily Consolidated RFP recommendations; and
    e. Selection Criteria Report, details specifics strategic priorities and the selection criteria met.
3. 7e7. Geographic Maps illustrates the applications locations.
4. 7e8. Application Narratives and Community Profiles includes the recommended project summaries and community profiles.

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**

**RESOLUTION NO. MHFA 24-XXX**

**RESOLUTION APPROVING ALLOCATION OF FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2025 TO CERTAIN QUALIFIED LOW-INCOME HOUSING DEVELOPMENTS**

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit (HTC) program provided by Section 42 of the Internal Revenue Code of 1986 (IRC); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's Qualified Allocation Plan (QAP), duly adopted by the Agency for 2025; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of HTC to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

**NOW, THEREFORE, BE IT RESOLVED:**

1. The board hereby authorizes Agency staff to reserve and allocate portions of the state credit ceiling of HTC as set out below upon meeting the requirements for allocation contained in Section 42 of the IRC and QAP, subject to the terms and conditions contained herein:

| **GREATER MINNESOTA SELECTIONS** | | | |
|---|---|---|---|
| **Property #** | **Project #** | **Project Name** | **HTC 9% Selection Amount** |
| D8697 | M19657 | Mission Creek Estates | $ 1,700,000 |
| D8773 | M19823 | Leech Lake Homes IX | $ 1,700,000 |
| D8694 | M19647 | Cobb Cook Place | $ 2,222,900 |
| D8764 | M19788 | Ridgeway III & IV | $ 425,000 |
| | | **Selection Amount:** | **$ 6,047,900** |

| METRO SELECTIONS | | | |
|---|---|---|---|
| **Property #** | **Project #** | **Project Name** | **HTC 9% Selection Amount** |
| D3572 | M19772 | Clare Apartments | $ 935,605 |
| D3130 | M19672 | Southview Estates | $ 522,093 |
| D8514 | M19699 | Melrose Commons | $ 1,639,891 |
| D8405 | M19763 | Penn Station | $ 2,240,115 |
| D8717 | M19734 | Lotus Pointe | $ 1,850,000 |
| | | **Selection Amount:** | **$ 7,187,704** |

**SUMMARY OF HOUSING TAX CREDIT SELECTIONS**

| | |
|---|---|
| **Total Number of Housing Tax Credit Selections** | **9** |
| **Total Amount of Housing Tax Credit Selections** | **$ 13,235,604** |

2. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the QAP when applied to the applications submitted, Agency staff is hereby authorized to make the HTC reservations and allocations for the above developments in the amounts shown for calendar year 2025, upon compliance with all of the requirements contained in Section 42 of the IRC and the QAP; and

3. Agency staff is authorized to allocate the portions of the state of Minnesota’s ceiling of HTCs to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP; and

4. All selections are subject to available resources and the requirements of the HTC program, including any conditions of approval; and

5. The Commissioner is authorized to approve non-material changes to the selections; and

6. Agency staff is hereby authorized to provide notification letters concerning the reservations and allocations described herein to the approved applicants; and

7. Agency staff is hereby authorized to execute all documents related to the reservations and allocations described herein, subject to such terms and conditions as Agency staff, in their sole discretion, deems necessary; and

8. A waiver to Chapter 2.H of the 2024-2025 QAP to exceed the $1,700,000 per development limit is hereby granted to Cobb Cook Place, Lotus Pointe and Penn Station; and

9. A waiver to Board Policy No. 15 to exceed the new construction predictive cost model threshold of 25% is hereby granted to Mission Creek Estates and Cobb Cook Place; and

Adopted this 19th day of December 2024

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CHAIR

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**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**

**RESOLUTION NO. MHFA 24-XX**

**RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME), HOUSING INFRASTRUCTURE APPROPRIATIONS (HIA), HOUSING INFRASTRUCTURE BONDS (HIB), NATIONAL HOUSING TRUST FUND (NHTF), AND PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED**:

1. The board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein:

| Property # | Project # | Project Name | Funding Source | Selection Amount |
|---|---|---|---|---|
| D1061 | M19677 | Shields Plaza | HIB | $ 10,495,000 |
| D0501 | M19801 | Hilltop Manor | HOME<br>NHTF<br>PARIF | $ 3,290,000<br>$ 2,830,000<br>$ 1,530,000 |
| D2741 | M19675 | Uptown Maple Commons | PARIF | $ 5,409,000 |
| D8764 | M19788 | Ridgeway III & IV | HIA | $ 5,658,000 |
| D1506 | M19826 | Perspectives | HIB | $ 8,560,000 |
| D2903 | M19768 | The NorthView | HIB | $ 3,933,000 |

| Property # | Project # | Project Name | Funding Source | Selection Amount |
|---|---|---|---|---|
| D3130 | M19672 | Southview Estates | HIA | $ 1,795,000 |
| D8694 | M19647 | Cobb Cook Place | HIA | $ 4,045,000 |
| D8586 | M19646 | Albert Lea Family Housing | HIA<br>HOME | $ 10,617,000<br>$ 4,500,000 |
| D8382 | M19644 | 3rd Avenue Flats | EDHC | $ 9,800,000 |
| D8306 | M19667 | Eastside Apartments | EDHC<br>HOME | $ 5,563,000<br>$ 4,000,000 |
| D8385 | M19681 | The Warren Apartments | HIA | $ 2,027,000 |
| D8514 | M19699 | Melrose Commons | HIA | $ 1,055,000 |
| D8717 | M19734 | Lotus Pointe | EDHC<br>HOME | $ 3,247,000<br>$ 4,713,000 |
| D8405 | M19763 | Penn Station | HOME | $ 1,393,000 |
| D8601 | M19756 | Mankato Supportive Housing | HIB | $ 7,252,000 |
| D8768 | M19804 | Red Lake Supportive Housing 3 | HIB | $ 5,381,000 |
| | | | **TOTAL SELECTION AMOUNT** | **$ 107,093,000** |

2. Agency staff shall review and approve the mortgagor; and
3. The issuance of a mortgage loan commitment for all EDHC, HOME, HIA, HIB, NHTF and PARIF loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 24 months from the date of End Loan Commitment; and
4. All selections are subject to available resources and requirements applicable to the funding source, including any conditions of approval; and
5. The Commissioner is authorized to approve non-material changes to the selections; and
6. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary; and
7. The PARIF mortgagor will enter into an agreement with the Agency that complies with Minn. Stat. 462A.21 and the rider to the appropriation providing funds to the program

(Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 11) or the requirements that apply to the appropriation year of the applicable PARIF funds.

8. A waiver to Board Policy No. 15 to exceed the preservation and adaptive reuse predictive cost model threshold of 35% is hereby granted to Shield Plaza and Uptown Maple Commons.

Adopted this 19th day of December 2024

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CHAIR

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**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**

**RESOLUTION NO. MHFA 24-XXX**

**RESOLUTION APPROVING SELECTIONS OF LOW AND MODERATE INCOME RENTAL PROGRAM LOANS AND BOND BRIDGE LOANS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions, and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED**:

1. The board hereby selects the below referenced developments for further processing for Low and Moderate Income Rental (LMIR) Program loans and Bond Bridge Loans (BBLs):

| Property # | Project # | Project Name | Funding Source | Selection Amount |
|---|---|---|---|---|
| D2741 | M19675 | Uptown Maple Commons | BBL | $ 5,235,000 |
| D0501 | M19801 | Hilltop Manor | LMIR<br>BBL | $ 1,188,000<br>$ 6,282,000 |
| D8694 | M19647 | Cobb Cook Place | LMIR | $ 1,261,000 |
| D8586 | M19646 | Albert Lea Family Housing | BBL | $ 11,025,000 |
| D8306 | M19667 | Eastside Apartments | LMIR<br>BBL | $ 1,635,000<br>$ 8,145,000 |
| D8382 | M19644 | 3rd Avenue Flats | LMIR<br>BBL | $ 1,687,000<br>$ 6,605,000 |
| D3130 | M19672 | Southview Estates | LMIR | $ 833,000 |
| | | | **Total Selection Amount:** | **$ 43,896,000** |

2. Agency staff are authorized to continue underwriting and reviewing the developments for applicable funding as set out above;

3. Selected entities must provide such information and documentation as is deemed necessary by Agency staff; and

4. Agency staff must bring each LMIR loan or BBL back to the board for final approval prior to obtaining authorization to close the loan.

Adopted this 19th day of December 2024

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CHAIR

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, MN 55102**

**RESOLUTION NO. MHFA 24-XXX**

**RESOLUTION APPROVING SELECTION AND COMMITMENT UNITED STATES HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 811 PROJECT-BASED RENTAL ASSISTANCE**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide HUD Section 811 Project-Based Rental Assistance Contracts for properties serving individuals who are extremely low-income and disabled; and

WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with the Agency's rules, regulations and policies; and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

1. The board hereby authorizes Agency staff to enter into Rental Assistance Contracts (RACs) using federal resources as set forth below, subject to changes allowable under the HUD Section 811 Project-Based Rental Assistance Program, upon the following conditions:

| Property # | Project # | Project Name | Funding Source | Number of Units | Selection Amount |
|---|---|---|---|---|---|
| D3130 | M19672 | Southview Estates | HUD Section 811 | 6 | $ 114,024 |
| | | | **Total Units Awarded:** | **6** | **$ 114,024** |

2. Agency staff shall review and approve the recommended RACs for up to the total recommended amount for up to 20 years; and
3. The amount reflected illustrates an estimated annualized gross rent based on the application workbook and may be adjusted at the time of contract, and annually, to reflect updated Fair Market Rate (FMR) rents, Operating Cost Adjustment Factors (OCAF) and other factors; and
4. The issuance of the Agreement to Enter into a Rental Assistance Contract (ARAC) in form and substance acceptable to Agency staff shall occur no later than 20 months from the adoption date of this Resolution; and
5. Any extension of an Agency provided capital funding commitment for a project listed above shall also extend the deadline for that project's ARAC for the same term; and
6. All selections are subject to available resources and the requirements of the HUD Section 811 Project-Based Rental Assistance Program; and
7. The Commissioner is authorized to approve non-material changes to the selections; and

8. The sponsors and such other parties shall execute all such documents relating to said contract, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 19th day of December 2024

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CHAIR

**2024 Multifamily Consolidated RFP/2025 HTC Round 1**

Non-Select Report

| Property Number | Project Number | Project Name | Developer | Location (City) | Region | 9 %Tax Credits | 4% Tax Credits | Deferred Loans | First Mortgage |
|---|---|---|---|---|---|---|---|---|---|
| D8563 | M19649 | Faith Haven Apartments | One Roof Community Housing | Duluth | Northeast | $ 2,635,627 | | $ 8,974,951 | $ 505,000 |
| D8563 | M19650 | Faith Haven Apartments | One Roof Community Housing | Duluth | Northeast | | $ 1,223,204 | $ 19,918,331 | $ 505,000 |
| D8700 | M19651 | Penn Wood Village and Community Market | Matrix Development LLC | Minneapolis | Metro | | $ 1,759,084 | $ 10,938,305 | |
| D8700 | M19652 | Penn Wood Village and Community Market | Matrix Development LLC | Minneapolis | Metro | | | $ 24,747,498 | $ 7,101,000 |
| D8699 | M19653 | Terrano Apts | TTT Development, LLC | Blaine | Metro | $ 1,950,000 | | $ 2,882,784 | $ 2,752,000 |
| D8699 | M19654 | Terrano Apts | TTT Development, LLC | Blaine | Metro | | $ 907,749 | $ 12,764,288 | $ 2,752,000 |
| D8698 | M19655 | Third Rapids Apartments | TTT Development, LLC | Sartell | Central | $ 1,900,000 | | $ 5,388,907 | $ 687,000 |
| D8698 | M19656 | Third Rapids Apartments | TTT Development, LLC | Sartell | Central | | $ 845,478 | $ 15,557,599 | $ 687,000 |
| D8291 | M19659 | Trails Edge Senior Apartments | Carver County Community Development Agency | Waconia | Metro | | $ 869,410 | $ 12,432,169 | $ 3,094,000 |
| D8291 | M19660 | Trails Edge Senior Apartments | Carver County Community Development Agency | Waconia | Metro | | | $ 17,672,044 | $ 3,217,000 |
| D8696 | M19662 | White Oak Apartments | KOOTASCA Community Action | Deer River | Northeast | $ 1,467,450 | | $ 1,632,204 | |
| D8593 | M19668 | Aster Commons | Beacon Interfaith | Richfield | Metro | $ 1,189,239 | | | |
| D8593 | M19669 | Aster Commons | Beacon Interfaith | Richfield | Metro | | $ 627,575 | $ 5,154,187 | |
| D8548 | M19678 | Logan Avenue Flats | Matrix Development LLC | Minneapolis | Metro | | $ 698,518 | $ 7,452,563 | |
| D8548 | M19679 | Logan Avenue Flats | Matrix Development LLC | Minneapolis | Metro | | | $ 12,893,866 | |
| D8621 | M19683 | Mountain Iron Senior Housing | JT Senior Consulting, LLC | Mountain Iron | Northeast | | $ 659,590 | $ 10,918,666 | $ 1,549,000 |
| D8621 | M19684 | Mountain Iron Senior Housing | JT Senior Consulting, LLC | Mountain Iron | Northeast | | | $ 14,744,969 | $ 1,549,000 |
| D8701 | M19687 | GloryVille | GloryVille LLC | Saint Paul | Metro | | $ 1,413,725 | $ 11,113,533 | $ 8,736,000 |
| D8701 | M19688 | GloryVille | GloryVille LLC | Saint Paul | Metro | | | $ 11,863,506 | |
| D8568 | M19691 | 2116 Nicollet | Alliance Housing Inc. | Minneapolis | Metro | | $ 1,218,070 | $ 14,131,318 | |
| D8568 | M19692 | 2116 Nicollet | Alliance Housing Inc. | Minneapolis | Metro | | | $ 22,394,569 | |
| D8565 | M19695 | Eastgate II | LWO Development LLC | Owatonna | Southeast | $ 2,581,299 | | | |
| D8565 | M19696 | Eastgate II | LWO Development LLC | Owatonna | Southeast | | $ 930,874 | $ 15,270,784 | $ 779,000 |
| D8585 | M19697 | Marshall Family Housing | Clayton Consulting Group, LLC | Marshall | Southwest | $ 1,698,299 | | $ 5,582,670 | $ 698,000 |
| D8585 | M19698 | Marshall Family Housing | Clayton Consulting Group, LLC | Marshall | Southwest | | $ 754,473 | $ 13,015,017 | $ 697,000 |
| D8704 | M19701 | 34th & Nic | JADT Development | Minneapolis | Metro | | $ 1,494,985 | $ 16,007,576 | $ 1,774,000 |
| D8704 | M19702 | 34th & Nic | JADT Development | Minneapolis | Metro | | | $ 26,966,107 | $ 1,774,000 |
| D8705 | M19703 | West Transit Village Phase 1 | Aeon | Rochester | Southeast | | $ 1,385,966 | $ 10,960,000 | $ 4,391,000 |
| D8707 | M19705 | The Cora Senior | Investoration Real Estate and Development | Minneapolis | Metro | | $ 946,562 | $ 9,028,966 | $ 644,000 |
| D8707 | M19706 | The Cora Senior | Investoration Real Estate and Development | Minneapolis | Metro | | | $ 9,261,070 | |
| D8706 | M19707 | The Cora Family | Investoration Real Estate & Development | Minneapolis | Metro | | $ 878,254 | $ 8,714,273 | $ 843,000 |
| D8706 | M19708 | The Cora Family | Investoration Real Estate & Development | Minneapolis | Metro | | | $ 9,089,025 | |
| D8589 | M19713 | Prairie View Townhomes | Midwest Minnesota | Mahnomen | Northwest | $ 992,695 | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| D8708 | M19715 | The Carroll | Cohen-Esrey Affordable Partners | Mankato | Southeast | $ 2,072,655 | | $ - | $ 3,553,000 |
| D8708 | M19716 | The Carroll | Cohen-Esrey Affordable Partners | Mankato | Southeast | | $ 952,900 | $ 9,070,961 | $ 3,553,000 |
| D8608 | M19718 | The Community Corner | VY Enterprise | Brooklyn Center | Metro | $ 1,397,239 | | $ 2,650,440 | |
| D8608 | M19719 | The Community Corner | VY Enterprise | Brooklyn Center | Metro | | $ 472,490 | $ 9,484,392 | |
| D8712 | M19722 | EPIC+R | VY Enterprise | Minneapolis | Metro | | $ 1,700,000 | $ 10,997,435 | $ 5,458,000 |
| D8712 | M19723 | EPIC+R | VY Enterprise | Minneapolis | Metro | | | $ 24,025,766 | |
| D8714 | M19726 | Cambridge 2.0 | Reuter Walton Development | Cambridge | Central | $ 1,800,000 | | $ 736,462 | $ 4,020,000 |
| D8714 | M19727 | Cambridge 2.0 | Reuter Walton Development | Cambridge | Central | | $ 779,902 | $ 9,559,329 | $ 4,020,000 |
| D8715 | M19728 | Sunrise Apartments | Reuter Walton Development | Wyoming | Central | $ 1,850,000 | | $ 1,046,160 | $ 7,011,104 |
| D8715 | M19729 | Sunrise Apartments | Reuter Walton Development | Wyoming | Central | | $ 897,303 | $ 9,173,522 | $ 7,011,104 |
| D8512 | M19730 | Hilltop Square Apartments | Central Minnesota Housing Partnership Inc | Eagle Bend | Central | | $ 442,703 | $ 1,744,009 | |
| D8512 | M19731 | Hilltop Square Apartments | Central Minnesota Housing Partnership Inc | Eagle Bend | Central | | | $ 8,856,608 | |
| D8605 | M19738 | Elk River Senior Housing | Duffy Development Company | Elk River | Central | | $ 713,438 | $ 9,259,273 | $ 3,349,000 |
| D8722 | M19740 | Wyoming Senior Housing | Duffy Development Company | Wyoming | Central | | $ 693,649 | $ 8,639,962 | $ 3,829,000 |
| D8657 | M19742 | Tessman Ridge Phase II | Duffy Development Company | Brooklyn Park | Metro | $ 2,017,555 | | $ 4,600,671 | |
| D8599 | M19757 | Zaria | Noor Development Group | Minneapolis | Metro | | | $ 9,950,000 | |
| D1569 | M19761 | Torre de San Miguel | CommonBond Communities | Saint Paul | Metro | | | $ 11,650,000 | |
| D8525 | M19774 | Upper Harbor Redevelopment Parcel 6A | Building Blocks, Inc. | Minneapolis | Metro | | | $ 8,669,751 | |
| D8628 | M19782 | Clare 5 | Clare Housing | Minneapolis | Metro | $ 1,700,000 | | | |
| D8628 | M19783 | Clare 5 | Clare Housing | Minneapolis | Metro | | $ 778,264 | $ 8,213,430 | |
| D8787 | M19784 | Hamm's Brewery - East End Apartments | JB Vang Partners, Inc. | Saint Paul | Metro | | $ 2,817,109 | $ 13,560,021 | |
| D8787 | M19785 | Hamm's Brewery - East End Apartments | JB Vang Partners, Inc. | Saint Paul | Metro | | | $ 13,889,996 | |
| D8623 | M19790 | Mysa House II | D. W. Jones, Inc. | Mora | Central | | $ 365,363 | $ 3,014,521 | $ 426,000 |
| D8623 | M19791 | Mysa House II | D. W. Jones, Inc. | Mora | Central | | | $ 5,328,863 | $ 426,000 |
| D8763 | M19792 | Westminster Place / Vista Village | CommonBond Communities | Saint Paul | Metro | | | $ 16,525,000 | |
| D8592 | M19794 | 2400 Chicago | Stride Development | Minneapolis | Metro | $ 1,031,676 | | $ 7,722,231 | $ 1,265,000 |
| D8592 | M19795 | 2400 Chicago | Stride Development | Minneapolis | Metro | | $ 983,406 | $ 8,252,832 | $ 1,265,000 |
| D8767 | M19798 | CB Lowry Ave Site | CommonBond Communities | Minneapolis | Metro | $ 1,700,000 | | $ 3,677,213 | |
| D8767 | M19799 | CB Lowry Ave Site | CommonBond Communities | Minneapolis | Metro | | $ 1,144,993 | $ 8,585,937 | |
| D3287 | M19812 | South Haven/Summit Point | CommonBond Communities | Edina | Metro | | $ 1,556,988 | $ 6,000,000 | $ 7,299,000 |
| D8777 | M19814 | Lindstrom Apartments | Reuter Walton Development | Lindstrom | Central | $ 1,850,000 | | $ 782,006 | $ 4,316,000 |
| D8777 | M19815 | Lindstrom Apartments | Reuter Walton Development | Lindstrom | Central | | $ 785,179 | $ 9,964,939 | $ 4,316,000 |
| D8626 | M19820 | Ebenezer Senior Housing | PGMA Development | Minneapolis | Metro | $ 1,950,000 | | $ 2,000,000 | |
| D8626 | M19821 | Ebenezer Senior Housing | PGMA Development | Minneapolis | Metro | | $ 1,020,298 | $ 9,850,000 | |
| D8602 | M19833 | Rochester Civic Lot | Sherman Associates | Rochester | Southeast | | $ 1,287,466 | $ 5,525,073 | |
| D8776 | M19835 | The Vista on Pinecone | Central Minnesota Housing Partnership Inc | Saint Cloud | Central | | $ 756,000 | $ 11,705,663 | $ 1,654,000 |
| D8776 | M19836 | The Vista on Pinecone | Central Minnesota Housing Partnership Inc | Saint Cloud | Central | | | $ 19,282,572 | |
| D7733 | M19855 | PPL YouthLink Community / Downtown View | Project for Pride in Living, Inc. | Minneapolis | Metro | | | $ 3,035,228 | |
| D8629 | M19868 | 2933-37 | Twin City Development Company LLC | | Metro | | | $ 3,730,000 | $ (575,000) |

# 2024 Multifamily Consolidated RFP/2025 HTC Round 1

Summary of Recommendations: Consolidated Report

## RECOMMENDED FOR SELECTIONS

| Project Type | Project Name | City | Sponsor \| Developer | Total Units | HTC 9% Request | [Estimated] Syndication Proceeds | Agency Deferred Total | [Estimated] Other Sources | Total Development Cost (TDC) | TDC Per Unit | LMIR 1st Mortgage | BL (TEB) | HUD Section 811 Units | HUD Section 811 Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GREATER MINNESOTA** | | | | | | | | | | | | | | |
| ***Central (4 projects)*** | | | | | | | | | | | | | | |
| Preservation, Senior | Shields Plaza | North Branch | Juanita Pekay \| North Branch Janken LLC | 49 | | $ 3,975,916 | $ 10,495,000 | $ 210,000 | $ 14,680,916 | $ 299,611 | | | | |
| Preservation, Senior | Uptown Maple Commons | North Branch | Ecumen | 33 | | $ 2,994,868 | $ 5,409,000 | $ 2,139,983 | $ 10,543,851 | $ 319,511 | | $ 5,235,000 | | |
| Workforce | Mission Creek Estates | Hinckley | Mille Lacs Corporate Ventures | 40 | $ 1,700,000 | $ 13,598,640 | | $ 2,541,682 | $ 16,140,322 | $ 403,508 | | | | |
| Workforce | Leech Lake Homes IX | Cass Lake | Leech Lake Housing Authority | 30 | $ 1,700,000 | $ 13,003,700 | | $ 1,790,068 | $ 14,793,767 | $ 493,126 | | | | |
| ***Northeast (2 projects)*** | | | | | | | | | | | | | | |
| Preservation, Senior | Hilltop Manor | Eveleth | Trellis Co. | 54 | | $ 4,437,425 | $ 7,650,000 | $ 3,158,010 | $ 15,245,435 | $ 282,323 | $ 1,188,000 | $ 6,282,000 | | |
| Workforce | Cobb Cook Place | Hibbing | Center City Housing Corp | 52 | $ 2,222,900 | $ 18,003,689 | $ 4,045,000 | $ 4,508,530 | $ 26,557,219 | $ 510,716 | $ 1,261,000 | | | |
| ***Northwest (2 projects)*** | | | | | | | | | | | | | | |
| Preservation, Workforce | Ridgeway III & IV | Bemidji | HRA of Beltrami \| D. W. Jones, Inc. | 48 | $ 425,000 | $ 3,408,584 | $ 5,658,000 | $ 9,017,836 | $ 12,426,420 | $ 258,884 | | | | |
| Supportive | Red Lake Supportive Housing 3 | Red Lake | Red Lake Reservation Housing Authority | 24 | | $ - | $ 5,381,000 | $ 3,000,000 | $ 8,381,000 | $ 349,208 | | | | |
| ***Southeast (3 projects)*** | | | | | | | | | | | | | | |
| Workforce | Albert Lea Family Housing | Albert Lea | Albert Lea Family Housing, LLC \| LaSalle Development Group | 60 | | $ 7,012,643 | $ 15,117,000 | $ 12,505,159 | $ 24,017,802 | $ 400,297 | | $ 11,025,000 | | |
| Workforce | Eastside Apartments | Rochester | Three Rivers Community Action, Inc. | 36 | | $ 7,448,167 | $ 9,563,000 | $ 3,011,876 | $ 20,023,043 | $ 556,196 | $ 1,635,000 | $ 8,145,000 | | |
| Supportive | Mankato Supportive Housing | Mankato | Trellis Co. | 40 | | $ 5,596,424 | $ 7,252,000 | $ 1,673,263 | $ 14,521,687 | $ 363,042 | | | | |
| ***West Central (1 project)*** | | | | | | | | | | | | | | |
| Workforce | 3rd Avenue Flats | Dilworth | Commonwealth Development Corporation of America | 44 | | $ 4,928,021 | $ 9,800,000 | $ 1,953,300 | $ 16,681,322 | $ 379,121 | $ 1,687,000 | $ 6,605,000 | | |
| | | | *Greater Minnesota Totals* | 510 | $ 6,047,900 | | $ 80,370,000 | | | | $ 5,771,000 | $ 37,292,000 | 0 | $ - |
| **METROPOLITAN** | | | | | | | | | | | | | | |
| ***Minneapolis (3 projects)*** | | | | | | | | | | | | | | |
| Preservation, Supportive | Clare Apartments | Minneapolis | Clare Housing | 32 | $ 935,605 | $ 7,671,194 | | $ 5,691,309 | $ 13,362,503 | $ 417,578 | | | | |
| Preservation, Supportive | The NorthView | Minneapolis | Beacon Interfaith Housing Collaborative | 31 | | $ - | $ 3,933,000 | $ 4,690,762 | $ 8,623,762 | $ 278,186 | | | | |
| Workforce | The Warren Apartments | Minneapolis | Premier Development Corporation LLC | 61 | | $ 16,159,001 | $ 2,027,000 | $ 10,085,100 | $ 28,271,101 | $ 463,461 | | | | |
| ***Suburban (5 projects)*** | | | | | | | | | | | | | | |
| Preservation, Supportive | Perspectives | Saint Louis Park | Trellis Co. | 56 | | $ 4,925,971 | $ 8,560,000 | $ 4,385,292 | $ 17,871,263 | $ 319,130 | | | | |
| Preservation, Workforce | Southview Estates | Bloomington | TTT Development, LLC | 47 | $ 522,093 | $ 4,437,347 | $ 1,795,000 | $ 1,853,000 | $ 8,085,346 | $ 172,029 | $ 833,000 | | 6 | $ 114,024 |
| Workforce | Melrose Commons | Medina | CommonBond Communities | 50 | $ 1,639,891 | $ 14,101,652 | $ 1,055,000 | $ 5,338,588 | $ 20,495,240 | $ 409,905 | | | | |
| Workforce | Penn Station | Richfield | JO Companies, LLC | 42 | $ 2,240,115 | $ 19,487,052 | $ 1,393,000 | $ 1,780,549 | $ 22,660,601 | $ 539,538 | | | | |
| Workforce | Lotus Pointe | Crystal | Woda Cooper Companies, Inc. & Project for Pride in Living | 44 | $ 1,850,000 | $ 15,538,446 | $ 7,960,000 | $ 2,338,361 | $ 25,836,807 | $ 587,200 | | | | |
| | | | *Metropolitan Totals* | 363 | $ 7,187,704 | | $ 26,723,000 | | | | $ 833,000 | $ - | 6 | $ 114,024 |
| 20 projects recommended for Selections | | | *State Totals* | 873 | $ 13,235,604 | | $ 107,093,000 | | | | $ 6,604,000 | $ 37,292,000 | 6 | $ 114,024 |

## RECOMMENDED FOR ADVANCEMENT

| Project Type | Project Name | City | Sponsor \| Developer | Total Units | HTC 9% Request | [Estimated] Syndication Proceeds | Agency Deferred Total | [Estimated] Other Sources | Total Development Cost | TDC Per Unit | LMIR 1st Mortgage | BL (TEB) | HUD Section 811 Units | HUD Section 811 Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GREATER MINNESOTA** | | | | | | | | | | | | | | |
| ***Northwest (1 project)*** | | | | | | | | | | | | | | |
| Preservation | Red Pines Estates | Bemidji | The Schuett Companies, Inc. | 86 | | $ 9,003,735 | $ 14,379,000 | $ 3,872,411 | $ 27,255,146 | $ 316,920 | $ 6,157,000 | $ 3,336,000 | | |
| 21 projects for 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1 | | | | 959 | $ 13,235,604 | | $ 121,472,000 | | | | $ 12,761,000 | $ 40,628,000 | 6 | $ 114,024 |

## 2024 Multifamily Consolidated RFP/2025 HTC Round 1

Summary of Recommendations: Detailed Report

### RECOMMENDED FOR SELECTIONS

| Project Type | Project Name | City | Sponsor \| Developer | Total Units | HTC 9% Request | [Estimated] Syndication Proceeds | EDHC | HIA - Preservation | HIA - 50% AMI | HIB - Supportive Hsg | HIB - Preservation | HOME MF | NHTF | PARIF | Agency Deferred Total | [Estimated] Other Sources | Total Development Cost (TDC) | TDC Per Unit | LMIR 1st Mortgage | BL (TEB) | HUD Section 811 Units | HUD Section 811 Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GREATER MINNESOTA** | | | | | | | | | | | | | | | | | | | | | | |
| ***Central (4 projects)*** | | | | | | | | | | | | | | | | | | | | | | |
| Preservation, Senior | Shields Plaza | North Branch | Juanita Pekay \| North Branch Janken LLC | 49 | | $ 3,975,916 | | | | | $ 10,495,000 | | | | $ 10,495,000 | $ 210,000 | $ 14,680,916 | $ 299,611 | | | | |
| Preservation, Senior | Uptown Maple Commons | North Branch | Ecumen | 33 | | $ 2,994,868 | | | | | | | | $ 5,409,000 | $ 5,409,000 | $ 2,139,983 | $ 10,543,851 | $ 319,511 | | $ 5,235,000 | | |
| Workforce | Mission Creek Estates | Hinckley | Mille Lacs Corporate Ventures | 40 | $ 1,700,000 | $ 13,598,640 | | | | | | | | | | $ 2,541,682 | $ 16,140,322 | $ 403,508 | | | | |
| Workforce | Leech Lake Homes IX | Cass Lake | Leech Lake Housing Authority | 30 | $ 1,700,000 | $ 13,003,700 | | | | | | | | | | $ 1,790,068 | $ 14,793,767 | $ 493,126 | | | | |
| ***Northeast (2 projects)*** | | | | | | | | | | | | | | | | | | | | | | |
| Preservation, Senior | Hilltop Manor | Eveleth | Trellis Co. | 54 | | $ 4,437,425 | | | | | | $ 3,290,000 | $ 2,830,000 | $ 1,530,000 | $ 7,650,000 | $ 3,158,010 | $ 15,245,435 | $ 282,323 | $ 1,188,000 | $ 6,282,000 | | |
| Workforce | Cobb Cook Place | Hibbing | Center City Housing Corp | 52 | $ 2,222,900 | $ 18,003,689 | | | $ 4,045,000 | | | | | | $ 4,045,000 | $ 4,508,530 | $ 26,557,219 | $ 510,716 | $ 1,261,000 | | | |
| ***Northwest (2 projects)*** | | | | | | | | | | | | | | | | | | | | | | |
| Preservation, Workforce | Ridgeway III & IV | Bemidji | HRA of Beltrami \| D. W. Jones, Inc. | 48 | $ 425,000 | $ 3,408,584 | | $ 5,658,000 | | | | | | | $ 5,658,000 | $ 9,017,836 | $ 12,426,420 | $ 258,884 | | | | |
| Supportive | Red Lake Supportive Housing 3 | Red Lake | Red Lake Reservation Housing Authority | 24 | | $ - | | | | $ 5,381,000 | | | | | $ 5,381,000 | $ 3,000,000 | $ 8,381,000 | $ 349,208 | | | | |
| ***Southeast (3 projects)*** | | | | | | | | | | | | | | | | | | | | | | |
| Workforce | Albert Lea Family Housing | Albert Lea | Albert Lea Family Housing, LLC \| LaSalle Development Group | 60 | | $ 7,012,643 | | | $ 10,617,000 | | | $ 4,500,000 | | | $ 15,117,000 | $ 12,505,159 | $ 24,017,802 | $ 400,297 | | $ 11,025,000 | | |
| Workforce | Eastside Apartments | Rochester | Three Rivers Community Action, Inc. | 36 | | $ 7,448,167 | $ 5,563,000 | | | | | $ 4,000,000 | | | $ 9,563,000 | $ 3,011,876 | $ 20,023,043 | $ 556,196 | $ 1,635,000 | $ 8,145,000 | | |
| Supportive | Mankato Supportive Housing | Mankato | Trellis Co. | 40 | | $ 5,596,424 | | | | $ 7,252,000 | | | | | $ 7,252,000 | $ 1,673,263 | $ 14,521,687 | $ 363,042 | | | | |
| ***West Central (1 project)*** | | | | | | | | | | | | | | | | | | | | | | |
| Workforce | 3rd Avenue Flats | Dilworth | Commonwealth Development Corporation of America | 44 | | $ 4,928,021 | $ 9,800,000 | | | | | | | | $ 9,800,000 | $ 1,953,300 | $ 16,681,322 | $ 379,121 | $ 1,687,000 | $ 6,605,000 | | |
| | | | *Greater Minnesota Totals* | 510 | $ 6,047,900 | | $ 15,363,000 | $ 5,658,000 | $ 14,662,000 | $ 12,633,000 | $ 10,495,000 | $ 11,790,000 | $ 2,830,000 | $ 6,939,000 | $ 80,370,000 | | | | $ 5,771,000 | $ 37,292,000 | 0 | $ - |
| **METROPOLITAN** | | | | | | | | | | | | | | | | | | | | | | |
| ***Minneapolis (3 projects)*** | | | | | | | | | | | | | | | | | | | | | | |
| Preservation, Supportive | Clare Apartments | Minneapolis | Clare Housing | 32 | $ 935,605 | $ 7,671,194 | | | | | | | | | | $ 5,691,309 | $ 13,362,503 | $ 417,578 | | | | |
| Preservation, Supportive | The NorthView | Minneapolis | Beacon Interfaith Housing Collaborative | 31 | | $ - | | | | | $ 3,933,000 | | | | $ 3,933,000 | $ 4,690,762 | $ 8,623,762 | $ 278,186 | | | | |
| Workforce | The Warren Apartments | Minneapolis | Premier Development Corporation LLC | 61 | | $ 16,159,001 | | | $ 2,027,000 | | | | | | $ 2,027,000 | $ 10,085,100 | $ 28,271,101 | $ 463,461 | | | | |
| ***Suburban (5 projects)*** | | | | | | | | | | | | | | | | | | | | | | |
| Preservation, Supportive | Perspectives | Saint Louis Park | Trellis Co. | 56 | | $ 4,925,971 | | | | | $ 8,560,000 | | | | $ 8,560,000 | $ 4,385,292 | $ 17,871,263 | $ 319,130 | | | | |
| Preservation, Workforce | Southview Estates | Bloomington | TTT Development, LLC | 47 | $ 522,093 | $ 4,437,347 | | | $ 1,795,000 | | | | | | $ 1,795,000 | $ 1,853,000 | $ 8,085,346 | $ 172,029 | $ 833,000 | | 6 | $ 114,024 |
| Workforce | Melrose Commons | Medina | CommonBond Communities | 50 | $ 1,639,891 | $ 14,101,652 | | | $ 1,055,000 | | | | | | $ 1,055,000 | $ 5,338,588 | $ 20,495,240 | $ 409,905 | | | | |
| Workforce | Penn Station | Richfield | JO Companies, LLC | 42 | $ 2,240,115 | $ 19,487,052 | | | | | | $ 1,393,000 | | | $ 1,393,000 | $ 1,780,549 | $ 22,660,601 | $ 539,538 | | | | |
| Workforce | Lotus Pointe | Crystal | Woda Cooper Companies, Inc. & Project for Pride in Living | 44 | $ 1,850,000 | $ 15,538,446 | $ 3,247,000 | | | | | $ 4,713,000 | | | $ 7,960,000 | $ 2,338,361 | $ 25,836,807 | $ 587,200 | | | | |
| | | | *Metropolitan Totals* | 363 | $ 7,187,704 | | $ 3,247,000 | $ - | $ 4,877,000 | $ - | $ 12,493,000 | $ 6,106,000 | $ - | $ - | $ 26,723,000 | | | | $ 833,000 | $ - | 6 | $ 114,024 |
| 20 projects recommended for selections | | | *State Totals* | 873 | $ 13,235,604 | | $ 18,610,000 | $ 5,658,000 | $ 19,539,000 | $ 12,633,000 | $ 22,988,000 | $ 17,896,000 | $ 2,830,000 | $ 6,939,000 | $ 107,093,000 | | | | $ 6,604,000 | $ 37,292,000 | 6 | $ 114,024 |

### RECOMMENDED FOR ADVANCEMENT

| Project Type | Project Name | City | Sponsor \| Developer | Total Units | HTC 9% Request | [Estimated] Syndication Proceeds | EDHC | HIA - Preservation | HIA - 50% AMI | HIB - Supportive Hsg | HIB - Preservation | HOME MF | NHTF | PARIF | Agency Deferred Total | [Estimated] Other Sources | Total Development Cost | TDC Per Unit | LMIR 1st Mortgage | BL (TEB) | HUD Section 811 Units | HUD Section 811 Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GREATER MINNESOTA** | | | | | | | | | | | | | | | | | | | | | | |
| ***Northwest (1 project)*** | | | | | | | | | | | | | | | | | | | | | | |
| Preservation, Senior | Red Pines Estates | Bemidji | The Schuett Companies, Inc. | 86 | | $ 9,003,735 | | | | | $ 14,379,000 | | | | $ 14,379,000 | $ 3,872,411 | $ 27,255,146 | $ 316,920 | $ 6,157,000 | $ 3,336,000 | | |
| 21 projects for 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1 | | | | 959 | $ 13,235,604 | $ - | $ 18,610,000 | $ 5,658,000 | $ 19,539,000 | $ 12,633,000 | $ 22,988,000 | $ 17,896,000 | $ 2,830,000 | $ 6,939,000 | $ 121,472,000 | | | | $ 12,761,000 | $ 40,628,000 | 6 | $ 114,024 |

# 2024 Multifamily Consolidated RFP/2025 HTC Round 1

Summary of Recommendations: Strategic Priorities

| **Strategic Priorities and Objectives** | **# of Projects** | **% of Projects** | **# of Units** | **% of Units** |
|---|---|---|---|---|
| **Improving the Housing System** | | | | |
| Strategic Objective: Focus on the people and places most impacted by housing instability. | | | | |
| *Deeply affordable new construction* | 12 | 57% | 211 | 40% |
| *Communities with job growth and limited housing supply* | 19 | 90% | 794 | 83% |
| Strategic Objective: Create a more inclusive, equitable and just housing system. | | | | |
| *Continually engage and empower communities facing barriers** | 13 | 62% | 567 | 59% |
| *Diversifying the partners with which we work* | 20 | 95% | 873 | 91% |
| | | | | |
| **Preserve and Create Housing Opportunities** | | | | |
| Strategic Objective: Preserve and improve the condition and affordability of existing housing. | 9 | 43% | 436 | 45% |
| Strategic Objective: Increase the development of new housing that is affordable | 12 | 57% | 523 | 55% |
| Strategic Objective: Develop green, energy-efficent, climate-resilient, sustainable housing | 1 | 5% | 36 | 4% |
| | | | | |
| **Support People Needing Services** | | | | |
| Strategic Objective: Prevent and end homelessness | 17 | 81% | 167 | 17% |
| Strategic Objective: Support people with disabilities to live full, independent and integrated lives in the community. | 14 | 67% | 86 | 9% |
| Strategic Objective: Support older adults and create age-friendly communities. | 4 | 19% | 186 | 19% |
| | | | | |
| **Strengthen Communities** | | | | |
| Strategic Objective: Support tribal nations and indigenous communities | 3 | 14% | 94 | 10% |

# 2024 Multifamily Consolidated RFP/2025 HTC Round 1

Summary of Recommendations: Strategic Priorities, Details

## RECOMMENDED FOR SELECTIONS

| Project Type | Project Name | City | Developer | Total Units | Preservation Units * | Workforce Units | High Priority Homeless Units | Other Homeless | People with Disabilities Units | Total PSH Units ^ | People with Disabilities 811 Units | Senior Units |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GREATER MINNESOTA** | | | | | | | | | | | | |
| ***Central (4 projects)*** | | | | | | | | | | | | |
| Preservation, Senior | Shields Plaza | North Branch | Juanita Pekay | 49 | 49 | 49 | | | | | | 49 |
| Preservation, Senior | Uptown Maple Commons | North Branch | Ecumen | 33 | | 33 | | | | | | 33 |
| Workforce Housing | Mission Creek Estates | Hinckley | Mille Lacs Corporate Ventures | 40 | | 40 | 4 | | | 4 | | |
| Workforce Housing | Leech Lake Homes IX | Cass Lake | Leech Lake Housing Authority | 30 | | 30 | 4 | | 4 | 8 | | |
| ***Northeast (2 projects)*** | | | | | | | | | | | | |
| Preservation, Senior | Hilltop Manor | Eveleth | Trellis Co. | 54 | 54 | 54 | 7 | | | 7 | | 54 |
| Workforce Housing | Cobb Cook Place | Hibbing | Center City Housing Corp | 52 | | 52 | 7 | | 8 | 15 | | |
| ***Northwest (2 projects)*** | | | | | | | | | | | | |
| Preservation, Workforce | Ridgeway III & IV | Bemidji | D. W. Jones, Inc. | 48 | 42 | 48 | | | | | | |
| Supportive Housing | Red Lake Supportive Housing 3 | Red Lake | Red Lake Reservation Housing Authority | 24 | | | 20 | | 4 | 24 | | |
| ***Southeast (3 projects)*** | | | | | | | | | | | | |
| Workforce Housing | Albert Lea Family Housing | Albert Lea | Clayton Consulting Group, LLC | 60 | | 60 | 7 | | 7 | 14 | | |
| Workforce Housing | Eastside Apartments | Rochester | Three Rivers Community Action, Inc. | 36 | | 36 | 4 | | 5 | 9 | | |
| Supportive Housing | Mankato Supportive Housing | Mankato | Trellis Co. | 40 | | 40 | 20 | 14 | 6 | 40 | | |
| ***West Central (1 project)*** | | | | | | | | | | | | |
| Workforce Housing | 3rd Avenue Flats | Dilworth | Commonwealth Development Corporation of America | 44 | | 44 | 4 | | 5 | 9 | | |
| **METROPOLITAN** | | | | | | | | | | | | |
| ***Minneapolis (3 projects)*** | | | | | | | | | | | | |
| Preservation, Supportive | Clare Apartments | Minneapolis | Clare Housing | 32 | 32 | 32 | | | 6 | 32~ | | |
| Preservation, Supportive | The NorthView | Minneapolis | Beacon Interfaith Housing Collaborative | 31 | 31 | 31 | 20 | | | 20 | | |
| Workforce Housing | The Warren Apartments | Minneapolis | Premier Development Corporation LLC | 61 | | 61 | 8 | | 7 | 15 | | |
| ***Suburban (5 projects)*** | | | | | | | | | | | | |
| Preservation, Supportive | Perspectives | Saint Louis Park | Trellis Co. | 56 | 22 | 56 | 28 | 19 | 9 | 56 | | |
| Preservation, Workforce | Southview Estates | Bloomington | TTT Development, LLC | 47 | | 47 | 4 | | 6 | 10 | 7 | |
| Workforce Housing | Melrose Commons | Medina | CommonBond Communities | 50 | | 50 | 7 | | 8 | 15 | | |
| Workforce Housing | Penn Station | Richfield | JO Companies, LLC | 42 | | 42 | 7 | | 6 | 13 | | |
| Workforce Housing | Lotus Pointe | Crystal | Woda Cooper Development, Inc. | 44 | | 44 | 7 | | 5 | 12 | | |
| | | | | **873** | **230** | **849** | **158** | **33** | **86** | **271** | **7** | **136** |

## RECOMMENDED FOR ADVANCEMENT

| Project Type | Project Name | City | Developer | Total Units | Preservation Units * | Workforce Units | High Priority Homeless Units | Other Homeless | People with Disabilities Units (total) | Total PSH Units ^ | People with Disabilities 811 (Tier 2) Units | Senior Units |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Northwest (1 project)*** | | | | | | | | | | | | |
| Preservation | Red Pines Estates | Bemidji | The Schuett Companies | 86 | 86 | 86 | 9 | | | 9 | | 50 |

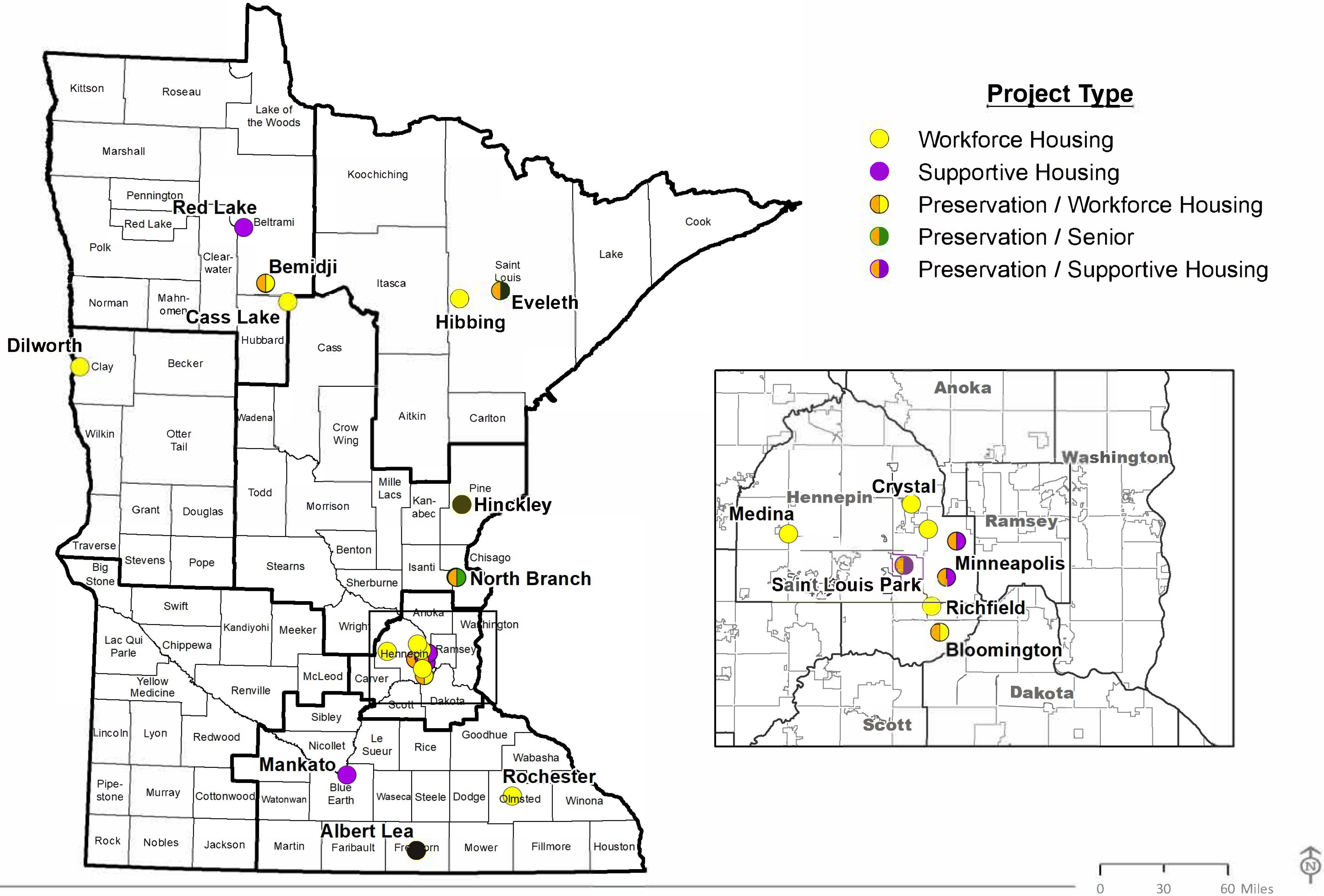
*Units with existing Project-Based Rental Assistance (PBRA)

~Serve people experiencing homelessness but not required by funding sources.

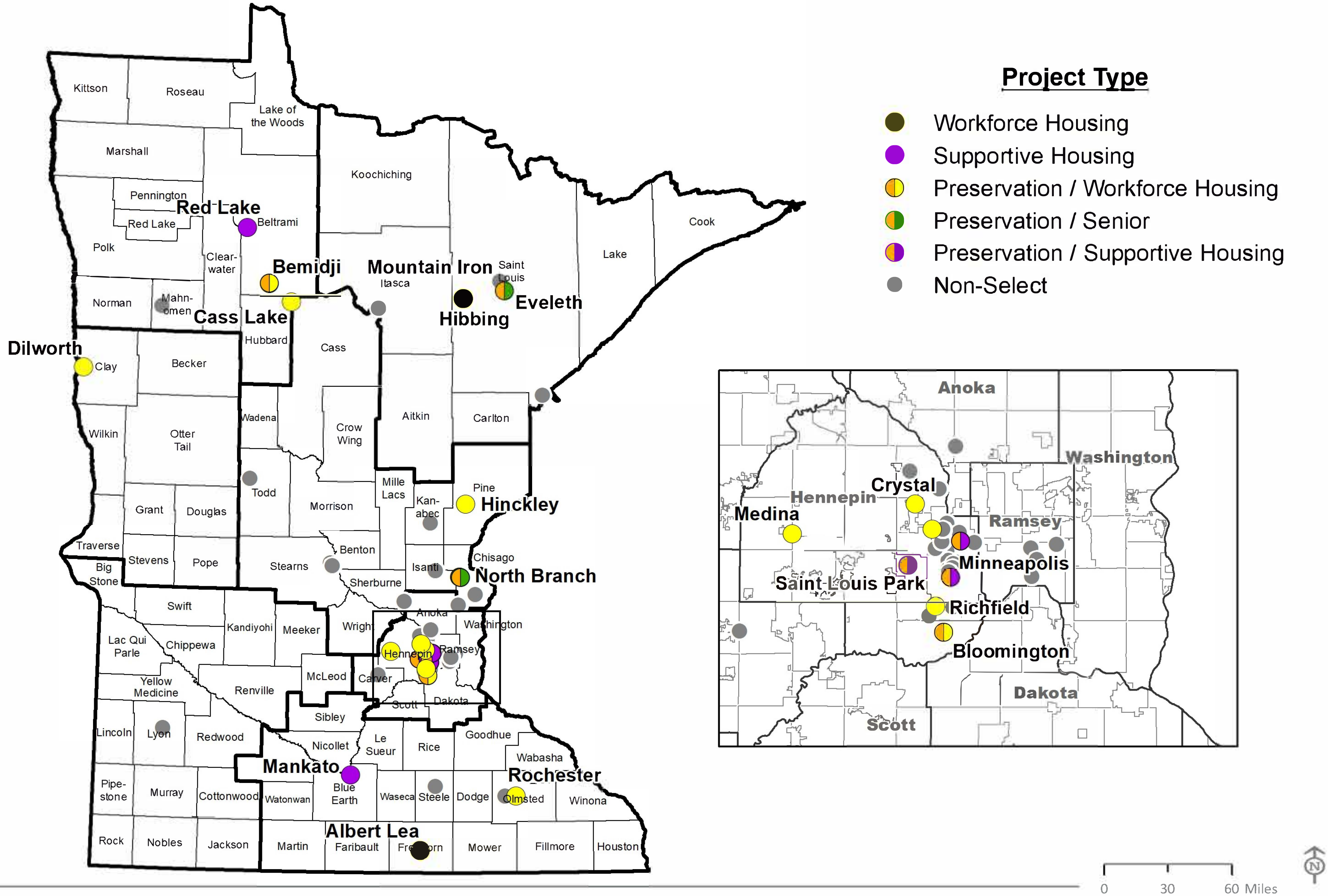
^ Permanent Supportive Housing (PSH) units include High Priority Homeless (HPH), other homeless units, People with Disabilities (PWD) and HUD Section 811 units claimed for scoring.

**NO˙** *Units may be counted more than once, as allowed by the Self-Scoring Worksheet.*

# 2024 Multifamily Consolidated RFP / 2025 HTC Round 1 Selection Recommendations



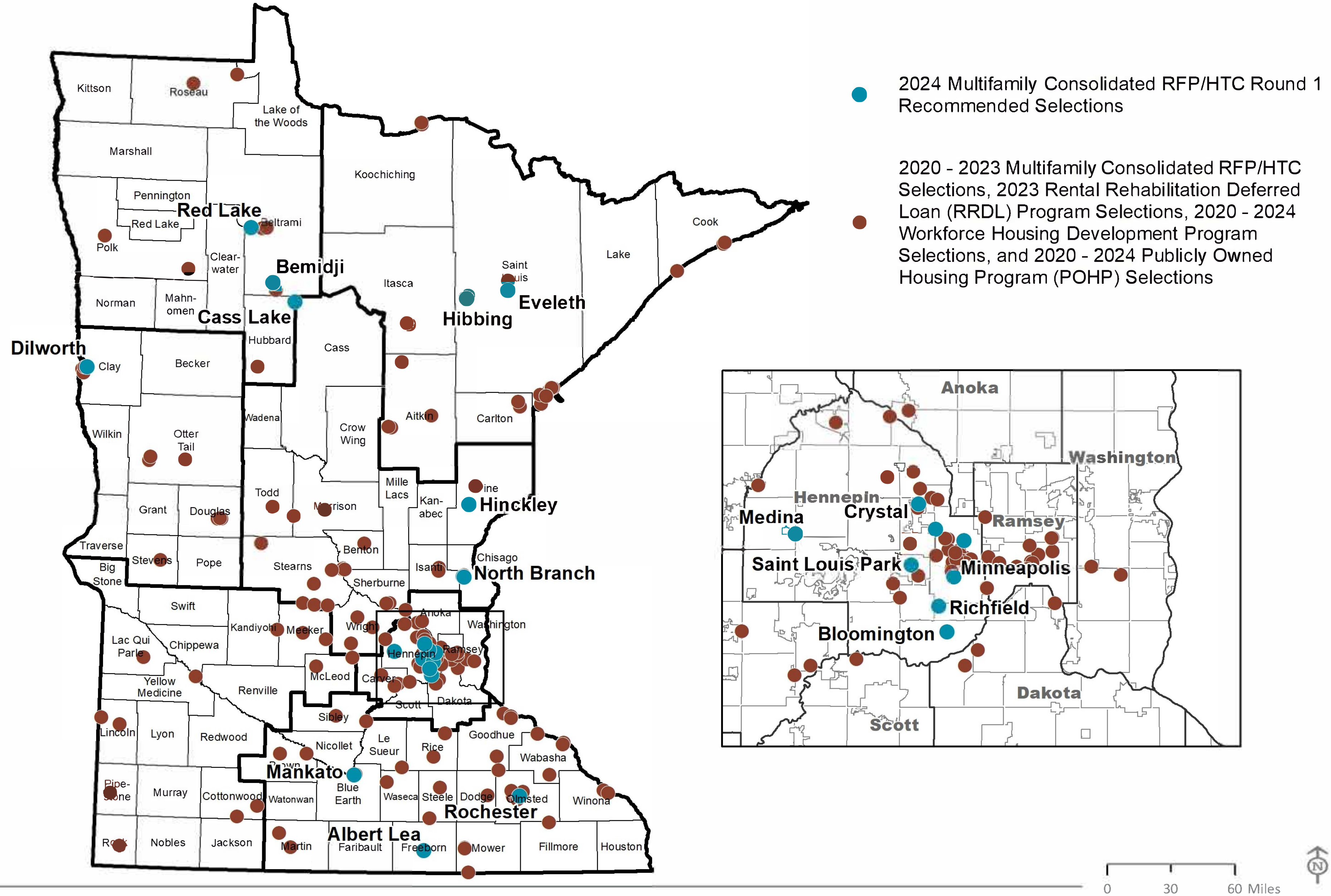
# 2024 Multifamily Consolidated RFP / 2025 HTC Round 1 Selection Recommendations






MINNESOTA HOUSING

# 2020 - 2024 Minnesota Housing Multifamily Selections




Agenda Item: 7.E

Date: 12/5/2024

MINNESOTA HOUSING

# Development Summary

## Shields Plaza Apartments

| | | | |
|---|---|---|---|
| **Sponsor** | Juanita Pekay | | |
| **Location** | North Branch | **Project Type(s)** | Preservation, Supportive Housing |
| **Property #** | D1061 | **Project #** | M19677 |

## Project Description

Shields Plaza Apartments is a three-story, 49 unit affordable multifamily preservation development being completed by North Branch Janken, LLC (Juanita Pekay). Shields Plaza has a unit mix that includes 47 one-bedroom and two two-bedroom apartments. The development has an existing Project Based Section 8 rental housing contract that will expire on April 30th, 2028. While this is the first development proposed by Juanita Pekay, she has worked within the affordable housing industry for several years and has put together a strong team for the construction and management of the property. The property is located on a bus line and is walking distance to stores, parks and services.

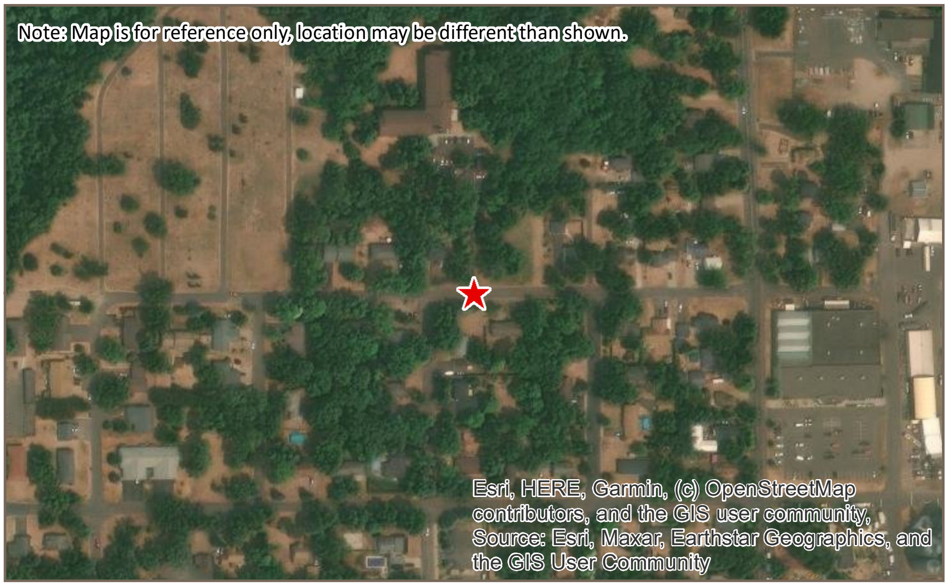
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 49 units that benefit from a project-based rental assistance contract.
- The development serves a senior and disabled population.
- High Priority Homeless (HPH) Converted to 30% units: seven HPH units will be converted to 30% Multifamily Tax Subsidy Project (MTSP) rent limits with a priority to serve single adults experiencing homelessness. These units will still benefit from project based rental assistance.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, People with Disabilities (PWD) or other homeless households).

# Shields Plaza

**Property Number: D1061**
**Total Units: 49**
**Sponsor Name:**
**North Branch Janken LLC**
**City of North Branch, Chisago**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | 3,887 | Current Households: | 4,250 | Current Population: | 11,756 |
| Five Year Change: | 99 | 10 Year Change: | 637 | 10 Year Change: | 1,652 |
| Percent Change: | **3%** | Percent change: | **18%** | Percent Change: | **16%** |

Unemployment Rate: **4.3%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| 0 Bedrooms | $1,220.00 |
| 1 Bedroom | $1,381.00 |
| 2 Bedrooms | $1,685.00 |
| 3+ Bedrooms | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27025110301 **(Region: Greater MN Non-MSA)**,

- the median household income is **$107,361.00**.
  (Tract household income is in the **80 - 100th percentile** based on region type)
- the median renter household income is **$45,417.00**.
  (Tract renter income is in the **60 - 79th percentile** based on region type)
- **83%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **7%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **20 - 39th percentile** statewide)
- **4%** % of people are in poverty.
  (Tract share of people in poverty is in the **20 - 39th percentile** statewide)
- the median rent for all units is **$1,015.00**.
  (Tract median rent is in the **60 - 79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## Uptown Maple Commons

| | | | |
|---|---|---|---|
| **Sponsor** | Ecumen | | |
| **Location** | North Branch | **Project Type(s)** | Preservation, Senior |
| **Property #** | D2741 | **Project #** | M19674 |

## Project Description

Uptown Maple Commons is an acquisition and rehabilitation preservation project in North Branch proposed by Ecumen. The three-story elevator building provides 33 units of senior housing restricted to people age 55+ and one common space unit. The development contains 28 one-bedroom and five two-bedroom units. The first floor of the building houses the Chisago County Senior Center and Ecumen Hospice, which also generates income for the property. The costs associated with these spaces are paid from other sources.

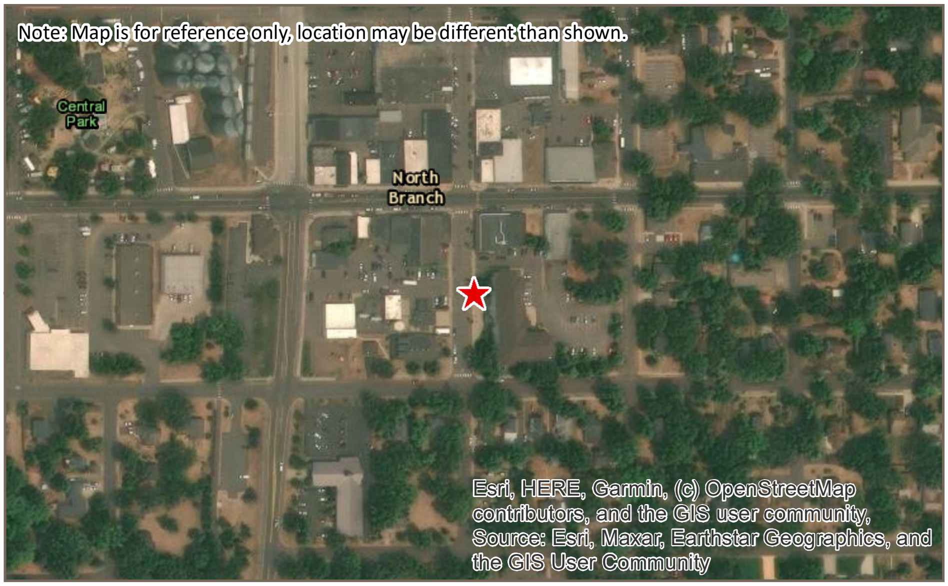
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 33 units of senior housing.
- Senior Housing: All units will serve adults aged 55 and older. Of the 33 units, 16 units will be limited to senior households with incomes at or below 30% of Multifamily Tax Subsidy Project (MTSP) income limits.
- Rental Assistance: four units will benefit from private rental assistance from Ecumen.
- Serves Lowest Income Tenants: 28 units will have rents restricted to 50% MTSP rent. Of the 28 units, 16 units will be deeply affordable to households at 30% MTSP income.

# Uptown Maple Commons

**Property Number: D2741**
**Total Units: 33**
**Sponsor Name:**
**Ecumen**
**City of North Branch, Isanti**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **3,887** | Current Households: | **4,250** | Current Population: | **11,756** |
| Five Year Change: | **99** | 10 Year Change: | **637** | 10 Year Change: | **1,652** |
| Percent Change: | **3%** | Percent change: | **18%** | Percent Change: | **16%** |

Unemployment Rate: **4.9%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27025110302 **(Region: Greater MN Non-MSA)**,

- the median household income is **$81,691.00**.
  (Tract household income is in the **60 - 79th percentile** based on region type)
- the median renter household income is **$35,056.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **96%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **8%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **20 - 39th percentile** statewide)
- **9%** % of people are in poverty.
  (Tract share of people in poverty is in the **60 - 79th percentile** statewide)
- the median rent for all units is **$1,208.00**.
  (Tract median rent is in the **80 - 100th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## Mission Creek Estates

| | | | |
|---|---|---|---|
| **Sponsor** | Mille Lacs Corporate Ventures | | |
| **Location** | Hinckley | **Project Type(s)** | Workforce Housing |
| **Property #** | D8697 | **Project #** | M19657 |

## Project Description

Mission Creek Estates is a new construction workforce development in Hinckley being proposed by Mille Lacs Corporate Ventures (MLCV), a body politic of the Mille Lacs Band of Ojibwe. Its 40 units in four walk-up buildings will provide family, general occupancy, and supportive housing units. The project is comprised of 10 one-bedroom units, 20 two-bedroom units, six three-bedroom units and four four-bedroom units. It also includes a standalone community building and a detached single-level garage with 20 car spaces to serve the tenants. The developer has committed a nearly $2.5M cash flow loan towards the project financing resulting in no hard debt and no must pay debt service. MLCV has partnered with experienced development team members in the areas of processing agent, asset management, service provider and property management.

## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 40 units of workforce and permanent supportive housing.
- High Priority Homeless (HPH): four units will serve single adults that meet the definition of HPH and will benefit from Project-based Rental Assistance from Mille Lacs Corporate Ventures. MCLV plans to secure Long-Term Homelessness (LTH) Housing Support from Pine County for these units post selection.
- Rental Assistance: nine units will benefit from project-based private/tribal rental assistance. Of the nine units, four will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 23 units will have rents restricted to 50% MTSP rent. Of the 23 units, four units will be deeply affordable to households at 30% MTSP income.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, People w/Disabilities or other homeless households).

# Mission Creek Estates

**Property Number: D8697**
**Total Units: 40**
**Sponsor Name:**
**Mille Lacs Corporate Ventures**
**City of Hinckley, Pine**


## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **1,671** | Current Households: | **785** | Current Population: | **1,964** |
| Five Year Change: | **-619** | 10 Year Change: | **47** | 10 Year Change: | **168** |
| Percent Change: | **-27%** | Percent change: | **6%** | Percent Change: | **9%** |

Unemployment Rate: **4.9%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $800.00 |
| **1 Bedroom** | $806.00 |
| **2 Bedrooms** | $1,057.00 |
| **3+ Bedrooms** | $1,273.00 |

## Local Area Incomes and Rents

In census tract 27115950500 **(Region: Greater MN Non-MSA)**,

- the median household income is **$53,409.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$31,875.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **71%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **40 - 59th percentile** based on region type)
- **13%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40 - 59th percentile** statewide)
- **12%** % of people are in poverty.
  (Tract share of people in poverty is in the **60 - 79th percentile** statewide)
- the median rent for all units is **$938.00**.
  (Tract median rent is in the **60 - 79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## Leech Lake Homes IX

| | | | |
|---|---|---|---|
| **Sponsor** | Leech Lake Band of Ojibwe Housing Authority | | |
| **Location** | Cass Lake | **Project Type(s)** | Workforce Housing |
| **Property #** | D8773 | **Project #** | M19823 |

## Project Description

Leech Lake Homes IX is a new construction development of 30 single-family homes in Cass Lake sponsored and developed by Leech Lake Band of Ojibwe Housing Authority. The development will provide 14 two-bedroom, 12 three-bedroom, and four four-bedroom units. The development's Declaration of Land Use Restrictive Covenants (LURA) will contain provisions for Eventual Tenant Ownership (ETO) following the initial 15-year tax credit compliance period. The development will assist in reducing homelessness, overcrowding, and rent-burdened Indigenous households within the Leech Lake Reservation.

## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 30 units of workforce and permanent supportive housing.
- High Priority Homeless (HPH): four units will serve families that meet the definition of HPH and will benefit from project-based rental assistance provided by Leech Lake Band of Ojibwe Housing Authority through an allocation authorized by the Native American Housing and Self Determination Act (NAHASDA).
- Persons with Disabilities (PWD): four units will serve families with a person with a disability and will benefit from project-based rental assistance provided by Leech Lake Band of Ojibwe Housing Authority through an allocation authorized by the NAHASDA.
- Rental Assistance: eight units will benefit from project-based rental assistance provided by Leech Lake Band of Ojibwe Housing Authority through an allocation authorized by the NAHASDA. All eight units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 15 units will have rents restricted to 50% MTSP rent. Of the 15 units, three units will be deeply affordable to households at 30% MTSP income.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, PWD or other homeless households).

# Leech Lake Homes IX

**Property Number: D8773**
**Total Units: 30**
**Sponsor Name:**
**Leech Lake Band of Ojibwe Housing Authori**
**City of Cass Lake, Cass**


## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **1,664** | Current Households: | **252** | Current Population: | **682** |
| Five Year Change: | **-68** | 10 Year Change: | **-50** | 10 Year Change: | **-79** |
| Percent Change: | **-4%** | Percent change: | **-17%** | Percent Change: | **-10%** |

Unemployment Rate: **4.2%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $737.00 |
| **1 Bedroom** | $853.00 |
| **2 Bedrooms** | $944.00 |
| **3+ Bedrooms** | $1,240.00 |

## Local Area Incomes and Rents

In census tract 27021940002 **(Region: Greater MN Non-MSA)**,

- the median household income is **$55,139.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$38,036.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **54%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **76%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **33%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$889.00**.
  (Tract median rent is in the **40 - 59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Hilltop Manor

| | | | |
|---|---|---|---|
| **Sponsor** | Trellis Co. | | |
| **Location** | Eveleth | **Project Type(s)** | Preservation, Senior |
| **Property #** | D0501 | **Project #** | M19801 |

## Project Description

Hilltop Manor is a four-story, 54 unit affordable multifamily preservation development being acquired and completed by Trellis Co. Hilltop Manor includes 53 one-bedroom and one two-bedroom apartment. The development has an existing Project Based Section 8 rental housing contract that expired on September 1, 2024, and has been renewed for a one-year term with a new 20-year contract proposed as part of the new financing. The property is located near local services, stores and parks.

## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 54 units that benefit from a project-based rental assistance contract.
- The development serves a senior and disabled population.
- High Priority Homeless (HPH): seven units will serve single adults that meet the definition of HPH, are 62+ or disabled and will benefit from project based rental assistance.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, People with Disabilities or other homeless households).

# Hilltop Manor

**Property Number: D0501**
**Total Units: 54**
**Sponsor Name:**
**Trellis Co.**
**City of Eveleth, Saint Louis**


## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **909** | Current Households: | **1,623** | Current Population: | **3,515** |
| Five Year Change: | **-430** | 10 Year Change: | **-60** | 10 Year Change: | **-190** |
| Percent Change: | **-32%** | Percent change: | **-4%** | Percent Change: | **-5%** |

Unemployment Rate: **4.3%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $782.00 |
| **1 Bedroom** | $896.00 |
| **2 Bedrooms** | $1,140.00 |
| **3+ Bedrooms** | $1,538.00 |

## Local Area Incomes and Rents

In census tract 27137013300 **(Region: Non-Metro MSA)**,

- the median household income is **$43,843.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$24,901.00**.
  (Tract renter income is in the **0 - 19th percentile** based on region type)
- **55%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **9%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **20 - 39th percentile** statewide)
- **23%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$735.00**.
  (Tract median rent is in the **0 - 19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## Cobb Cook Place

| | | | |
|---|---|---|---|
| **Sponsor** | Center City Housing Corporation | | |
| **Location** | Hibbing | **Project Type(s)** | Workforce Housing |
| **Property #** | D8694 | **Project #** | M19647 |

## Project Description

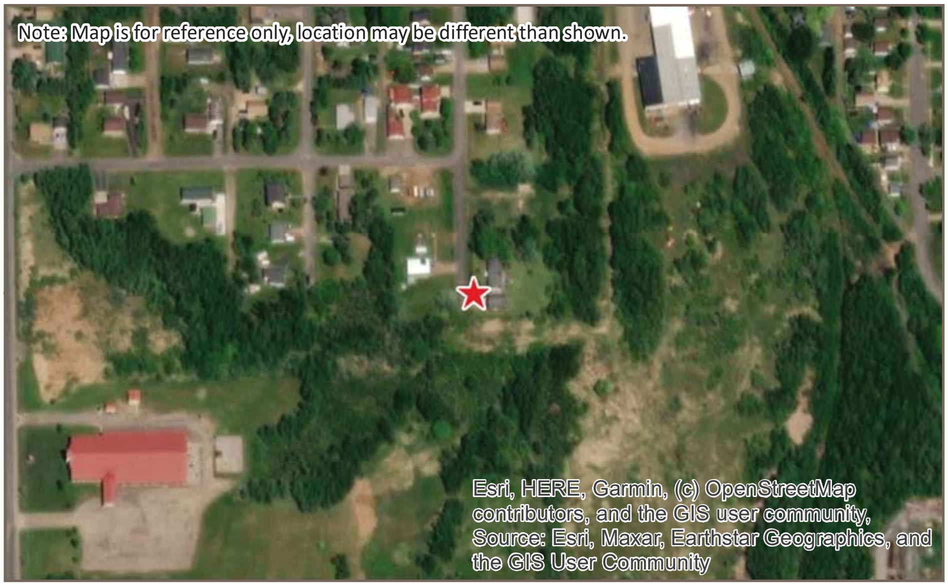
Cobb Cook Place is a new construction development in Hibbing being proposed by Center City Housing Corporation. The development will provide 52 units consisting of 13 one-bedroom, 26 two-bedroom, eight three-bedroom and five four-bedroom units. This is the first phase of a plan to replace the existing Haven Court, a 102 unit public housing property in Hibbing built in the 1950's. Haven Court residents will be given the first opportunity to move into to Cobb Cook Place. A second phase with 48 units is in the planning stages to complete the replacement of existing units. The Housing Redevelopment Authority (HRA) then intends to demolish Haven Court. As part of the Section 18 public housing disposition process, the HRA will convert the public housing contract to Section 8 project-based vouchers. The city of Hibbing and the Iron Range Rehabilitation Resources Board (IRRRB) have committed approximately $2.5 million to demonstrate strong support of the project.

## Population Served

- The development will provide 52 units of workforce and permanent supportive housing.
- High Priority Homeless (HPH): seven units will serve single adults that meet the definition of High Priority Homeless and will benefit from Long-Term Homelessness (LTH) Housing Support.
- Persons with Disabilities (PWD): eight units will serve six single adults and two family households with a person with a disability and will benefit from LTH Housing Support and Housing with Services – Independent Living (HWS-I) Housing Support.
- Rental Assistance: 15 units will benefit from project-based vouchers/Housing Support rental assistance. All 15 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 37 units will have rents restricted to 50% MTSP rent.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, PWD or other homeless households).

# Cobb Cook Place

**Property Number: D8694**
**Total Units: 52**
**Sponsor Name:**
**Center City Housing Corp.**
**City of Hibbing, Saint Louis**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **8,214** | Current Households: | **7,339** | Current Population: | **16,133** |
| Five Year Change: | **-448** | 10 Year Change: | **-99** | 10 Year Change: | **-166** |
| Percent Change: | **-5%** | Percent change: | **-1%** | Percent Change: | **-1%** |

Unemployment Rate: **4.3%** (county) **5.8%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $782.00 |
| **1 Bedroom** | $896.00 |
| **2 Bedrooms** | $1,140.00 |
| **3+ Bedrooms** | $1,538.00 |

## Local Area Incomes and Rents

In census tract 27137012500 **(Region: Non-Metro MSA)**,

- the median household income is **$46,126.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$0.00**.
  (Tract renter income is in the **0 - 19th percentile** based on region type)
- **42%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **20 - 39th percentile** based on region type)
- **5%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **0 - 19th percentile** statewide)
- **13%** % of people are in poverty.
  (Tract share of people in poverty is in the **60 - 79th percentile** statewide)
- the median rent for all units is **$818.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Ridgeway Court (III & IV)

| | | | |
|---|---|---|---|
| **Sponsor** | Housing & Redevelopment Authority of Beltrami | | |
| **Location** | Bemidji | **Project Type(s)** | Preservation, Workforce |
| **Property #** | D8764 | **Project #** | M19788 |

## Project Description

Ridgeway Court (III & IV) is an acquisition and preservation rehabilitation project in Bemidji being proposed by Beltrami County Housing and Redevelopment Authority, with DW Jones as the developer. This project has six buildings, comprised of three apartment buildings and three four-plex buildings for a total of six buildings. This 48 unit rental community provides workforce housing for individuals and larger families with nine one-bedroom, 27 two-bedroom, and 12 three-bedroom units.

Community services are currently provided on site at Ridgeway Court IV via a common space unit leased by Sanford Health Services and the Rotary Club of Bemidji. Proposal for construction of a detached community building would allow Sanford Health Services and the Rotary Club of Bemidji to move to that space, allowing the unit to become housing. The project has two existing deferred loans with Minnesota Housing, which are planned to be assumed as part of this transaction.

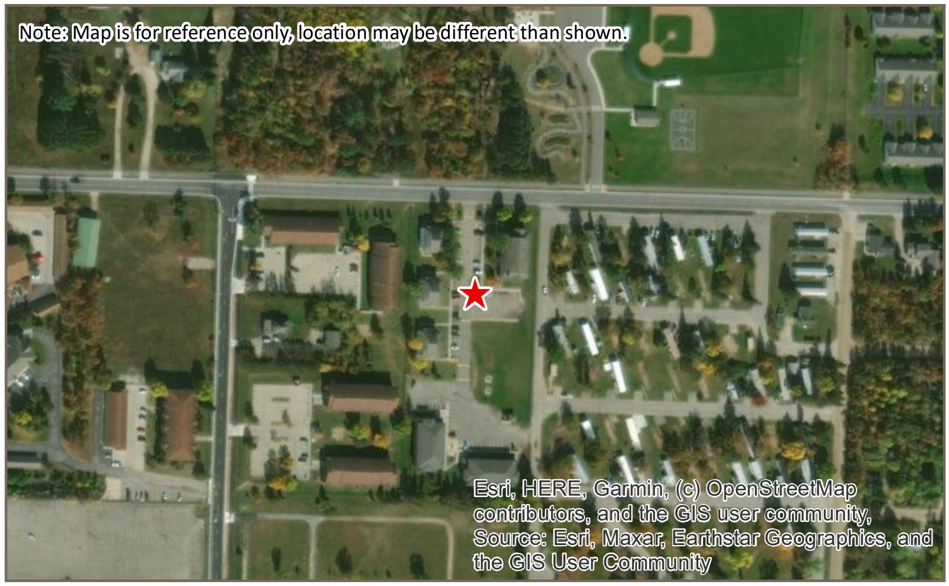
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 48 units that benefit from a United States Department of Agriculture (USDA) Rural Development (RD) first mortgage and 42 units of RD rental assistance.

# Ridgeway III & IV

**Property Number: D8764**
**Total Units: 48**
**Sponsor Name:**
**D. W. Jones, Inc.**
**City of Bemidji, Beltrami**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **13,659** | Current Households: | **6,543** | Current Population: | **15,947** |
| Five Year Change: | **-232** | 10 Year Change: | **1,123** | 10 Year Change: | **2,387** |
| Percent Change: | **-2%** | Percent change: | **21%** | Percent Change: | **18%** |

Unemployment Rate: **4.8%** (county) **4.6%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $802.00 |
| **1 Bedroom** | $832.00 |
| **2 Bedrooms** | $1,092.00 |
| **3+ Bedrooms** | $1,316.00 |

## Local Area Incomes and Rents

In census tract 27007450703 **(Region: Greater MN Non-MSA)**,

- the median household income is **$36,560.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$36,424.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **61%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **36%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **24%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$931.00**.
  (Tract median rent is in the **60 - 79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

# Development Summary

## Red Lake Supportive Housing 3

| | | | |
|---|---|---|---|
| **Sponsor** | Red Lake Reservation Housing Authority | | |
| **Location** | Red Lake, Little Rock, Redby, and Ponemah | **Project Type(s)** | Supportive Housing |
| **Property #** | D8768 | **Project #** | M19804 |

## Project Description

Red Lake Supportive Housing 3 is a new construction development of 12 side-by-side duplexes comprised of 24 units on 12 scattered sites within the boundaries of the Red Lake Reservation. The development is sponsored by Red Lake Reservation Housing Authority and prioritizes individuals and families facing homelessness who have the need for ongoing supportive services to remain housed.

The development will provide 16 two-bedroom and eight three-bedroom units. The development is the third project designated for supportive housing on the Red Lake Reservation. The first two projects were selected in prior Consolidated RFPs. Residents will have full access to the service centers that will be constructed as part of Red Lake Supportive Housing 2 in Red Lake and Redby. The service centers have offices for residents to meet with supportive services staff, as well as common spaces which can be used for support groups, education, crafts, cultural activities, and tenant council meetings. Red Lake Reservation will provide transportation to these centers for residents in Little Rock and Ponemah.

## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 24 units of permanent supportive housing.
- <u>High Priority Homeless (HPH):</u> 20 units will serve families that meet the definition of HPH. Twelve units will benefit from project-based rental assistance provided by Red Lake Reservation Housing Authority funded through tribal resources. Eight units will benefit from Long Term Homeless (LTH) Housing Support.
- <u>Persons with Disabilities (PWD):</u> four units will serve families with a person with a disability and will benefit from LTH Housing Support.
- <u>Rental Assistance:</u> 24 units will benefit from project-based rental assistance provided by Red Lake Reservation Housing Authority. Of these 24 units, 12 units will also benefit from LTH

Housing Support. All 24 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).

- <u>Serves Lowest Income Tenants:</u> 24 units will have rents restricted to 50% MTSP rent. All 24 units will be deeply affordable to households at 30% MTSP income.
- <u>Supportive Housing:</u> the development is primarily supportive housing (more than 50% of units designated for HPH, PWD or other homeless households).

# Red Lake Supportive Housing 3

**Property Number: D8768**
**Total Units:** 24
**Sponsor Name:**
**Red Lake Reservation Housing Authority**
**City of Red Lake, Beltrami**


## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **0** | Current Households: | **0** | Current Population: | **0** |
| Five Year Change: | **0** | 10 Year Change: | **0** | 10 Year Change: | **0** |
| Percent Change: | **0%** | Percent change: | **0%** | Percent Change: | **0%** |

Unemployment Rate: **4.8%** (county) **0%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $802.00 |
| **1 Bedroom** | $832.00 |
| **2 Bedrooms** | $1,092.00 |
| **3+ Bedrooms** | $1,316.00 |

## Local Area Incomes and Rents

In census tract 27007940001 **(Region: Greater MN Non-MSA)**,

- the median household income is **$51,607.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$32,778.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **47%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **96%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **31%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$487.00**.
  (Tract median rent is in the **0 - 19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Albert Lea Family Housing

| | | | |
|---|---|---|---|
| **Sponsor** | Jules Michel Blum and Christopher R. Blum | | |
| **Location** | Albert Lea | **Project Type(s)** | Workforce Housing |
| **Property #** | D8586 | **Project #** | M19646 |

## Project Description

Albert Lea Family Housing is a new construction development in Albert Lea being proposed by LaSalle Development Group as the developer. It will provide 60 units of general occupancy for families and supportive housing for individuals on a vacant former industrial and commercial site currently owned by the city of Albert Lea. The development includes 12 one-bedroom, 30 two-bedroom, 12 three-bedroom and six four-bedroom units. The city has demonstrated support for the project by providing approximately $1.5 million in financial commitment to cover impact fees, infrastructure and environmental remediation costs. This will be the Agency's first development with the sponsor, Jules Michel Blum and Christopher Blum.

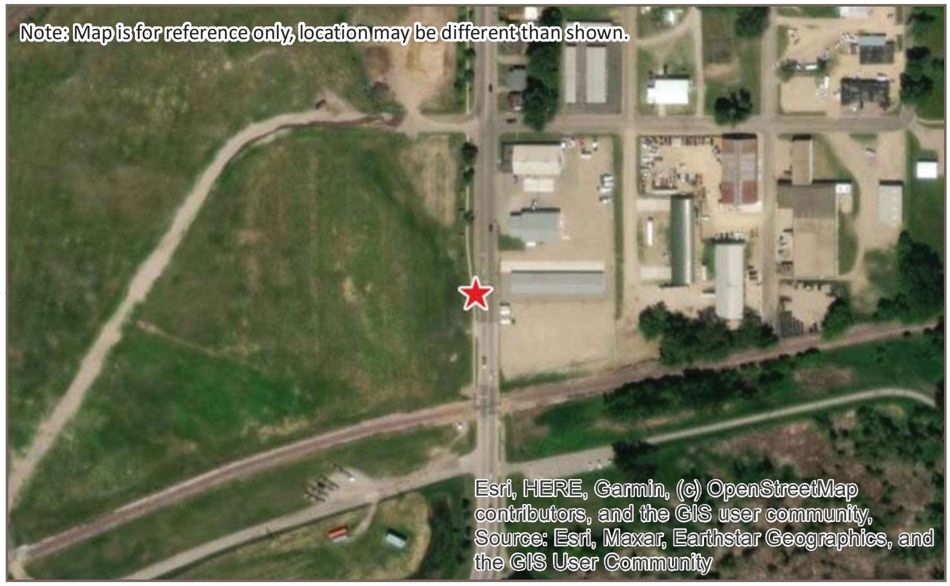
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 60 units of workforce housing.
- High Priority Homeless (HPH): seven units will serve single adults that meet the definition of HPH and will benefit from Housing Support.
- Persons with Disabilities (PWD): seven units will serve single adults/families with a person with a disability and will benefit from Housing Support.
- Rental Assistance: 14 units will benefit from Housing Support rental assistance. All 14 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 46 units will have rents restricted to 50% MTSP rent. Of the 46 units, four units will be deeply affordable to households at 30% MTSP incomes.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# Albert Lea Family Housing

**Property Number: D8586**
**Total Units: 60**
**Sponsor Name:**
**LaSalle Development Group, LTD**
**City of Albert Lea, Freeborn**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **9,856** | Current Households: | **7,929** | Current Population: | **18,500** |
| Five Year Change: | **-471** | 10 Year Change: | **122** | 10 Year Change: | **543** |
| Percent Change: | **-5%** | Percent change: | **2%** | Percent Change: | **3%** |

Unemployment Rate: **3.5%** (county) **3.7%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $640.00 |
| **1 Bedroom** | $711.00 |
| **2 Bedrooms** | $933.00 |
| **3+ Bedrooms** | $1,200.00 |

## Local Area Incomes and Rents

In census tract 27047180600 **(Region: Greater MN Non-MSA)**,

- the median household income is **$52,112.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$34,539.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **65%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **20 - 39th percentile** based on region type)
- **31%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60 - 79th percentile** statewide)
- **16%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$832.00**.
  (Tract median rent is in the **40 - 59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## Eastside Apartments

| | | | |
|---|---|---|---|
| **Sponsor** | Three Rivers Community Action | | |
| **Location** | Rochester | **Project Type(s)** | Workforce Housing |
| **Property #** | D8306 | **Project #** | M19666 |

## Project Description

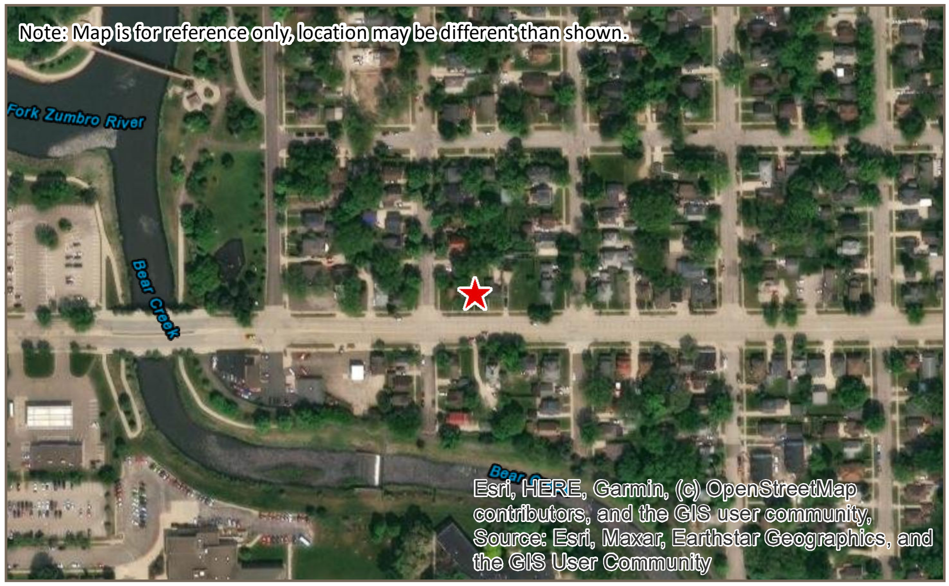
Eastside Apartments is a new construction workforce development in Rochester proposed by Three Rivers Community Action. The development will provide nine one-bedroom, 18 two-bedroom and nine three-bedroom units. The two and three bedroom units will be particularly valuable as there is a critical need for larger affordable units in the neighborhood, which has recently seen the construction of high amenity market-rate rental units. The development is within walking distance to both downtown Rochester and the Mayo Clinic. The development has strong support as evidenced by funding commitments from the city of Rochester as well as the Coalition for Rochester Area Housing with approximately $1 million in committed funds.

## Population Served

- The development will provide 36 units of workforce and permanent supportive housing.
- High Priority Homeless (HPH): four units will serve single adults that meet the definition of HPH and will benefit from Housing Support rental assistance.
- Persons with Disabilities (PWD): five units will serve single adults with a person with a disability and will benefit from Housing Support rental assistance.
- Rental Assistance: nine units will benefit from Housing Support. All nine units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 18 units will have rents restricted to 50% MTSP rent. Of the 18 units, four units will be deeply affordable to households at 30% MTSP incomes.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# Eastside Apartments

**Property Number: D8306**
**Total Units: 36**
**Sponsor Name:**
**Three Rivers Community Action, Inc.**
**City of Rochester, Olmsted**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **93,975** | Current Households: | **50,810** | Current Population: | **125,055** |
| Five Year Change: | **1,396** | 10 Year Change: | **7,009** | 10 Year Change: | **16,241** |
| Percent Change: | **2%** | Percent change: | **16%** | Percent Change: | **15%** |

Unemployment Rate: **2.9%** (county) **2.9%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $989.00 |
| **1 Bedroom** | $1,101.00 |
| **2 Bedrooms** | $1,341.00 |
| **3+ Bedrooms** | $1,879.00 |

## Local Area Incomes and Rents

In census tract 27109000200 **(Region: Non-Metro MSA)**,

- the median household income is **$54,596.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$46,198.00**.
  (Tract renter income is in the **60 - 79th percentile** based on region type)
- **83%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60 - 79th percentile** based on region type)
- **40%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **15%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$961.00**.
  (Tract median rent is in the **40 - 59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Mankato Supportive Housing

| | | | |
|---|---|---|---|
| **Sponsor** | Trellis Co. | | |
| **Location** | Mankato | **Project Type(s)** | Supportive Housing |
| **Property #** | D8601 | **Project #** | M19756 |

## Project Description

Mankato Supportive Housing includes the new construction of 40 units of permanent supportive housing with Section 8 rental assistance available for all units. The project is proposed to be located next to an emergency homeless shelter that would be separately owned and constructed at a future time. The development will provide 14 efficiency, 22 one-bedroom and four two-bedroom units. This supportive housing responds to street homelessness in the downtown community and was born out of the collaboration among the City of Mankato, Blue Earth County and local shelter and service providers, including Partners for Housing, the supportive service provider. The building is envisioned to include many local partnerships that will provide wrap around services. Trellis Co. was competitively selected by the City of Mankato to be the project developer.

## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 40 units of permanent supportive housing.
- High Priority Homeless (HPH): 20 units will serve single adults that meet the definition of HPH and will benefit from Section 8 rental assistance. The remaining 20 units meet the Other Homeless requirement and will benefit from Section 8 rental assistance.
- Persons with Disabilities (PWD): 6 units will serve single adults with a person with a disability and will benefit from Section 8 rental assistance.
- Rental Assistance: 40 units will benefit from project-based vouchers. All 40 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Supportive Housing: the development is primarily supportive housing (more than 50% of units designated for HPH, PWD or other homeless households).

# Mankato Supportive Housing

**Property Number: D8601**
**Total Units: 40**
**Sponsor Name:**
**Trellis Co.**
**City of Mankato, Blue Earth**


## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **32,668** | Current Households: | **18,106** | Current Population: | **46,173** |
| Five Year Change: | **-795** | 10 Year Change: | **2,882** | 10 Year Change: | **5,990** |
| Percent Change: | **-2%** | Percent change: | **19%** | Percent Change: | **15%** |

Unemployment Rate: **3.3%** (county) **3.3%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $963.00 |
| **1 Bedroom** | $969.00 |
| **2 Bedrooms** | $1,174.00 |
| **3+ Bedrooms** | $1,645.00 |

## Local Area Incomes and Rents

In census tract 27013170700 **(Region: Non-Metro MSA)**,

- the median household income is **$36,786.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$31,776.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **75%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **22%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60 - 79th percentile** statewide)
- **42%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$833.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## 3rd Avenue Flats

| | | | |
|---|---|---|---|
| **Sponsor** | Commonwealth Holdings IV, LLC | | |
| **Location** | Dilworth | **Project Type(s)** | Workforce Housing |
| **Property #** | D8382 | **Project #** | M19644 |

## Project Description

3rd Avenue Flats is a new construction 44 unit workforce housing project located in Dilworth. The development includes 11 one-bedroom, 22 two-bedroom, seven three-bedroom and four four-bedroom units. The building will certify to the Passive House Institute United States (PHIUS) energy performance standards. The project sponsor is Commonwealth Holdings IV, LLC and the project team has three Women-Owned Business Enterprises including the project sponsor, architect and general contractor.

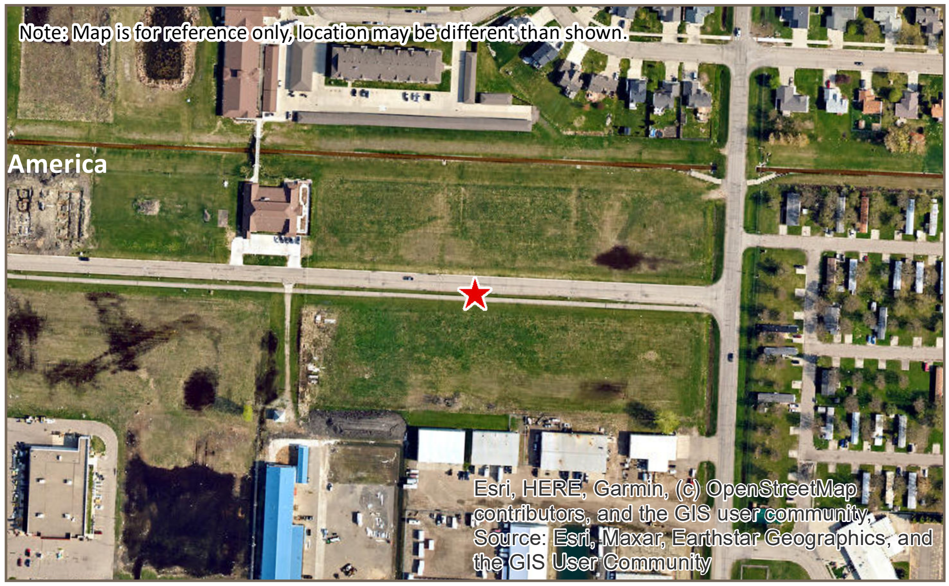
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 44 units of workforce housing.
- High Priority Homeless (HPH): four units will serve families that meet the definition of HPH and will benefit from Long-Term Homeless (LTH) Housing Support Rental Assistance.
- Persons with Disabilities: five units will serve single adults and or families with a person with a disability and will benefit from Housing Support Rental Assistance.
- Rental Assistance: nine units will benefit from Housing Support Rental Assistance. All nine units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 22 units will have rents restricted to 50% MTSP rent. Of the 22 units, three units will be deeply affordable to households at 30% MTSP income.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# 3rd Avenue Flats

**Property Number: D8382**
**Total Units: 44**
**Sponsor Name:**
**Commonwealth Development Corporation America**
**City of Dilworth, Clay**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **1,309** | Current Households: | **1,923** | Current Population: | **4,918** |
| Five Year Change: | **143** | 10 Year Change: | **285** | 10 Year Change: | **801** |
| Percent Change: | **12%** | Percent change: | **17%** | Percent Change: | **19%** |

Unemployment Rate: **2.9%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $694.00 |
| **1 Bedroom** | $836.00 |
| **2 Bedrooms** | $1,012.00 |
| **3+ Bedrooms** | $1,418.00 |

## Local Area Incomes and Rents

In census tract 27027030112 **(Region: Non-Metro MSA)**,

- the median household income is **$84,783.00**.
  (Tract household income is in the **60 - 79th percentile** based on region type)
- the median renter household income is **$36,146.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **65%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **20 - 39th percentile** based on region type)
- **13%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40 - 59th percentile** statewide)
- **10%** % of people are in poverty.
  (Tract share of people in poverty is in the **60 - 79th percentile** statewide)
- the median rent for all units is **$904.00**.
  (Tract median rent is in the **40 - 59th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Clare Apartments

| | | | |
|---|---|---|---|
| **Sponsor** | Clare Housing | | |
| **Location** | Minneapolis | **Project Type(s)** | Preservation, Supportive Housing |
| **Property #** | D3572 | **Project #** | M19772 |

## Project Description

Clare Apartments is a 32 unit, primarily supportive housing substantial rehabilitation project proposed by Clare Housing. The development contains 16 efficiency and 16 one-bedroom units. It is located on Central Avenue in northeast Minneapolis, along the route of the planned F Line bus rapid transit corridor. The property currently serves individuals living with HIV/AIDS and co-occurring disorders and will continue to do so post-renovation. The scope of renovation work is extensive and includes new mechanical systems that will increase energy efficiency and resident comfort.

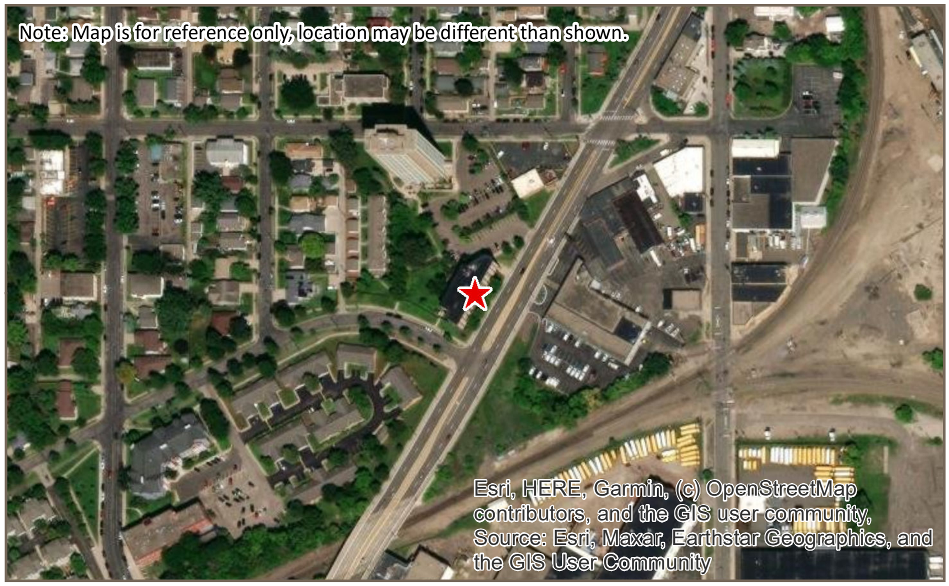
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 32 units of permanent supportive housing that benefit from a project-based rental assistance contract.
- Persons with Disabilities (PWD): six units will serve single adults with a disability and will benefit from project-based vouchers.
- Rental Assistance: 32 units will benefit from project-based vouchers. All 32 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Supportive Housing: the development is primarily supportive housing (more than 50% of units designated for High Priority Homeless (HPH), PWD or other homeless households).

# Clare Apartments

**Property Number: D3572**
**Total Units: 32**
**Sponsor Name:**
**Clare Housing**
**City of Minneapolis, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | Household Trends 2012-2022 | Population Trends 2012-2022 |
|---|---|---|
| Current Jobs: **320,903** | Current Households: **193,600** | Current Population: **436,934** |
| Five Year Change: **-12,568** | 10 Year Change: **27,087** | 10 Year Change: **44,926** |
| Percent Change: **-4%** | Percent change: **16%** | Percent Change: **11%** |

Unemployment Rate: **3.8%** (county) **4%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053103100 **(Region: 7-County Metro)**,

- the median household income is **$78,636.00**.
  (Tract household income is in the **20 - 39th percentile** based on region type)
- the median renter household income is **$49,750.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **52%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **20 - 39th percentile** based on region type)
- **36%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **9%** % of people are in poverty.
  (Tract share of people in poverty is in the **40 - 59th percentile** statewide)
- the median rent for all units is **$1,213.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## The NorthView

| | | | |
|---|---|---|---|
| **Sponsor** | Beacon Interfaith Housing Collaborative | | |
| **Location** | Minneapolis | **Project Type(s)** | Preservation, Supportive Housing |
| **Property #** | D2903 | **Project #** | M19768 |

## Project Description

The NorthView is a scattered site preservation project that includes the rehabilitation of four existing buildings: North Haven I, North Haven II, Cedar View and 3rd Avenue Apartments, which includes 31 apartment and townhome units located in south Minneapolis, sponsored by Beacon Interfaith Housing Collaborative. The development contains 11 one-bedroom, one two-bedroom, 14 three-bedroom and five four-bedroom units. The project is both general occupancy and primarily supportive housing. It also preserves 22 units with existing rental assistance and provides nine units with new rental assistance. The project is and has support from the City of Minneapolis and Hennepin County as evidenced by over $2.3 million of committed capital sources.

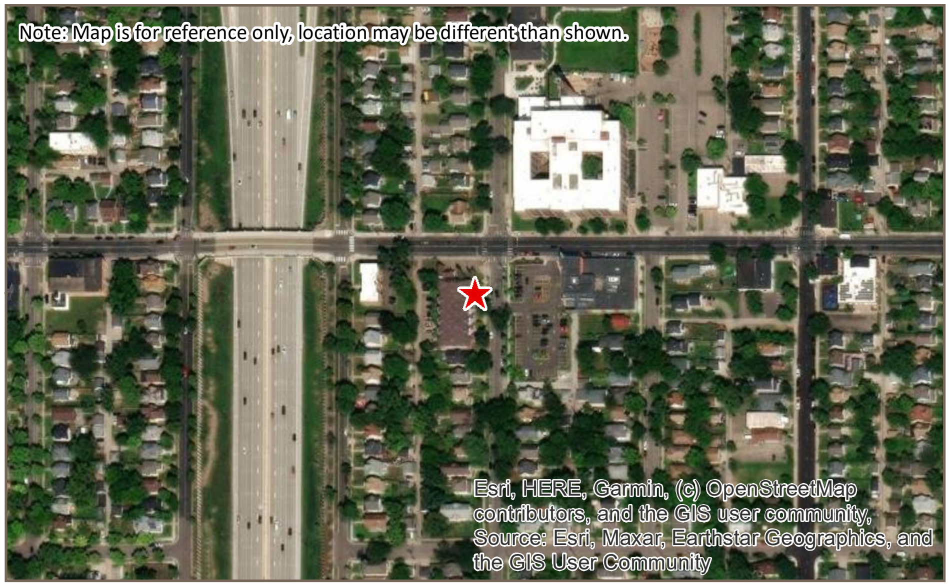
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 31 units of permanent supportive housing.
- High Priority Homeless (HPH): 20 units will serve families that meet the definition of HPH and will benefit from project based vouchers or sponsor based rental assistance.
- Rental Assistance: 31 units will benefit from rental assistance. Of the 31, 12 units benefit from existing project based vouchers, 10 units benefit from existing sponsor based rental assistance from Minneapolis Public Housing Authority and nine units benefit from new sponsor based rental assistance from Minneapolis Public Housing Authority.
    - Specifically, per the rental assistance contract, 10 units are for parenting or pregnant homeless youth between the ages of 18-24 years old upon entry and nine units are primarily for an immigrant population with intensive on-site support services.
- Supportive Housing: the development is primarily supportive housing (more than 50% of units designated for HPH, PWD or other homeless households).

# The NorthView

**Property Number: D2903**
**Total Units: 31**
**Sponsor Name:**
**Beacon Interfaith Housing Collaborative**
**City of Minneapolis, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **320,903** | Current Households: | **193,600** | Current Population: | **436,934** |
| Five Year Change: | **-12,568** | 10 Year Change: | **27,087** | 10 Year Change: | **44,926** |
| Percent Change: | **-4%** | Percent change: | **16%** | Percent Change: | **11%** |

Unemployment Rate: **3.8%** (county) **4%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053110000 **(Region: 7-County Metro)**,

- the median household income is **$82,438.00**.
  (Tract household income is in the **20 - 39th percentile** based on region type)
- the median renter household income is **$36,964.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **78%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **40 - 59th percentile** based on region type)
- **63%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **21%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$1,596.00**.
  (Tract median rent is in the **60 - 79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## The Warren Apartments

| | | | |
|---|---|---|---|
| **Sponsor** | Premier Development Corporation, LLC. | | |
| **Location** | Minneapolis | **Project Type(s)** | Workforce |
| **Property #** | D8385 | **Project #** | M19680 |

## Project Description

The Warren Apartments is a six-story, 61 unit by Premier Development Corporation, LLC (Premier) in north Minneapolis. The Warren Apartments will include a unit mix that includes 16 one-bedroom, 30 two-bedroom, 10 three-bedroom, and five four-bedroom apartments for households with incomes at or below 50% Multifamily Tax Subsidy Project (MTSP) income limits. The property is located on a bus line and is walking distance to stores, parks, and schools. The development received a partial allocation of HTCs from Minnesota Housing as part of the 2024 HTC Round 2 awards.

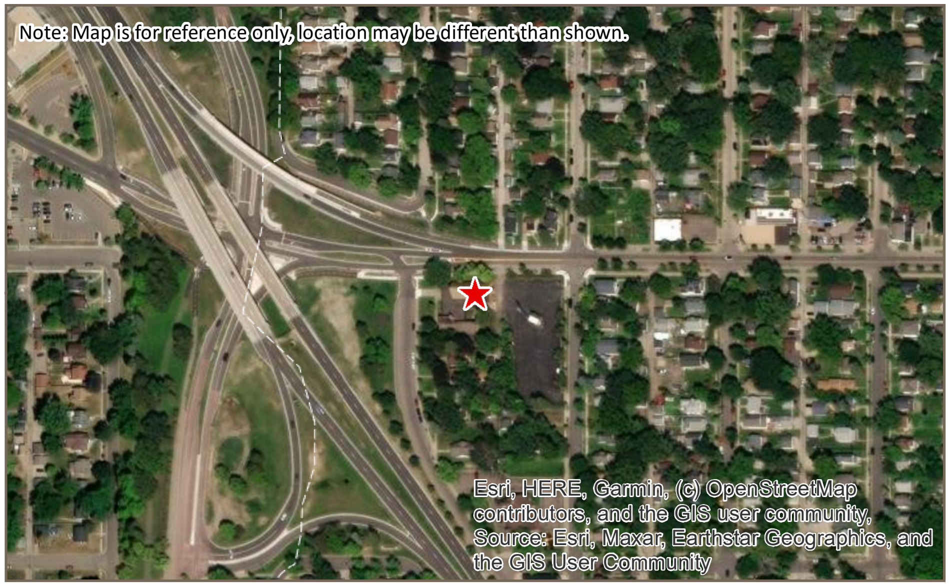
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 58 units of workforce and permanent supportive housing.
- High Priority Homeless (HPH): seven units will serve single adults that meet the definition of HPH and will benefit from Housing Support.
- Persons with Disabilities (PWD): seven units will serve single adults with a disability and will benefit from HUD Section 811 PRA.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# The Warren Apartments

**Property Number: D8385**
**Total Units: 61**
**Sponsor Name:**
**Premier Development Corporation LLC**
**City of Minneapolis, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **320,903** | Current Households: | **193,600** | Current Population: | **436,934** |
| Five Year Change: | **-12,568** | 10 Year Change: | **27,087** | 10 Year Change: | **44,926** |
| Percent Change: | **-4%** | Percent change: | **16%** | Percent Change: | **11%** |

Unemployment Rate: **3.8%** (county) **4%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053101300 **(Region: 7-County Metro)**,

- the median household income is **$55,066.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$35,950.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **81%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **86%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **27%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$1,191.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Perspectives

| | | | |
|---|---|---|---|
| **Sponsor** | Trellis Co. | | |
| **Location** | St. Louis Park | **Project Type(s)** | Preservation, Supportive Housing |
| **Property #** | D1506 | **Project #** | M19826 |

## Project Description

Perspectives is a 56 unit, primarily supportive family housing substantial rehabilitation project in St. Louis Park, involving the preservation and renovation of five existing buildings and the new construction of a sixth building. The development contains 10 one-bedroom units, 42 two-bedroom, and four three-bedroom units. Trellis, the new owner and developer, purchased the property in August 2024 after the previous owner filed for bankruptcy. The bankruptcy could have resulted in a lost of affordability and displacement for the residents. However, the sale to Trellis and this subsequent renovation work will preserve the buildings and affordability. The development is targeted for single mothers with children.

In addition to the comprehensive renovation of existing units and grounds, the project also includes the construction of a new community building, which will include space for a property management office, supportive services staff, a private client meeting room, and a community room programmed for families and children. Staff estimate that approximately 130 children live at the property, where they are eligible to attend St. Louis Park schools and which will include on-site childcare for residents after the renovation.

## Population Served

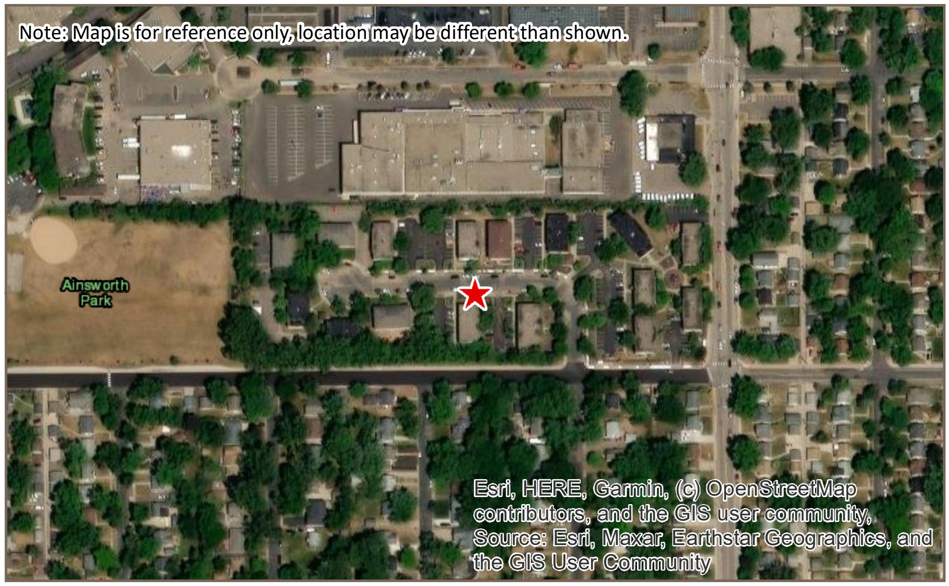
Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 56 units of permanent supportive housing.
- High Priority Homeless (HPH): 28 units will serve families that meet the definition of HPH and will benefit from Housing Support rental assistance. 19 units will serve families experiencing homelessness who will benefit from project-based rental assistance and Housing Support.
- Persons with Disabilities (PWD): Nine units will serve single adults/families with a person with a disability and will benefit from project-based vouchers.

- Rental Assistance: 22 units will benefit from project-based vouchers. All 22 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP). 34 units will benefit from Housing Support rental assistance.
- Supportive Housing: the development is primarily supportive housing (more than 50% of units designated for HPH, PWD or other homeless households).

# Perspectives

**Property Number: D1506**
**Total Units: 56**
**Sponsor Name:**
**Trellis Louisiana Court Developer LLC**
**City of St. Louis Park, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **38,572** | Current Households: | **24,264** | Current Population: | **49,786** |
| Five Year Change: | **-1,279** | 10 Year Change: | **2,215** | 10 Year Change: | **3,556** |
| Percent Change: | **-3%** | Percent change: | **10%** | Percent Change: | **8%** |

Unemployment Rate: **3.8%** (county) **3.3%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053022400 **(Region: 7-County Metro)**,

- the median household income is **$105,278.00**.
  (Tract household income is in the **60 - 79th percentile** based on region type)
- the median renter household income is **$0.00**.
  (Tract renter income is in the **0 - 19th percentile** based on region type)
- **80%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **28%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60 - 79th percentile** statewide)
- **14%** % of people are in poverty.
  (Tract share of people in poverty is in the **60 - 79th percentile** statewide)
- the median rent for all units is **$1,111.00**.
  (Tract median rent is in the **0 - 19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Southview Estates

| | | | |
|---|---|---|---|
| **Sponsor** | Bloomington Southview, LP (an affiliate of Sand Companies) | | |
| **Location** | Bloomington | **Project Type(s)** | Preservation, Workforce Housing |
| **Property #** | D3130 | **Project #** | M19672 |

## Project Description

Southview Estates is a preservation rehabilitation and refinance of a workforce project in Bloomington being proposed by Bloomington Southview, LP, an affiliate of Sand Companies. The development will provide six one-bedroom, 22 two-bedroom- and 19 three-bedroom units. The 47 units will provide housing for large families, families with children, high priority homeless individuals and people with disabilities. This project preserves 37 units of affordable housing and will be converting an additional 10 market-rate units to affordable units.  Approximately $500,000 in financing has also been provided by the City of Bloomington, which is open to extending the terms of their existing loans.

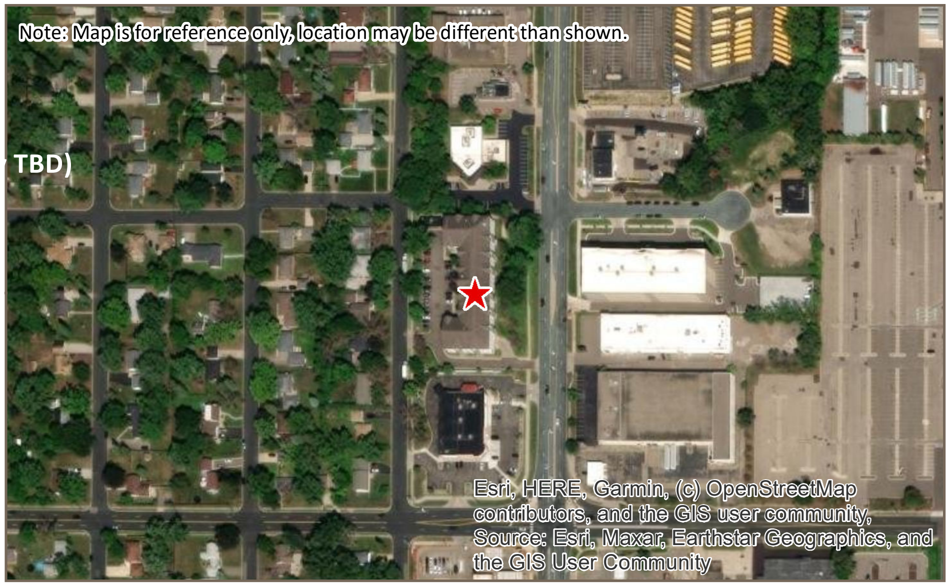
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 47 workforce housing units by preserve 37 units and converting 10 market-rate units to affordable.
- <u>High Priority Homeless (HPH):</u> four units will serve single adults that meet the definition of HPH and will benefit from Housing Support.
- <u>Persons with Disabilities (PWD)</u>: two units will serve single adults with a disability and four units will serve families with a person with a disability; all six units will benefit from the HUD Section 811 Project-based Rental Assistance
- <u>Rental Assistance:</u> four units will benefit from Housing Support rental assistance. All 4 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- <u>Serves Lowest Income Tenants:</u> 13 units will have rents restricted to 50% MTSP rent. All 13 units will be deeply affordable to households at 30% MTSP income.
- <u>Supportive Housing:</u> the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# Southview Estates

**Property Number: D3130**
**Total Units: 47**
**Sponsor Name:**
**Bloomington Southview, LP (or another entity TBD)**
**City of Bloomington, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **89,344** | Current Households: | **39,279** | Current Population: | **91,330** |
| Five Year Change: | **-3,377** | 10 Year Change: | **2,406** | 10 Year Change: | **5,698** |
| Percent Change: | **-4%** | Percent change: | **7%** | Percent Change: | **7%** |

Unemployment Rate: **3.8%** (county) **3.9%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053125500 **(Region: 7-County Metro)**,

- the median household income is **$70,685.00**.
  (Tract household income is in the **20 - 39th percentile** based on region type)
- the median renter household income is **$50,985.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **79%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60 - 79th percentile** based on region type)
- **55%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **12%** % of people are in poverty.
  (Tract share of people in poverty is in the **60 - 79th percentile** statewide)
- the median rent for all units is **$1,054.00**.
  (Tract median rent is in the **0 - 19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

# Development Summary

## Melrose Commons

| | | | |
|---|---|---|---|
| **Sponsor** | CommonBond Communities | | |
| **Location** | Medina | **Project Type(s)** | Workforce Housing |
| **Property #** | D8514 | **Project #** | M19699 |

## Project Description

Melrose Commons is a three-story, 50 unit being developed by CommonBond Communities. Melrose Commons will include 12 one-bedroom, 20 two-bedroom, 12 three-bedroom and six four-bedroom apartments for households with incomes at or below 60% Multifamily Tax Subsidy Project (MTSP) income limits. Hennepin County has already awarded approximately $950,000 in support of the project. The property is located near services including stores, parks, and schools.

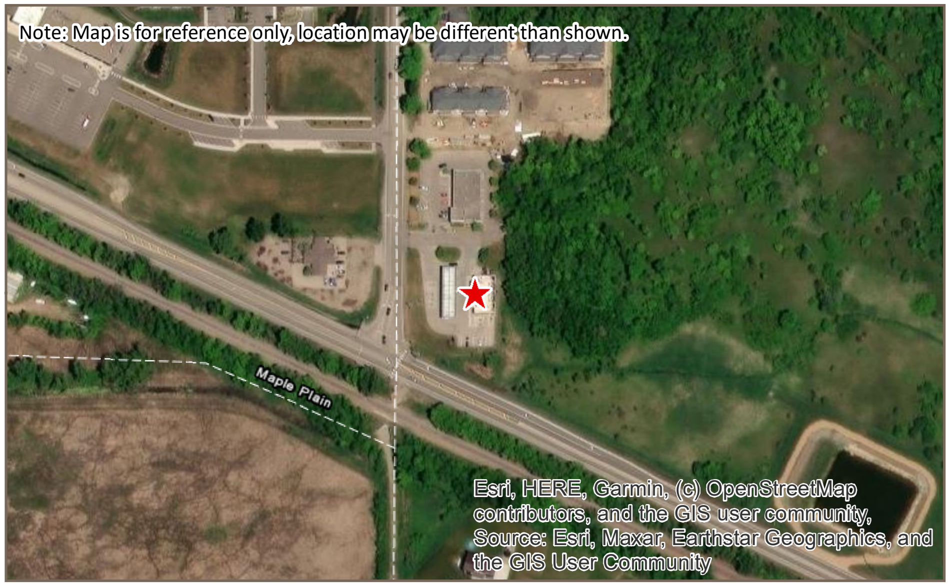
## Population Served

Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will provide 50 units of workforce housing.
- High Priority Homeless (HPH): seven units will serve single adults that meet the definition of HPH and will benefit from Long-Term Homeless (LTH) Housing Support.
- Persons with Disabilities: eight units will serve single adults and families with a person with a disability and will benefit from General Housing Support.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# Melrose Commons

**Property Number: D8514**
**Total Units: 50**
**Sponsor Name:**
**CommonBond Communities**
**City of Medina, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | 5,768 | Current Households: | 2,472 | Current Population: | 7,250 |
| Five Year Change: | 791 | 10 Year Change: | 746 | 10 Year Change: | 2,188 |
| Percent Change: | 16% | Percent change: | 43% | Percent Change: | 43% |

Unemployment Rate: **3.8%** (county) (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| 0 Bedrooms | $1,220.00 |
| 1 Bedroom | $1,381.00 |
| 2 Bedrooms | $1,685.00 |
| 3+ Bedrooms | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053027101 **(Region: 7-County Metro)**,

- the median household income is **$194,000.00**.
  (Tract household income is in the **80 - 100th percentile** based on region type)
- the median renter household income is **$72,917.00**.
  (Tract renter income is in the **60 - 79th percentile** based on region type)
- **90%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **0 - 19th percentile** based on region type)
- **18%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **40 - 59th percentile** statewide)
- **4%** % of people are in poverty.
  (Tract share of people in poverty is in the **20 - 39th percentile** statewide)
- the median rent for all units is **$1,159.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

# Development Summary

## Penn Station

| | | | |
|---|---|---|---|
| **Sponsor** | JO Companies, LLC | | |
| **Location** | Richfield | **Project Type(s)** | Workforce Housing |
| **Property #** | D #8405 | **Project #** | M #19763 |

## Project Description

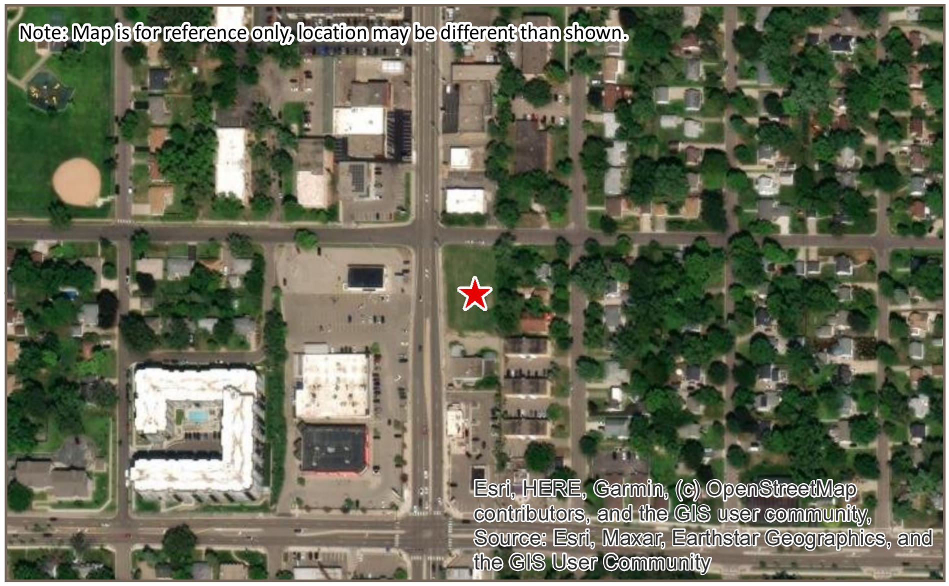
Penn Station is a 42 unit new construction mixed income development in Richfield being proposed by JO Companies, LLC. The project will provide eight one-bedroom, 22 two-bedroom, eight three-bedroom and four four-bedroom units. The units for large families and disabled persons will meet two housing priorities of the city. The city of Richfield owns the site and has committed its own Housing Trust Funds in support of the project.

## Population Served

- The development will provide 42 units of workforce housing and permanent supportive housing.
- High Priority Homeless (HPH): seven units will serve single adults and families that meet the definition of HPH and will benefit from Long-Term Homeless (LTH) Housing Support.
- Persons with Disabilities (PWD): six units will serve single adults with a person with a disability and will benefit from LTH Housing Support.
- Rental Assistance: 13 units will benefit from Housing Support. All 13 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 21 units will have rents restricted to 50% MTSP rent. Of the 21 units, 3 units will be deeply affordable to households at 30% MTSP income.
- Supportive Housing: the development is partially supportive housing (less than 50% of units designated for HPH, PWD or other homeless households).

# Penn Station

**Property Number: D8728**
**Total Units:** 42
**Sponsor Name:**
JO Companies, LLC
**City of Richfield, Hennepin**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | 18,039 | Current Households: | 16,038 | Current Population: | 36,543 |
| Five Year Change: | 970 | 10 Year Change: | 1,026 | 10 Year Change: | 564 |
| Percent Change: | 6% | Percent change: | 7% | Percent Change: | 2% |

Unemployment Rate: **3.8%** (county) **3.4%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053024100 **(Region: 7-County Metro)**,

- the median household income is **$89,563.00**.
  (Tract household income is in the **40 - 59th percentile** based on region type)
- the median renter household income is **$52,303.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **76%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **60 - 79th percentile** based on region type)
- **23%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60 - 79th percentile** statewide)
- **5%** % of people are in poverty.
  (Tract share of people in poverty is in the **20 - 39th percentile** statewide)
- the median rent for all units is **$1,126.00**.
  (Tract median rent is in the **0 - 19th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

MINNESOTA HOUSING

MINNESOTA HOUSING

# Development Summary

## Lotus Pointe

| | | | |
|---|---|---|---|
| **Sponsor** | Woda Cooper Companies, Inc. and Project for Pride in Living | | |
| **Location** | Crystal | **Project Type(s)** | Workforce Housing |
| **Property #** | D #8717 | **Project #** | M #19734 |

## Project Description

Lotus Pointe is a 44 unit, new construction development in the city of Crystal being proposed by Woda Cooper Companies, Inc., in partnership with Project for Pride In Living (PPL). The development will provide 11 one-bedroom, 22 two-bedroom, seven three-bedroom, and four four-bedroom units. The three and four-bedroom units are especially under represented in available rental housing within Crystal. The development will be within the Crystal Town Center Planned Development revitalization district.

## Population Served

- The development will provide 44 units of workforce housing and permanent supportive housing.
- High Priority Homeless (HPH): seven units will serve single adults and families that meet the definition of HPH and will benefit from LTH Housing Support
- Persons with Disabilities (PWD): five units will serve single adults and families with a person with a disability and will benefit from LTH Housing Support.
- Rental Assistance: 12 units will benefit from Housing Support rental assistance. All 12 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP).
- Serves Lowest Income Tenants: 22 units will have rents restricted to 50% MTSP rent. Of the 22 units, five will be deeply affordable to households at 30% MTSP income.
- Supportive Housing: the development is partially supportive housing (fewer than 50% of units designated for HPH, PWD or other homeless households).

# Lotus Pointe

**Property Number: D8717**
**Total Units: 44**
**Sponsor Name:**
**Woda Cooper Development, Inc.**
**City of Crystal, Hennepin**


## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | **4,151** | Current Households: | **9,468** | Current Population: | **22,791** |
| Five Year Change: | **220** | 10 Year Change: | **265** | 10 Year Change: | **374** |
| Percent Change: | **6%** | Percent change: | **3%** | Percent Change: | **2%** |

Unemployment Rate: **3.8%** (county) **4.3%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $1,220.00 |
| **1 Bedroom** | $1,381.00 |
| **2 Bedrooms** | $1,685.00 |
| **3+ Bedrooms** | $2,244.00 |

## Local Area Incomes and Rents

In census tract 27053020700 **(Region: 7-County Metro)**,

- the median household income is **$82,344.00**.
  (Tract household income is in the **20 - 39th percentile** based on region type)
- the median renter household income is **$37,375.00**.
  (Tract renter income is in the **20 - 39th percentile** based on region type)
- **97%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **32%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **60 - 79th percentile** statewide)
- **5%** % of people are in poverty.
  (Tract share of people in poverty is in the **20 - 39th percentile** statewide)
- the median rent for all units is **$1,280.00**.
  (Tract median rent is in the **20 - 39th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

# Development Summary

## Red Pine Estates

| | | | |
|---|---|---|---|
| **Sponsor** | The Schuett Companies | | |
| **Location** | Bemidji | **Project Type(s)** | Preservation |
| **Property #** | D0121 | **Project #** | M19671 |

## Project Description

Red Pine Estates is a preservation project located in Bemidji, currently owned by The Schuett Companies. The site originally included two components, a 50 unit apartment building for residents that are senior or disabled and 36 townhomes for families for a total of 86 units. All 86 units have project-based rental assistance. In June 2023, the city required the 50 unit apartment building to be immediately vacated due to failing structural components that threatened the safety of the residents. The engineering report determined that the failure related to a defect in the original construction of the apartment building. The townhomes were also found to have similar defects but were temporarily stabilized and remain occupied. The residents from the apartment buildings found a variety of temporary housing and many continue to benefit from the rental assistance in temporary settings. Due to the scale of the structural failure, the apartment building has since been demolished and the cost to repair the townhomes was projected to exceed the cost of new construction.

This project will replace the 50 unit apartment building, construct 36 new townhomes and then demolition of the existing townhomes. This project will preserve the project based rental assistance for all 86 units. The former apartment residents will have the ability to return, and the existing townhome residents will be able to transfer to the new townhomes.

## Population Served

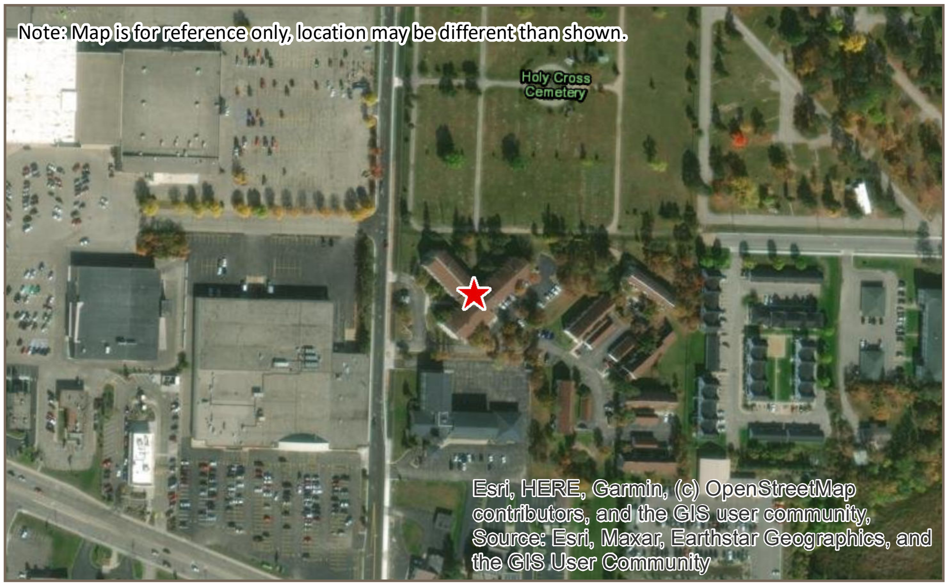
Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

- The development will preserve 86 units that benefit from a project-based rental assistance contract.
- The development serves a senior and disabled population.
- High Priority Homeless (HPH): nine units will serve single adults that meet the definition of HPH), are 62+ or disabled and will benefit from project based rental assistance.

# Red Pine Estates

**Property Number: D0121**
**Total Units: 86**
**Sponsor Name:**
**Schuett Development, LLC**
**City of Bemidji, Beltrami**

In a HUD R/ECAP: **No**




## Recent Employment and Household Trends in the City

Note: data in this section are current city data and do not necessarily reflect the project's achievement of the QAP priority areas due to differing geography and data.

| Job Trends 2018-2023 | | Household Trends 2012-2022 | | Population Trends 2012-2022 | |
|---|---|---|---|---|---|
| Current Jobs: | 13,659 | Current Households: | 6,543 | Current Population: | 15,947 |
| Five Year Change: | -232 | 10 Year Change: | 1,123 | 10 Year Change: | 2,387 |
| Percent Change: | -2% | Percent change: | 21% | Percent Change: | 18% |

Unemployment Rate: **4.8%** (county) **4.6%** (city, if available)

## Fair Market Rents (2024)

| Bedroom Size | Fair Market Rents (Co) |
|---|---|
| **0 Bedrooms** | $802.00 |
| **1 Bedroom** | $832.00 |
| **2 Bedrooms** | $1,092.00 |
| **3+ Bedrooms** | $1,316.00 |

## Local Area Incomes and Rents

In census tract 27007450703 **(Region: Greater MN Non-MSA)**,

- the median household income is **$36,560.00**.
  (Tract household income is in the **0 - 19th percentile** based on region type)
- the median renter household income is **$36,424.00**.
  (Tract renter income is in the **40 - 59th percentile** based on region type)
- **61%**, of lower income renters are cost burdened.
  (Tract cost burdened renters is in the **80 - 100th percentile** based on region type)
- **36%**, of the population is Black, Indigenous, or person of color.
  (Tract share of population BIPOC is in the **80 - 100th percentile** statewide)
- **24%** % of people are in poverty.
  (Tract share of people in poverty is in the **80 - 100th percentile** statewide)
- the median rent for all units is **$931.00**.
  (Tract median rent is in the **60 - 79th percentile** based on region type)

Sources: Census Tract data based on data from the American Community Survey 2018-2022 sample. City data on job growth is from the MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. Population and Household growth figures are from the MN State Demographer's estimates, which use the Decennial Census. Fair Market Rents are from HUD and for the County for 2025.

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MINNESOTA HOUSING

# Item: Approval, Bring It Home Rental Assistance Program Guide

**Action Item:** 7.F
**Date:** 12/19/2024

**Staff Contacts:** Dani Salus, 651.284.3178, Danielle.salus@state.mn.us
Jennifer Bergman, 651.297.5232, Jennifer.bergman@state.mn.us
**Request Type:** Approval, Motion

## Request Summary

Staff requests board approval of the Bring It Home Rental Assistance Program Guide (Program Guide) to establish and administer the rental assistance voucher program.

## Fiscal Impact

The program is funded through both state appropriations and a new metro sales tax. Individual awards will be structured as grants, which do not earn interest for the Agency. Minnesota Housing will retain a portion of the available funding to cover operating and administrative expenses in accordance with Minnesota Statute 462A.05, subdivision 8.

## Agency Priorities

☒ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background
- Program Guide

## Background:

The Bring It Home Rental Assistance Program, also referred to as "Bring it Home," was authorized in the 2023 legislative session under Minnesota Statute 462A.2095. The program was created to provide rental assistance for low-income families across Minnesota. The program is funded by state appropriations and a new metro sales tax and will provide tenant-based and project-based rental assistance for cost-burdened households earning up to 50% of the area median income (AMI). Priority for rental assistance must be given to households with children 18 years of age and under and annual incomes up to 30% of the AMI. Bring It Home will provide an estimated 4,000-5,000 vouchers statewide.

The legislature designed the program so that grants would be provided to Program Administrators who will administer the program as direct assistance to eligible renter households. A Program Administrator (PA) is defined as:

> (1) a housing and redevelopment authority (HRA) or other local government agency or authority that administers federal tenant-based or project-based assistance;
>
> (2) A Tribal government or tribally designated housing entity; or
>
> (3) If there is no entity under clause (1) or (2) with the capacity to administer the program, a non-governmental organization (NGO) with the capacity to administer the program.

The program will be administered by up to 80 Program Administrators, including up to 11 Tribal Nations and 65 HRAs or NGOs.

Grant funds must be used for rental assistance, administrative fees or start-up costs. The vouchers can be tenant-based or project-based rent assistance that is the difference between 30% of the tenant's gross income and up to 120% of the payment standard, plus utilities. A payment standard is a maximum rent calculation as established by Housing and Urban Development (HUD) guidelines. PAs may use their existing procedures that they use for the federal Housing Choice Vouchers or establish alternative procedures to implement the program as outlined in the Program Guide.

The statute requires that Minnesota Housing make grants statewide in proportion to eligible households. Agency staff developed a methodology to estimate the initial minimum grant amount per PA along with establishing a set aside for Tribal Nations, which is included as an appendix of the Program Guide. For PAs that are HRAs or non-governmental organizations administering a Housing Choice Voucher program, the minimum grant award is meant to cover a specific service area that is made of the geography covered by that PA. Tribal entities are not restricted to any particular geographic area.

The funding available annually for the Bring It Home Program is approximately $63 million: $23 million in appropriations and an estimated $40 million generated from the new metro sales tax. The Agency is receiving 25 percent of the ¼ cent housing sales tax from the Department of Revenue for the Bring It Home Rental Assistance Program. The sales tax started in October of 2023 and the Agency receives notice of the monthly amount available approximately two months in arrears. Sales tax proceeds may only be used within the seven-county metro area. Appropriations are available statewide.

Of the projected $63 million in annual funding available, approximately $3 million will be set aside for Tribal Nations, $58 million for HRAs or non-governmental organizations administering a Housing Choice Voucher program and $2 million in administrative fees for the Agency.

While many of the program parameters were clearly defined in the legislation, other aspects of the program were determined through consultation with major stakeholders as well as an internal work group of Agency staff, including representation from legal, policy, grants and procurement and senior leadership. These components are incorporated into the program guide and briefly highlighted below.

- **Partnership:** PAs may partner to deliver the rental assistance. PAs that choose to partner with another PA must enter into a Memorandum of Agreement that describes how they will work together to achieve the agreed-upon goals and objectives. Minnesota Housing will contract with only one of the partners as the grantee.

- **Start-up costs**: Start-up costs can include any necessary costs to establish and quickly disburse funds under the program. Reasonable start-up costs include but are not limited to such items as: marketing/advertising activities, new program staff, legal fees, software changes and office equipment. A set aside of $6 million has been allocated for start-up costs. PAs will submit a request for funds based on actual needs to establish their Bring It Home program and will be generally for the first 12 months of the program.

- **Administrative Fees**: PAs may receive administrative fees based on a per voucher per month basis. The program team has developed a schedule of administrative fees for the first round of the Bring It Home Rental Assistance Program based on each PA’s estimated number of vouchers. A portion of administrative fees may be used to incentivize landlord participation.

- **Procedure Options**: PAs may choose from one of three options to administer the program – Existing procedures (Option 1), Amended Procedures (Option 2) and Alternative Plans (Option 3).

    - <u>Option 1 – Existing Procedures</u>: PAs may follow Existing Procedures used to administer the federal Housing Choice Voucher (HCV), Moving to Work or Native American Housing Assistance and Self-Determination Act (NAHASDA) program. PAs choosing to use their existing procedures do not require approval of these procedures by Minnesota Housing.
    - <u>Option 2 – Amended Procedures</u>: PAs may propose using their Existing Procedures as outlined in Option 1 with substantial modifications to achieve the goals of reaching households most in need. The substantial modifications would

be submitted for review and approval by Minnesota Housing. The team has included a list of pre-approved modifications for ease of implementation.

  - Option 3 – Alternative Procedures: A PA may choose to submit an Alternative Plan for a Bring It Home Rental Assistance program that does not rely on any existing procedures or differs substantially from existing procedures. Minnesota Housing will review Alternative Plan proposals and, at its sole discretion, approve or deny the plans.

- **Reporting:** Reporting will be required to track the success of the program. Minnesota Housing is creating a template through which PAs will submit a report with funding requests which will include information on overall program administration and participant information. The research team is assisting in developing a set of measures through which the data will be used to evaluate the program.

Staff has been working closely with stakeholders such as the Minnesota chapter of the National Association of Housing and Redevelopment Officials (NAHRO) and HRAs across the state, as well as Tribal entities as required by Minnesota Statute 462A.2095. Once the Program Guide has been approved, staff will release a brief Intent to Apply (ITA) to eligible PAs. The ITA will not be required, but will help with the design of the Request for Proposals and determine if there are any parts of the state without coverage. Staff plans to release the full Request for Proposals in January 2025 in accordance with policies established by the Minnesota Department of Administration's Office of Grants Management. Applications will be due in March 2025.

MINNESOTA HOUSING

# Bring It Home Rental Assistance

## Program Guide

EQUAL HOUSING OPPORTUNITY

*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

*An equal opportunity employer.*

*This information will be made available in alternative format upon request.*

# Contents

# Chapter 1 – Introduction

## 1.01 Values Statement

All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making
- Listen and share the power we have,
- Honor, respect and strengthen communities, and
- Be inclusive, equitable, just and antiracist in our actions.

## 1.02 Program Purpose and Authorizing Statute

Minnesota Housing has the authority under Minnesota Statute 462A.2095 to establish and administer a statewide rental assistance program that provides tenant-based and project-based rental assistance through Program Administrators.

Minnesota Housing will retain a portion of the available funding, including but not limited to appropriations to cover administrative costs in accordance with Minnesota Statute 462A.05, subdivision 8.

## 1.03 Program Overview

The Bring it Home Rental Assistance Program, also referred to as “Bring It Home,” is a new program to create rental assistance for low-income families across Minnesota. Funded by state appropriations and the new metro sales tax for housing, the program will provide grants to Program Administrators who will administer the program as direct assistance for renter households.

The program provides funding for tenant-based and project-based rental assistance for cost-burdened households earning up to 50% area median income (AMI) or less. Cost burdened households means a household that is paying more than 30% of the household’s annual income on rent. Priority for rental assistance shall be given to households with children 18 years of age and under and annual incomes of up to 30% of the area median income.

A Program Administrator may provide tenant-based or project-based rental assistance in amounts equal to the difference between 30% of household income and the rent charged, plus an allowance for utilities if not included in rent. A Program Administrator may not provide assistance that is more than the difference between 30% of the tenant's gross income and 120% of the payment standard, plus utilities, as established by the local Public Housing Authority, unless otherwise authorized by Minnesota Housing. Like the federal Housing Choice Vouchers, households may continue to receive housing assistance as long as the household remains income-eligible and is compliant with Participant obligations.

## 1.04 Program Guide

This Program Guide will be incorporated into and is considered part of the Grant Contract Agreement executed between the Program Administrator and Minnesota Housing.

## 1.05 Definition of Terms

Appendix A includes definitions of capitalized terms used in this Program Guide.

# Chapter 2 – Eligibility and Program Requirements

## 2.01 Eligible Recipients

To be eligible for Bring It Home Rental Assistance Program funds, the applicant must be a Program Administrator as defined in 462A.2095, Subd 2(c). Program Administrators are:

- Housing Choice Voucher (HCV) administrator: A Housing and Redevelopment Authority (HRA) or other local government agency or authority that administers federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937;
- Tribal Entity: A Tribal government or Tribal Designated Housing Entity; or
- Nongovernmental Organization: If there is no entity in either category above with the capacity or authority to administer the program, a nongovernmental organization determined by the Minnesota Housing to have the capacity to administer the program.

Minnesota Housing will make every effort to ensure coverage of all geographies within Minnesota so that all low-income renter households have an opportunity for assistance. Program Administrators may partner to deliver the rental assistance in another Service Area. If a current HCV administrator or Tribal Entity declines or is unable to operate the program within its Service Area, Minnesota Housing will notify the adjacent HCV administrators and/or Tribal Entities to determine their interest in administering the program in that Service Area.

Program Administrators that choose to partner with another Program Administrator must enter into a Memorandum of Agreement (MOA) that describes how they will work together to achieve the agreed-upon goals and objectives. MOAs may be used to increase geographic coverage, reduce financial limitations placed on smaller housing authorities, or fill gaps by Program Administrators that choose not to participate in the program. The Program Administrator would be eligible to receive the combined Minimum Grant Awards for all Service Areas under the MOA. For partial Service Areas, contact Minnesota Housing prior to submitting an application. The Grantee will be responsible for all requirements under the contract and the reporting requirements in Chapter 8 for the combined Service Areas.

## 2.02 Eligible Households

Households are eligible to apply for the Bring It Home Rental Assistance Program if they:

- Are a Minnesota resident;
- Have an annual income of up to 50% of the area median income as determined by the United States Department of Housing and Urban Development (HUD), adjusted for family size;
- Pay more than 30% of the household's annual income on rent;
- Are not receiving federal tenant-based assistance under Section 8 of the United States Housing Act of 1937, as amended; and
- Are not currently in a unit receiving project-based assistance under Section 8 of the United States Housing Act of 1937, as amended.

After initial eligibility, Program Administrators may use additional screening criteria to determine a household's qualification and prioritization for the program. Program Administrators may consider modeling tenant screening guidelines on Minnesota Housing's Tenant Selection Plan Guidelines.

Priority for rental assistance must be given to households with children 18 years of age and under, and annual incomes of up to 30% of the area median income.

Program Administrators must ensure that additional screening criteria does not conflict with state law or Minnesota Housing policies. This includes but is not limited to:

- Minn. Stat. 504B.117 - Individual Taxpayer Identification Number
- Minn. Stat. 504B.173, subdivision 3a – Denial Based on Pending Cases
- Minn. Stat., Chapter 363A, et. seq – Minnesota Human Rights Act
- Minnesota Housing Tenant Selection Plan Guidelines, if Project Administrators are using Project Based Rental Assistance in their own properties

Program Administrators should consult with their legal counsel when adapting screening criteria from other rental assistance programs to ensure compliance with the Bring it Home Program. If there is a conflict between other program eligibility and the terms of this Program Guide, the Program Guide controls.

## 2.03 Eligible Uses

This program provides grants to Program Administrators for the purpose of providing tenant- or project-based rental assistance directly to Housing Providers for Eligible Households. Eligible uses under this program are Start-Up Costs, Administrative Fees and Housing Assistance Payments.

- **Start-Up Costs**

  Start-Up Costs shall include any necessary costs to establish and quickly disburse funds on behalf of Eligible Households to expediently engage in activities of establishing the program staff and infrastructure needed to operate the Bring It Home Rental Assistance Program as determined by the Program Administrator and approved by Minnesota Housing.

  Start-Up Costs should be adequate to establish program policies, hire and train staff, establish waitlists and develop program procedures during the first twelve months of the program. Start-Up Costs will be covered through the initial grants with Program Administrators for the first round of funding only. The Start-Up Costs are in addition to the Bring It Home Rental Assistance Program grant proceeds used for Housing Assistance Payments and Administrative Fees.

  Examples of reasonable Start-Up Costs include but are not limited to:

  - Advertising for program staff, hiring and other recruitment activities;
  - Hiring, onboarding, orientation and training of program staff;

  - Initial salary and benefits for program staff before Administrative Fees are fully realized;
  - Accounting and audit expenses;
  - Legal fees related to the program;
  - Software changes and licensing costs to run an efficient and responsible program including changes to Program Administrators' general software and accounting systems;
  - Purchase of necessary office equipment, furnishings and technology equipment;
  - Advertising and outreach materials including printing, advertising, changes to websites, pamphlets and social media;
  - Educational outreach activities to Housing Providers, other service agencies and potential Participants. Translation and interpretations costs included; and/or
  - Funding for operating losses incurred prior to Administrative Fees being fully realized.

  Start-Up Costs must be directly related to the Bring It Home Rental Assistance Program. Unreasonable expenses may be rejected by Minnesota Housing. Approval or disapproval of Start-Up Costs is at the sole discretion of Minnesota Housing.

- **Administrative Fees**

  Administrative Fees are an eligible expense under the Bring It Home Program. Administrative Fees specifically for the Bring It Home Rental Assistance Program will be reimbursed on a monthly basis with submission of the disbursement request form provided by Minnesota Housing, based on the number of vouchers issued at the time of the submission.

  Program Administrators may receive Administrative Fees based on a per voucher per month basis. Minnesota Housing has developed a schedule of Administrative Fees for this round of the Bring It Home Rental Assistance Program based on the Program Administrator's estimated number of vouchers. The schedule will be reviewed and updated with each Request for Proposals (RFP).

  Administrative expenses covered by Administrative Fees must be directly related to the Bring It Home Rental Assistance Program. A portion of a Program Administrator's Administrative Fee may be used for Landlord Incentive Programs.

- **Housing Assistance Payments (HAP)/Rental Assistance**

  A Program Administrator must use grant proceeds to provide tenant-based or project-based rental assistance payments in an amount equal to the difference between 30% of the tenant's gross income and up to 120% of the payment standard, plus utilities, as established by the local Public Housing Authority, unless otherwise authorized by Minnesota Housing.

  This rental assistance payment made by the Program Administrator to the Housing Provider is known as a Housing Assistance Payment (HAP). Program Administrators will calculate HAP amounts for each household and use grant proceeds to make payments directly to the Housing Provider. Details regarding administration of the HAP can be found in Chapter 3 of this Guide.

## 2.04 Portability

Portability between Program Administrators' Service Areas is not allowed in the Bring It Home Rental Assistance Program.

## 2.05 Privacy Act Notice and Tennessen Warning

Prior to collecting private data from any individual, the Grantee must supply the individual with a Combined Privacy Act Notice and Tennessen Warning. The Notice and Warning must be consistent with the requirements of Minn. Stat. 13.04, Subd. 2 and list Minnesota Housing as a party with whom the data may be shared.

# Chapter 3 – Housing Assistance Payments/Rental Assistance Options

Program Administrators may choose from one of three options to administer the Bring It Home Rental Assistance Program: Option 1: Existing Procedures, Option 2: Amended Procedures and Option 3: Alternative Plans.

A Program Administrator may pick one or more option in administering their grant and operating the program. Minnesota Housing must approve the Program Administrator’s Option 2: Amended Procedures or Option 3: Alternative Plan.

Under all options, the following Bring it Home Rental Assistance Program statutory requirements must be met:

- Maximum household income of 50% AMI, as determined at the time of initial receipt of rental assistance and recertified annually;
- Priority for households with children under the age of 18 and annual incomes below 30% AMI;
- Housing Assistance Payments are made directly to the Housing Provider; and,
- Eligible ongoing grant expenses (after Start-Up Costs) are Housing Assistance Payments and Administrative Fees.

In addition, under all options listed below, Program Administrators must comply with program eligibility requirements, and applicable state and federal laws.

## 3.01 Option 1: Existing Procedures

Program Administrators may follow Existing Procedures used to administer the federal Housing Choice Voucher (HCV) or other substantially similar federal rental assistance programs. Existing procedures do not require approval by Minnesota Housing. However, Program Administrators should consult with their legal counsel when adapting policies and procedures from other rental assistance programs. These include the following federal programs:

- Housing Choice Voucher Program
- Moving to Work (MTW) Demonstration Program
- Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) or other Tribally based housing programs

Program Administrators may follow their HCV Administrative Plan or similar document in establishing requirements such as waitlists, leasing units and making payments.

Under Option 1, Program Administrators may adopt the following changes to their Existing Procedures without further review by Minnesota Housing:

- Rental Assistance at up to 120% of the payment standard

- Prioritization for households with children under the age of 18 and annual incomes below 30% AMI

## 3.02 Option 2: Amended Procedures

Program Administrators may propose using their Existing Procedures as outlined in Option 1 with substantial modifications to achieve the goals of reaching households most in need and incentivizing Landlord participation. The substantial modifications must be submitted for review and approval by Minnesota Housing.

Under Option 2, Program Administrators must submit an outline of what items will differ from the Program Administrator's HCV Administrative Plan or similar document beyond the changes that are automatically approved under Option 1.

Minnesota Housing encourages the following modifications under Option 2 and will expedite approval for Program Administrators that propose only these modifications:

- Additional time for the housing search so that renters are more likely to find and secure housing.
- Alternatives to the HUD Housing Quality Standards/National Standards for the Physical Inspection of Real Estate (NSPIRE) inspections that achieve efficiencies for the renter, Housing Providers and Program Administrator while maintaining health and safety standards.
- Changes to the definitions of household or family for the purposes of determining eligibility.
- Project-based assistance without limitations on the number of units receiving Rental Assistance per property or address.
- Issuance of project-based Rental Assistance without HUD-required property reviews such as environmental reviews that are not otherwise required by state or local law.
- Allowing households to rent units above 120% of the payment standard and pay up to 50% of their income towards rent where the Program Administrator can demonstrate that choices are severely restricted, the alternative would be homelessness or housing instability and all other options have been exhausted.
- Allowing shorter-term leases including month-to-month or rental agreements that are not in a standard lease form where the Housing Provider would otherwise refuse to rent to the household.
- Allowing Eligible Households to apply using an individual taxpayer identification number.
- Allowing eligibility based on receipt of income-based state or federal benefits.

## 3.03 Option 3: Alternative Plan

A Program Administrator may choose to submit an Alternative Plan for a Bring It Home Rental Assistance program that does not rely on existing procedures and differs substantially from Option 1: Existing Procedures or Option 2: Amended Procedures.

Minnesota Housing will review Alternative Plan proposals and procedures and, at its sole discretion, approve or deny the plans. Minnesota Housing encourages Program Administrators to operate at least some portion of each grant under Option 1 or Option 2 in order to expedite and increase Rental Assistance availability in all communities.

A Program Administrator may also develop an Alternative Plan where the proposed method of assisting renter households is in no way similar to an HCV, MTW or NAHASDA Administrative Plan.

In all cases, the basic requirements of the Bring it Home Rental Assistance Program as described in 2.02 must be met:

- Serve households at or below 50% AMI who pay more than 30% of their income toward rent;
- Provide housing assistance for the difference between 30% of renter income and the contract rent or 120% of the payment standard, whichever is lower; and,
- Prioritize households with children under the age of 18 and annual incomes below 30% AMI.

## 3.04 Project Based Rental Assistance

Program Administrators may choose to use all or a portion of grant proceeds for Project Based Rental Assistance vouchers (). Program Administrators that plan to fund Project Based Rental Assistance are not required to follow HUD's PBV guidelines. However, the Program Administrator should include the proposed PBV procedures.

All submissions for Option 2: Amended Procedures or Option 3: Alternative Plan must be approved by Minnesota Housing.

# Chapter 4 – Funding Information

Bring It Home Rental Assistance Program funds will be made available as grants to eligible Program Administrators that apply through a Request for Proposal (RFP) process.

As outlined in Minnesota Statutes, section 462A.2095, Minnesota Housing has established a Minimum Grant Award for each Program Administrator with a set-aside for Tribal Nations. Program Administrators may request additional grant funds subject to availability of additional or unused funds. Program Administrators that operate in multiple Service Areas under a Memorandum of Agreement or where there is no other qualified Program Administrator may apply for the total of all Minimum Grant Awards in all covered Service Areas.

## 4.01 Minimum Grant Awards

The statute requires Minnesota Housing to issue grants statewide in proportion to the number of households eligible for assistance in each county according to the American Community Survey (ACS). Minnesota Housing will release a schedule of Minimum Grant Awards that reflects the minimum annual amount of funds a Program Administrator would receive following the submission, and approval, of a complete application through the RFP.

For Program Administrators that are HRAs or similar organizations as described in 2.01, the Minimum Grant Awards are meant to cover a specific Service Area that is made of the geography covered by that Program Administrator. Eligible Tribal entities are not restricted to serving any particular geographic areas in the state of Minnesota. For eligible nongovernmental organizations that meet the requirements in 2.01, the organization would serve only the geographies for which it has submitted an application and an entity that is a HRA is not otherwise serving.

Minnesota Housing's methodology for forecasting revenues, establishing a set-aside for Tribal Nations, determining need and establishing Minimum Grant Awards is in Appendix B.

## 4.02 Minimum Grant Award Request for Proposals

Eligible Program Administrators will apply through a RFP process. Instructions for applying for the RFP will be found on Minnesota Housing's website, including but not limited to application instructions, documentation checklists, RFP timeline and how to submit an application as outlined in Chapter 5.

Minnesota Housing established Minimum Grant Awards for each eligible Program Administrator based on current HCV administrators and their Service Areas and a set-aside for Tribal Nations. An Eligible Recipient must apply through the RFP with a complete application in order to be selected as a Program Administrator and awarded the Minimum Grant Award Amount.

Program Administrators are strongly encouraged to respond to Minnesota Housing's Intent to Apply Request prior to the posting of the RFP to indicate their interest in participating. Minnesota Housing will then determine if there is a gap in service coverage prior to releasing the RFP. Program Administrators are encouraged to partner to deliver the rental assistance, identify a single Grantee, and indicate that in the Intent to Apply. Minnesota Housing will work diligently to make sure all geographic areas are covered.

If a Program Administrator described in 2.01 does not apply for the Minimum Grant Award covering the Service Area or partner with another Program Administrator, the award for that Service Area would be made in the following priority:

- First to an eligible HCV Administrator or Tribal entity that has a binding agreement to serve the area or has submitted a complete application that indicates they would serve the Service Area.
- Second to a nongovernmental organization determined by Minnesota Housing to have the capacity to administer the program if such organization has submitted a complete application for the Service Area in the RFP.

A Program Administrator must apply through the RFP with a complete application in order to be selected as a Program Administrator and awarded the Minimum Grant Award Amount.

An eligible Program Administrator may apply for any amount of funding through the RFP. If the Program Administrator requests less than or equal to the Minimum Grant Award provided in the RFP materials, the award would be capped at the lower of the requested amount or the Minimum Grant Award. Program Administrators may apply for more than the Minimum Grant Award amount and would be eligible to receive additional funding subject to availability of additional or unused funds.

# Chapter 5 – Application Process, Review and Financial Criteria

This Program is subject to applicable policies established by the Minnesota Department of Administration's Office of Grants Management (OGM). Funding for the Program will be allocated through a competitive Request for Proposal (RFP) process.

Minnesota Housing will make application forms and instructions available on its website at such times and for such duration as it deems necessary and appropriate to fulfill the goals of the Program.

## 5.01 Funding Selections and Work Plan

Funding selections are subject to approval by the Minnesota Housing Board of Directors. Minnesota Housing's award decisions are final and are not subject to appeal.

After selection, each Grantee will receive a grant award letter with the allocated grant amount, terms and any due diligence requirements. The Grantee must complete a work plan and budget template based on the allocated grant amount. The work plan and budget template will be provided by Minnesota Housing and incorporated into the Grant Contract Agreement.

# Chapter 6 – Contracting, Payments and Budget Modifications

## 6.01 Grantee Requirements

The Grantee is a party to the Grant Contract Agreement and shall adhere to the following requirements which include, but are not limited to, the activities listed below. If there are any conflicts between this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls. Program Administrators will be required to:

- Execute a Grant Contract Agreement with Minnesota Housing outlining the scope of work to be performed. The Grantee may also be responsible for completing the proposal, budget, work plan and/or other exhibits to the Grant Contract Agreement(s).
- Maintain financial records for a minimum of six years after the Grant Contract Agreement(s) ends that document the use of all grant proceeds awarded. Minnesota Housing, at its sole discretion, may request to review the accounting and documentation of such records as a part of a site visit or at other times.
- Complete and submit all invoices and required reports on time in a manner determined by Minnesota Housing.
- Have a written conflict of interest policy and take necessary steps to prevent individual and organizational conflicts of interest. All suspected, disclosed or discovered conflicts of interest must be reported to Minnesota Housing in a timely manner.
- Comply with applicable contracting and bidding requirements noted in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements noted in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules and policies.

## 6.02 Payment Requests

After the Grant Contract Agreement is fully executed, the Program Administrator may only submit a disbursement request to Minnesota Housing using the disbursement request form provided by Minnesota Housing. On the disbursement request form, the Program Administrator must identify the actual expenditures for Start-Up Costs and Housing Assistance Payments (HAP). Disbursements will be made directly to the Program Administrator. Minnesota Housing will process one disbursement request per month for each Program Administrator. Administrative Fees will be based on a per voucher per month basis based on the number of vouchers issued.

The disbursement schedule will be determined by the Grant Contract Agreement. Minnesota Housing may provide an initial advanced payment, at the Agency’s discretion, for a portion of the awarded Start-Up Costs and HAP payments to the Program Administrator within applicable laws, rules, and policies.

### Start-Up Costs

Start-Up Costs are intended to be used for the first twelve months of the Bring It Home Rental Assistance Program and may include any necessary expenses to establish and quickly disperse funds on behalf of Eligible Households to expediently engage in activities for initial start-up expenses determined by the Administrator. Start-Up Costs will be paid monthly for the start-up period as outlined in the Grant Contract Agreement. Program Administrators will prepare a budget proposal and submit it with their RFP application. Minnesota Housing will review, request changes as needed and approve the start-up budget.

### Monthly Housing Assistance Payments

Program Administrators will prepare and submit to Minnesota Housing their monthly Housing Assistance Payment requests that detail actual expenditures and summary participant information for the previous month. The information collected on the disbursement request form includes but is not limited to:

- Actual expenses incurred in the payment of rent plus utilities for the previous month.
- Summary data on each Participant for the previous month, which consists of information including but not limited to household data, unit size, voucher size, move-in date, move-out date, contract rent, Participant Rent, and Housing Assistance Payment amount.

Minnesota Housing will use a disbursement request form to determine the reimbursement amount to be sent to the Grantee. The Grantee should submit the request for funds to Minnesota Housing no later than the 15th of each month, unless other arrangements have been approved by Minnesota Housing.

### Administrative Fees

At the time of selection for funding, Minnesota Housing will approve a monthly Administrative Fee based on a per voucher per month basis for the Program Administrator, and it will be described in the Grant Contract Agreement. The monthly disbursement request form will calculate the total amount of eligible Administrative Fees to be paid to the Program Administrator based on the number of vouchers that are issued.

## 6.03 Budget Modifications that Do Not Require Pre-Approval

Grantees are not required to seek Minnesota Housing approval for the following budget modifications but are required to inform Minnesota Housing staff in writing of these budget modifications within two working days of making the modification:

- Moving funds between Start-Up Cost line items. For example, from software to technology equipment.

## 6.04 Budget Modifications that Require Preapproval

All other budget modifications require approval from Minnesota Housing. When requesting a budget modification, Grantees must submit the following information in writing to Minnesota Housing staff:

- The reason for the request;
- The amount of funds proposed to be shifted;
- The expense categories that funds will be moved to and from; and
- If there will be a change in the total projected households served or an impact to the program design outlined in the application or work plan.

Budget modification request approvals are at the sole discretion of Minnesota Housing.

# Chapter 7 – Reporting, Monitoring and Record Keeping

## 7.01 Reporting

In order to demonstrate the success of the program, data collection will be required on an ongoing basis. Data will be shared with the legislature, the Governor's office and the public.

Minnesota Housing will establish a template through which Program Administrators will submit a report with disbursement requests which will include information on overall program administration and Participant information. This template will be attached to the Grant Contract Agreement. The following are examples of the types of information that may be requested:

Program information, such as, but not limited to:

- Payment Standards/Income Limits
- Number of people on the waiting list
- Shopping times
- Number of vouchers currently issued
- Number of vouchers that are under contract
- Number of Participants denied assistance and reason for denial
- List of vouchers by bedroom size
- Number of Project Based Rental Assistance and Tenant Based Rental Assistance vouchers

Participant information, such as, but not limited to:

- Number of household members
- Background at admission such as income, assets, race, disability status, etc.
- Unit to be occupied on effective date of action
- Assets
- Income
- Contract rent
- Housing Assistance Payment (HAP)
- Total Tenant Payment (TTP)
- Other information as requested by Minnesota Housing

## 7.02 Monitoring

Minnesota Housing will conduct ongoing monitoring and evaluations of the projects funded by the Program. If the grant award is over $250,000, annual monitoring will be required. If the grant award is less than that amount, monitoring will be required once during the biennium. The following will be required as part of grant monitoring:

- A written report that summarizes the grant activities, outcomes, eligible expenses and challenges for the given period.
- A financial reconciliation completed by Minnesota Housing as required by [OGM Policy 8-10] before the final payment is made or within 12 months of issuance. Grantees shall be required to submit a cost report or general ledger, including receipts and expenses for the work, invoices for the work, and any other documentation deemed necessary by Minnesota Housing to complete the financial reconciliation.
- A final written report and financial review that includes the outcomes of the grant activities and confirmation of compliance with applicable affordability requirements.
- Site visits at the request of Minnesota Housing.

Minnesota Housing will schedule monitoring with Program Administrators giving adequate notice and preparation time (typically 30 days). Minnesota Housing staff will advise Grantees on how to prepare for the monitoring visit and financial reconciliation, the format for the monitoring and which Program Administrator staff should be involved in the visit.

Minnesota Housing staff will review all financial and progress reports that have been submitted by a Program Administrator prior to the monitoring visit.

During a monitoring visit, Minnesota Housing staff will complete a review of the overall program as well as a review of the Participant files. The review will include, but not be limited to, the following items:

- Overall program review including:
  - Program outcomes and reporting
  - Grantee policies and procedures
  - Program Administrator’s Administrative Plan or other program guidelines
  - Payment Standards/Fair Market Rents
- Financial records including:
  - Expenditures for Housing Assistance Payments to Housing Providers
  - Security deposits
  - Balance sheet and check register
  - Program Administrator’s adherence to the Procedures (or other program guidelines), the Bring It Home Program Guide and the Grant Contract Agreement
  - Participant files

Grantees are responsible for maintaining financial records that document the use of all Bring It Home Rental Assistance funds and that include all eligible payments. After completion of the grant term, Grantees are expected to maintain all records for a minimum of six years after the grant term has ended. In addition to program financial records, Participant records must also be maintained for a minimum of six years after the grant term has ended. In addition, Minnesota Housing reserves the right to review financial and Participant records during this period, and records must be made available upon request.

## 7.03 Participant Files

Each Program Administrator will establish files for applicants and Participants. Minnesota Housing will provide a template for required file documentation.

Minnesota Housing will review Participant files kept on site by the Program Administrator during site visits or through an audit of requested files. Minnesota Housing staff will determine the number of files for review and select files via a random sampling. Additional files maybe be reviewed at Minnesota Housing’s discretion.

File documentation should align with the procedures the Program Administrator has adopted for Bring It Home Rental Assistance and with any Minnesota Housing approvals. File documentation may include, but is not limited to:

- Household Application for Bring It Home Rental Assistance
- Minnesota Government Data Practices Act Disclosure Statement and Acknowledgement (signed by all adults 18 or older on lease)
- Income and Asset determination
- Computation of gross Income, payment standard, Participant rent and HAP
- Unit inspection report
- Executed lease agreement
- Other correspondence

## 7.04 Corrections and Funding Repayment

If the Grantee expends funds on any ineligible expenses, Minnesota Housing will issue a notification to the Grantee requiring immediate return of the applicable funds. The Grantee shall have 10 business days to respond to Minnesota Housing to appeal the determination and submit any supporting documentation that supports its appeal or return the improperly invoiced funds. Minnesota Housing may extend the appeal period at its sole discretion. Grantees that fail to comply and/or return funds within 10 business day for ineligible uses may be subject to consequences, including a finding of Unacceptable Practices in future Consolidated Requests for Proposals (RFPs), suspension from doing business with Minnesota Housing, and/or any other disciplinary or legal action Minnesota Housing deems appropriate and as determined at Minnesota Housing’s sole discretion.

## 7.05 Record Keeping

Grantees are responsible for maintaining records that document the use of all grant proceeds. Grantees must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. Grantees must maintain these documents for a minimum of six years from the end of the Grant Contract Agreement. Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing upon request.

Documents to save and retain include, but are not limited to:

- Executed Grant Contract Agreement and any amendments
- Reports submitted by the Grantee to Minnesota Housing
- Any necessary approvals, such as city council resolutions regarding application for, receipt and expenditure of program funds
- Invoices and supporting invoice documentation (receipts, proof of payment, etc.)
- Written approvals from Minnesota Housing

## Chapter 8 – Government Data Practices Act

The Program Administrator and Minnesota Housing must comply with the Data Practices Act (Minn. Stat. Chapter. 13). The Data Practices Act applies to all data provided by Minnesota Housing under the Grant Contract Agreement, and it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Program Administrator under the Grant Contract Agreement. The civil remedies of Minnesota Statute, section 13.08 apply to the release of the data referred to in this section by either the Program Administrator or Minnesota Housing.

The Data Practices Act provides that the collection and use of nonpublic data including private and confidential data on individuals "shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." Minnesota Statute 13.05, subd. 3. The Program Administrator must "establish appropriate security safeguards" including that data are "accessible to persons whose work assignment reasonably requires access to the data and is only to be accessed by those persons for purposes described in the procedure." Minnesota Statute 13.05, subd. 5(a)(2).

The Program Administrator will ensure that it protects any nonpublic data it receives. Private or confidential information on individuals may include but is not limited to:

- Name
- Email address, phone number, or other contact information
- Photos

The Program Administrator should contact Minnesota Housing with any questions about the Data Practices Act and whether a request it received is considered a data request. If the Program Administrator receives a request to release the data referred to in this section, the Program Administrator must immediately notify Minnesota Housing. Minnesota Housing will give the Program Administrator instructions concerning the release of the data to the requesting party before the data is released. The Program Administrator's response to the request shall comply with applicable law.

## Appendix A – Definitions

| Term | Definition |
|---|---|
| Administrative Fees | Funds provided to Program Administrators for the operation of the program. |
| Alternative Plan | A set of procedures developed by the Program Administrator to implement the Bring It Home Rental Assistance Program that are substantially different from their Existing Procedures. |
| Amended Procedures | A modified version of the procedures currently used in a Program Administrator's federal rental assistance program, such as the Housing Choice Voucher Program, Moving to Work demonstration program, or tribal rental assistance program. |
| Bring it Home Rental Assistance Program | State of Minnesota rent assistance program established under Minn. Stat. 462A.2095. |
| Data Practices Act | References the Minnesota Government Data Practices act (Minnesota Statutes, chapter 13) |
| Eligible Household | A household domiciled in Minnesota with an annual income of up to 50% of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, that is paying more than 30% of the household's annual income on rent. Eligibility is determined at the time a household first receives rental assistance under this section. |
| Existing Procedures | Procedures currently used by a Program Administrator's federal rental assistance program, such as the Housing Choice Voucher program, Moving to Work demonstration program, or tribal rental assistance program. |
| Grant Contract Agreement | The Grant Contract Agreement executed between the Minnesota Housing Finance Agency and the Grantee for funds to |

| Term | Definition |
|---|---|
| | administer the Bring It Home Rental Assistance Program. |
| Grantee | An entity awarded funding under the Bring It Home Rental Assistance Program. Also referred to as the Program Administrator. |
| Housing Assistance Payments (HAP) | Rental Assistance payments made on behalf of a Participant to a Housing Provider. Generally, these payments will be the difference between 30% of the Participant’s income and the rent. |
| Housing Choice Voucher (HCV) | The Housing Choice Voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. |
| HCV Administrator | An entity, typically a public housing authority, Housing Redevelopment Authority or community development agency that has a contract with the Department of Housing and Urban Development to administer the HCV program. |
| Housing Provider | A property owner, manager or other authorized individual acting as a Landlord under Minnesota law. |
| Housing Redevelopment Authority (HRA) | A municipal public entity, legally separate from the city council, created to address local housing needs. |
| Landlord | An owner of real property, a contract for deed vendee, receiver, executor, trustee, lessee, agent, or other person directly or indirectly in control of rental property |

| Term | Definition |
|---|---|
| Landlord Incentive Programs | Programs developed to provide Housing Providers with resources - financial or otherwise - to encourage participation in the Bring It Home Rental Assistance Program. |
| Memorandum of Agreement (MOA) | A legally binding document between two parties that outlines the agreed upon terms to work cooperatively together on a project or program. |
| Minimum Grant Award | The minimum annual amount of funds a Program Administrator would receive that is in proportion to its share of households eligible for assistance and is provided by Minnesota Housing in a schedule. |
| Minnesota Housing or Agency | The Minnesota Housing Finance Agency or Minnesota Housing |
| Nongovernmental Organization | A nonprofit organization that works independently from any government, typically with a humanitarian or charitable mission. |
| Participant | A family or individual who has received Bring It Home Rental Assistance |
| Portability | The ability for a program Participant to use Rental Assistance outside of the Service Area served by a Program Administrator. This is not allowed for Bring It Home Rental Assistance. |
| Program Administrators | Housing and redevelopment authority or other local government agency or authority that administers federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937; A Tribal government or Tribal designated housing entity; or if there is no entity under clause (1) or (2) with the capacity or authority to administer the program, a nongovernmental organization determined by Minnesota Housing to have the capacity |

| Term | Definition |
| --- | --- |
| | to administer the program. Also referred to as the Grantee. |
| Program Guide | This document developed by Minnesota Housing explaining the policies and procedures used to administer the Bring It Home Rental Assistance Program. |
| Project Based Rental Assistance | A housing subsidy that connects rental assistance to a specific housing unit and remains project based |
| Public Housing Authority (PHA) | A state, county, municipality or other governmental entity or public body or agency or instrumentality of these entities that is authorized to engage or assist in the development or operation of low-income housing under the United States Housing Act of 1937 in accordance with 24 CFR §5.100. |
| Rental Assistance | Financial assistance provided to Housing Providers on behalf of individuals or families who are unable to afford their rent |
| Service Area | The geographic area in which a Program Administrator will be administering tenant-based or project-based Rental Assistance through the Bring It Home Rental Assistance Program. |
| Start-Up Costs | Necessary expenses in the first twelve months of a Grantee’s contract to establish and begin administration of the Bring It Home Rental Assistance Program for the Grantee’s Service Area. |
| Tenant Based Rental Assistance | A housing subsidy that connects rental assistance to an Eligible Household rather than a specific housing unit. |
| Tribal Designated Housing Entity | Entities that meet the requirements defined by Unites States Code, title 25, section 4103(22) |

# Appendix B – Bring It Home Minimum Grant Award Amount Methodology

For non-Tribal Program Administrators, Minnesota Housing was required to use the most recent data from the Census Bureau's American Community Survey (ACS), which is updated annually, to determine the number of Eligible Households (those who would be eligible for the Bring It Home Rental Assistance Program) by Program Administrator Service Area.

The number of Eligible Households was then multiplied by the average Housing Assistance Payment (HAP) provided by HUD (which was a point in time for the most recent year) to determine the amount of money needed to assist all Eligible Households, which totaled approximately $163 million per month.

The need amount for each Program Administrator was then divided by the total amount of need to come up with a "share of need" for each Program Administrator's Service Area.

The share of need percentage was then multiplied by the total projected amount available (metro sales tax and appropriated funds) for the Bring It Home Rental Assistance Program to determine each Program Administrator's Minimum Grant Award amount. The metro sales tax funds will only go the Program Administrators in the metro area, and the appropriated funds will largely go to Program Administrators in Greater Minnesota with a small share potentially going to the metro area.

Tribal Nations do not currently participate in the federal Housing Choice Voucher (HCV) program and therefore HAP payments are not available to calculate the cost of administering the Bring It Home Rental Assistance Program within the Tribal Service Areas. In addition, Tribal Service Areas are not limited by specific geographic boundaries. Minnesota Housing analyzed need among renters likely to be served by Tribal Program Administrators. Tribal Nations will apply for grants within a set-aside of Minimum Grant Awards that is funded by state appropriations.

# Appendix C Legal Addendum

## 1.01 Conflict and Control

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

## 1.02 Fraud

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

## 1.03 Misuse of Funds

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

## 1.04 Conflict of Interest

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- Actual Conflict of Interest: An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- Potential Conflict of Interest: A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.
- Appearance of a Conflict of Interest: The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- Business: Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- Family Member: A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- Friend: A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- Outside Interest: An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- Partner: A person's romantic and domestic partners and outside Business partners.
- Relative: Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## 1.05 Assistance to Employees and Affiliated Parties

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## 1.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to

Minnesota Housing's website for a list of suspended individuals and organizations (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## 1.07 Disclosure and Reporting

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (e.g., administrators, Grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Any member Minnesota Housing's Servant Leadership Team, as denoted on Minnesota Housing's current organizational chart (Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- Report Wrongdoing or Concerns (mnhousing.gov) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

## 1.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## 1.09 Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

## 1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota

Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

## 1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes Chapter 177 or Minnesota Statutes Section 116J.871. In broad terms, Minnesota Statutes Chapter 177 applies to an award of $25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing $200,000 or more of grant proceeds or $500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than $100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to: mhfa.prevailingwage@state.mn.us.

All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Road N, St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

# Item: Approval, Homeownership Investment Grants Program Guide

**Action Item:** 7.G
**Date:** 12/19/2024
**Staff Contacts:** Laurie Zabel, 651.227.2003, Laurie.Zabel@state.mn.us
Tal Anderson, 651.296.2198, Tal.Anderson@state.mn.us
**Request Type:** Approval, Motion

## Request Summary

Staff requests approval of the Homeownership Investment Grants Program Guide.

## Fiscal Impact

Minnesota Housing may retain a portion of the appropriated funding to cover its operating and administrative expenses pursuant to Minnesota Statutes, section 462A.05, subdivision 8.

## Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

## Attachments

- Background
- Homeownership Investment Grants Program Guide

## Background

The Homeownership Investment Grants Program was funded by a one-time state appropriation of $40,000,000 as part of the 2023 legislative session. This program is established in Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 31, with program requirements further clarified in Minnesota Laws 2023, chapter 37, article 2, section 11.

The Homeownership Investment Grants Program Guide outlines the specific legislative parameters for this program and includes the legal requirements that apply to all Minnesota Housing programs. Staff is seeking approval of the program guide from the board.

The grant funding for this program will be distributed through a competitive request for proposals (RFP) in accordance with the policies established by the Minnesota Department of Administration's Office of Grants Management (OGM). Grantees that receive program funds will develop and manage their proposed programs, with specific program parameters detailed in individual grant contracts based on the grantee's submitted RFP proposal, grantee's program guide, budget and workplan.

The RFP will include the following eligibility criteria:

**Eligible Organizations**

The Homeownership Investment Grants legislative authorization requires applicants to meet the following requirements:

- Qualify for tax exempt status under United States Code, title 26, section 501 (c)(3);
- Have primary operations located in Minnesota;
- Be certified as a Community Development Financial Institiution by the United States Department of the Treasury; and
- Provide affordable housing lending or financing programs.

**Eligible Activities**

The eligible activities as defined by legislative authorization will include investment in:

- Housing development to increase the supply of affordable owner-occupied homes;
- Financing programs for affordable owner-occupied new home construction;
- Acquisition, rehabilitation, and resale of affordable owner-occupied homes or homes to be converted to owner-occupied homes; or
- Establishing revolving loan accounts at Community Development Financial Institutions.

Implementation of the Homeownership Investment Grants Program will aim to support Community Development Financial Institutions' critical and necessary work in creating and preserving affordable homeownership opportunities across the state – accelerating production, leveraging existing state and federal programs and private sector investments, and addressing gaps in existing homeownership financing resources available to meet housing needs.

Organizations applying for a grant must include a plan to create new affordable homeownership and home preservation opportunities for targeted areas, as required by the legislation. Funding recommendations will consider the extent to which proposals:

- Result in regional or statewide coverage, including addressing the homeownership gap by including historically excluded communities, rural and Tribal communities, and communities of color.
- Support owner-occupied housing in a range of communities so that low- and moderate-income Minnesotans have greater choice in where they are able to buy a home.
- Create maximum impact on affordable homeownership supply, through efficiencies of scale and delivery, leverage, provision of low-cost capital, and/or revolving of funds to leverage state investment.
- Demonstrate experience in financing affordable home ownership through loans or grants to individuals and other nonprofit organizations, including direct lending as well as those in an intermediary role.
- Address homeownership gap by including outreach and service to Black, Indigenous, and people of color and historically excluded communities in the service area proposed.
- Demonstrate reaching low- and moderate-income households to achieve affordable homeownership.
- Demonstrate capacity and feasibility of the financing program(s) proposed.

The RFP is anticipated to be issued and applications due in the first quarter of 2025. A technical assistance webinar will be held roughly two weeks after the RFP is posted.

After applications are submitted, staff will review eligibility and score applications, with funding recommendations presented for board review in Spring 2025. Prior to funds disbursement, selected grantees will provide a program guide for their individual program(s) to Minnesota Housing, among any other contract requirements, and execute a grant contract agreement.

# Homeownership Investment Grants Program Guide

Effective Date: December 19, 2024

EQUAL HOUSING OPPORTUNITY

## Values Statement

All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect and strengthen communities, and
- Be inclusive, equitable, just and antiracist in our actions.

# Chapter 1 – Program Purpose and Authorizing Statute

## 1.01 Purpose and Authorizing Statute

In 2023, the Minnesota Legislature allocated $40 million of state appropriations to create the Homeownership Investment Grants Program (HIG Program). The HIG Program is intended to support projects that encourage affordable homeownership through partnership with eligible Community Development Financial Institutions (CDFIs).

The Homeownership Investment Grants Program adheres to Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 31, with eligibility provisions in Minnesota Laws 2023, chapter 37, article 2, section 11.

## 1.02 Request for Proposals

The HIG Program will provide grants to eligible organizations selected through a competitive request for proposals (RFP) process in accordance with the policies established by the Minnesota Department of Administration's Office of Grants Management. All organizations applying for a grant must include as part of their application a plan to create new affordable home ownership and home preservation opportunities for Targeted Areas. Selected entities will be provided grant funds through a Grant Contract Agreement.

This Program Guide will be incorporated into the Grant Contract Agreement executed between the Administrator and Minnesota Housing. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

## Chapter 2 – Eligible Organizations

An Administrator under this program must be a non-profit organization that meets all four of the following criteria:

- Qualify for tax exempt status under United State Code, title 26, section 501(c)(3);
- Have primary operations located in Minnesota;
- Be certified as a Community Development Financial Institution (CDFI) by the United States Department of the Treasury; and
- Provide affordable housing lending or financing programs.

# Chapter 3 – Eligible Projects

Eligible projects must invest in Affordable Homeownership opportunities in the State of Minnesota, and meet one of the following four activities outlined below.

## 3.01 Housing Development

Housing Development is defined as: developing owner-occupied home(s) to increase the supply available for Eligible Homebuyers.

## 3.02 Financing Programs

Financing programs are defined as: Loans or grants to developers, builders or other individuals involved in the construction of new owner-occupied homes for Eligible Homebuyers. This includes but is not limited to grants or loans for the purpose of construction, and any related acquisition, rehabilitation, demolition or removal of existing structures. Grants or loans may be made available for construction financing, permanent financing, interest rate reduction, refinancing, Gap Financing, first mortgage lending, downpayment assistance, or other financing programs.

## 3.03 Acquisition, Rehabilitation and Resale

Acquisition, Rehabilitation and Resale is defined as: the purchase of a single-family residential home, the subsequent rehabilitation of the property into a habitable condition, and sale of the rehabilitated home to an Eligible Homebuyer, who will occupy the home as a primary residence.

## 3.04 Revolving Loan Account

Revolving Loan Accounts are defined as: capital accounts to be used for the purpose of financing Affordable Homeownership opportunities. Each administrator’s Grant Contract Agreement will outline how the revolving loan account will be used during the term of the grant.

# Chapter 4 – Records Retention, Reporting and Monitoring

## 4.01 Records Retention

Administrators must maintain copies of all books, records, Project files, documents, and accounting procedures related to the Grant Contract Agreement during the term of the Grant Contract Agreement and for a minimum of six years after the termination or expiration of the Grant Contract Agreement. These documents are subject to examination by Minnesota Housing, the State of Minnesota, the State Auditor, and the Legislative Auditor.

## 4.02 Reporting

Administrators are required to submit all required reporting and related documentation to Minnesota Housing as specified pursuant to their Grant Contract Agreement. Reporting requirements in the Grant Contract Agreement may include, but are not limited to, the following:

- Household demographic and project information;
- Periodic reports (i.e. monthly, quarterly, annual reports);
- Close out reports; and
- Any reports, files, or documents required as part of Minnesota Housing's monitoring for compliance with the Grant Contract Agreement, applicable laws and State policies.

## 4.03 Monitoring and Financial Reconciliation

With reasonable notice to the Administrator and, where applicable, to the household, Minnesota Housing reserves the right to make site visits, review Administrator's records and project files, and conduct quality control audits. Records and project files subject to review will be specified in the Grant Contract Agreement. Monitoring and quality control audits are generally conducted to determine:

- Minnesota Housing program/policy compliance; and
- Fraud or misrepresentation on the part of any party involved in a transaction.

## Chapter 5 – Administrative Costs

Administrators must minimize administrative costs when conducting their Eligible Projects.

The maximum administrative cost for Administrators will be ten percent (10%) of the grant, unless otherwise determined by Minnesota Housing.

## Chapter 6 – Disbursements

Grant disbursements will follow the terms outlined in each Administrator’s Grant Contract Agreement. Funds will not be disbursed or used for expenses incurred before the contract effective date. All conditions for fund disbursement, including the submission of required documentation, will be specified in the Grant Contract Agreement and must be fulfilled before funds can be disbursed.

## Appendix A: Definitions

| | |
|---|---|
| Affordable Homeownership | Owner-occupied housing which is affordable to Eligible Homebuyers. |
| Administrator | The entity that executes the Grant Contract Agreement with Minnesota Housing. |
| Administrative Costs | Costs related to the implementation of Eligible Projects including but not limited to staff costs, marketing/advertising costs, Administrator overhead, legal fees, accounting fees, costs related to loan origination, or other costs as approved by Minnesota Housing. |
| Affordable Housing Lending | Providing loans or financial assistance for the development, purchase or rehabilitation of housing that is accessible to families with low to moderate incomes.<br><br>This includes but is not limited to first mortgage lending, downpayment assistance programs, affordability and value gap financing, interest rate buydowns, and grants. |
| Eligible Homebuyer | An individual or household that meets specific criteria designed to promote equitable access to homeownership as defined by the program Administrator. Eligible homebuyers must have household income at or below 115% median income, as determined by HUD. |
| Gap Financing | Value Gap-The difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale.<br><br>Affordability Gap- The difference between the total cost of acquiring the property, generally determined by the fair market sales price of the |

| | |
|---|---|
| | property, and the amount of the first mortgage loan for which the owner occupant qualifies based on industry standard, prudent underwriting practice. |
| Grant Contract Agreement | A legal contract executed between Minnesota Housing and an Administrator providing Homeownership Investment Grants dollars in the form of a grant. |
| HIG Program | Homeownership Investment Grants Program |
| New Home | A newly created housing unit that, in its current condition, has not yet been lived in immediately prior to purchase by an Eligible Homeowner for Owner Occupancy. |
| Owner Occupied/Owner Occupancy | At least one Eligible Homebuyer must occupy the home within 60 days of purchase and intend to live in the home as their primary residence. |
| Revolving Loan | A revolving loan occurs when a lender grants a borrower money up to an approved limit. The borrower may borrow up to their credit limit and may reuse their loan again after the balance is paid down.<br><br>Or<br><br>A committed loan facility allowing a borrower to borrow (up to a limit), repay, and re-borrow loans. |
| Targeted Area | A geographic area where affordable housing projects are proposed as defined by the project Administrator. |

# Appendix B: Legal Addendum

## B.01 Conflict and Control

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

## B.02 Fraud

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 2.07.

## B.03 Misuse of Funds

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 2.07.

## B.04 Conflict of Interest

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- **Actual Conflict of Interest**: An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.

- **Potential Conflict of Interest**: A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.

- **Appearance of a Conflict of Interest:** The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- **Business**: Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member**: A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend**: A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest**: An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner**: A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 2.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## B.05 Assistance to Employees and Affiliated Parties

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 2.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 2.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 2.07.

## B.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of suspended individuals and organizations (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## B.07 Disclosure and Reporting

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (e.g., administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Any member Minnesota Housing's Servant Leadership Team, as denoted on Minnesota Housing's current organizational chart (Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- Report Wrongdoing or Concerns (mnhousing.gov) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

## B.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## B.09 Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

## B.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

## B.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes Chapter 177 or Minnesota Statutes Section 116J.871. In broad terms,  Minnesota Statutes Chapter 177 applies to an award of $25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation); (2) a single entity receives from Minnesota Housing $200,000 or more of grant proceeds or $500,000 of loan proceeds.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than $100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

All determinations regarding prevailing wage are made by the Minnesota Department of Labor and Industry. All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Road N, St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

If, after a determination by the Minnesota Department of Labor that prevailing wage does apply, a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

# Item: Approval, Greater Minnesota Housing Infrastructure Grant Program Guide

**Action Item:** 7.H
**Date:** 12/19/2024
**Staff Contacts:** Nick Boettcher, 651.282.2575, nick.boettcher@state.mn.us
Annie Reierson, 651.296.3495, annie.reierson@state.mn.us
**Request Type:** Approval, Motion

## Request Summary

Staff requests board approval of the Greater Minnesota Housing Infrastructure Grant Program Guide (Program Guide). This Program Guide will assist and enable Grantees and Minnesota Housing staff to implement this new program.

## Fiscal Impact

None.

## Agency Priorities

☒ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background
- Program Guide

## Background

The 2023 legislative session resulted in several new sources of funding for housing programs, including the Greater Minnesota Housing Infrastructure Grant Program. This program addresses one issue Minnesota communities have identified as a barrier to developing housing: a lack of financing for public infrastructure, such as roads and utilities.

Funds available for the program total **$8 million:** $3 million from one appropriation and $5 million from a second appropriation**.** Each is a one-time appropriation and there is no ongoing funding.

Eligible applicants are Greater Minnesota cities, counties, Tribal Nations and Tribally-designated housing entities. Eligible uses of the funds include, but are not limited to, sewers, water supply systems, utility extensions, streets, wastewater treatment systems and stormwater management systems necessary to support a qualifying housing development.

A grantee may receive no more than $40,000 per lot for single-family (one- to four-unit) affordable housing or workforce housing that is not manufactured housing, no more than $60,000 per lot for affordable housing or workforce housing that is manufactured housing, and no more than $180,000 per lot for multifamily housing with more than four affordable housing or workforce housing units per building.

A grantee may receive no more than $500,000 in two years for one or more housing development. The $500,000 limit does not apply to use on manufactured housing developments.

Funding will be distributed through a competitive request for proposal (RFP) process in accordance with policies established by the Minnesota Department of Administration's Office of Grants Management.

Over the next weeks or months, staff will design and implement a Request for Proposals (RFP) process that will award funds to the highest scoring proposals.

# Greater Minnesota Housing Infrastructure Grant Program

Program Guide

December 19, 2024

DECEMBER 2024

## Contents

# Chapter 1 – Introduction

## 1.01 Values Statement

All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect and strengthen communities, and
- Be inclusive, equitable, just and antiracist in our actions.

## 1.02 Program Purpose, Overview and Authorizing Statute

Minnesota Statutes Sections 462A.395 and 462A.05, subdivision 45 authorize Minnesota Housing to award grants to eligible counties, cities and Tribal Nations to provide up to 50 percent of the capital costs of physical public infrastructure necessary for eligible workforce housing development projects through the Greater Minnesota Housing Infrastructure Program (Program). The Minnesota Legislature first authorized and appropriated funds for these uses in 2023.

## 1.03 Program Guide

This Program Guide, including subsequent changes and additions, is incorporated into the Grant Contract Agreement by reference and is a part thereof as fully as if set forth in the Grant Contract Agreement at length. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

Minnesota Housing reserves the right to alter or waive any provision herein.

## 1.04 Definition of Terms

Appendix A includes definitions of capitalized terms used in this Program Guide.

# Chapter 2 – Eligibility and Program Requirements

## 2.01 Eligible Grantees

Only the following may be Grantees:

- Cities and counties located in Minnesota outside the seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington);
- The cities of Northfield, Cannon Falls, Hanover, Rockford and New Prague; and,
- Any federally recognized Tribal Nation in Minnesota or its associated Tribally Designated Housing Entity.

## 2.02 Eligible Infrastructure Projects

Grant Proceeds must be used for Capital Costs as defined in this Program Guide and in Minn. Stat. 462A.395, subd. 2(c) of Publicly Owned infrastructure projects that are both:

- Necessary to support one or more Qualifying Housing Developments; and,
- Approved in writing by Minnesota Housing.

Capital Costs are costs to acquire public infrastructure or costs to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to public infrastructure that materially increases its value or useful life, included in, or could be included in, a public entity's capital budget or capital improvement plan, and that comply with Minn. Stat. 462A.395.

Publicly Owned means the infrastructure is wholly or majority-owned by a public entity or public entities, or privately owned but where whole or majority ownership will be transferred to a public entity or public entities once certain conditions are met, such as completion of construction. In the case of a Grantee that is a Tribal Nation or a Tribally Designated Housing Entity, this also includes land and other property owned by a Tribal Nation or Tribally Designated Housing Entity, and land held in trust by the federal government for a Tribal Nation, even if leased to a third party.

Eligible Infrastructure Projects may include but are not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

## 2.03 Eligible Costs and Matching Funds

In order to be reimbursed from Grant Proceeds, costs:

- Must be Capital Costs;
- Must be necessary to complete an Eligible Infrastructure Project ("Project");
- Must be expended during the term of the Grant Contract Agreement;
- Must not be incurred until after the Grant Contract Agreement is fully executed; and,
- Must not also be reimbursed from another source.

At least 50 percent of Capital Costs must be covered by sources other than Grant Proceeds. These matching funds must include nonstate resources and must be either committed or spent prior to award of Grant Proceeds. Nonstate resources may include the value of in-kind contributions to the Eligible Infrastructure Project or Qualifying Housing Development, including but not limited to donated land within the Eligible Infrastructure Project area and Housing Development Area.

## 2.04 Reasonable Cost Estimates

The Grantee must determine and document that all Project costs are reasonable and necessary, and must maintain documentation of the purchasing and/or bidding process(es) used. The Grant Contract Agreement may contain additional contracting and bidding requirements.

## 2.05 Qualifying Housing Developments

Grant Proceeds must be used for Eligible Infrastructure Projects that support one or more Qualifying Housing Developments in a Housing Development Area. Qualifying Housing Developments:

- May be residential or mixed-use;
- May be manufactured or site-built, or a combination of both;
- Must be intended in whole or in part for occupancy by owners, renters or both;
- Must contain either Affordable Housing, Workforce Housing, or both; and
- May contain a mix of Affordable, Workforce and Market Rate Housing.

The Qualifying Housing Development does not need to be completed during the term of the Grant Contract Agreement. However, Minnesota Housing reserves discretion to consider status of Qualifying Housing Developments prior to awarding additional Grant Proceeds in the future.

### There must be no net loss of housing.

In no case may a Qualifying Housing Development result in a net loss of housing units within the Housing Development Area and Eligible Infrastructure Project area combined.

## 2.06 Visitability

The visitability requirement at Minn. Stat. 462A.34 does not apply to use of Grant Proceeds since Grant Proceeds must be used for Eligible Infrastructure Projects and not for new construction of single-family homes, duplexes, triplexes, and multilevel townhouses. Use of funds through other Minnesota Housing programs for housing construction may, however, trigger visitability requirements.

## 2.07 Prevailing Wage

State prevailing wage requirements under Minn. Stat. 177 or Minn. Stat. 116J.871 may apply to Eligible Infrastructure Projects. Refer to Appendix C - Legal Addendum and consult legal counsel for more information.

# Chapter 3 – Funding Information

## 3.01 Funding Source and Type

Funds for the Program are determined by the Minnesota Legislature as an appropriation and awarded by Minnesota Housing in the form of a grant.

## 3.02 Funding Amount

Grants must not exceed 50 percent of Capital Costs of Eligible Infrastructure Projects.

Additionally, a Grantee may receive no more than $40,000 per lot for single-family (one-to-four-unit) Affordable Housing or Workforce Housing that is not Manufactured Housing, no more than $60,000 per lot for Affordable Housing or Workforce Housing that is Manufactured Housing, and no more than $180,000 per lot for multifamily housing with more than four Affordable Housing or Workforce Housing units per building. The Grant Contract Agreement may provide for lesser amounts.

No Grantee may receive an award greater than $500,000 through any one Program RFP, nor through all Program awards made in a two-year period. Awards made for Manufactured Housing lots are not counted toward this $500,000 limit.

Funding amounts will be determined by Minnesota Housing in its sole discretion and are contingent on the amount of funding available to Minnesota Housing.

## 3.03 Disbursement Schedule

The disbursement schedule is determined by the Grant Contract Agreement.

## Chapter 4 – Application Process, Review Criteria and Selections

This Program is subject to applicable policies established by the Minnesota Department of Administration's Office of Grants Management (OGM). Funding for the Program will be allocated through a competitive Request for Proposal (RFP) process.

Minnesota Housing will make review criteria, application forms and instructions available on its website at such times and for such duration as it deems necessary and appropriate to fulfill the goals of the Program.

Funding selections are subject to approval by the Minnesota Housing board of directors. Minnesota Housing's award decisions are final and are not subject to appeal.

# Chapter 5 – Contracting, Reimbursements and Budget Modifications

## 5.01 Work Plan and Budget

After funding selection, each Grantee will receive a grant award letter with the allocated grant amount, terms and due diligence requirements. The Grantee must then complete a work plan and budget template based on the allocated grant amount. The work plan and budget template will be provided by Minnesota Housing and incorporated into the Grant Contract Agreement.

## 5.02 Grantee Requirements

The Grantee is a party to the Grant Contract Agreement and shall adhere to the following requirements which include, but are not limited to, the activities listed below. If there are any conflicts between this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

- Execute a Grant Contract Agreement with Minnesota Housing outlining the scope of work to be performed. The Grantee is responsible for completing the proposal, budget, work plan and/or other exhibits to the Grant Contract Agreement(s).
- Maintain financial records for a minimum of six years after the Grant Contract Agreement(s) ends that document the use of all grant proceeds awarded. Minnesota Housing staff, at its sole discretion, may request to review the accounting and documentation of such records at as part of a site visit or at other times.
- Complete and submit all invoices and required reports on time in a manner determined by Minnesota Housing.
- Have a written conflict of interest policy and take necessary steps to prevent individual and organizational conflicts of interest. All suspected, disclosed, or discovered conflicts of interest must be reported to Minnesota Housing in a timely manner.
- Comply with applicable contracting and bidding requirements defined in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements defined in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules and policies.

## 5.03 Subgrants and Loans

Grantees may subgrant Grant Proceeds for Eligible Infrastructure Projects.

As outlined in the Grant Contract Agreement, Grantees, if engaging subgrantees, must enter into formal contracts with subgrantees before the subgrantee incurs eligible expenses on an Eligible

Infrastructure Project. Grantees should ensure that relevant communication from Minnesota Housing is relayed to subgrantees.

Grantees, and their subgrantees or contractors, may make loans with Grant Proceeds as part of an Eligible Infrastructure Project.

Minnesota Housing will hold Grantees solely responsible for compliance with the Grant Contract Agreement and this Program Guide.

## 5.04 Reimbursement Requests

After the Grant Contract Agreement is fully executed, the Grantee may submit a reimbursement request to Minnesota Housing using the draw request form template provided by Minnesota Housing.

The Grantee must provide evidence of the eligible incurred expenses with the reimbursement request, which may include contractor pay applications/draw requests, invoices, and photographs of work in progress and completed work. Minnesota Housing staff may request additional or alternative documentation as needed to verify expenses. Disbursement will only be made to the Grantee and only for eligible expenses as determined by Minnesota Housing in its sole discretion.

## 5.05 Advance Payment Requests

Advance payments are not allowed unless otherwise specified in the Grant Contract Agreement.

## 5.06 Budget Modifications

The budget attached to the Grant Contract Agreement may be modified with prior written approval from Minnesota Housing before the expense is incurred by the Grantee.

# Chapter 6 – Reporting, Monitoring and Record Keeping

## 6.01 Reporting

Each Grantee must submit reports to Minnesota Housing on a schedule and format determined by Minnesota Housing and outlined in the Grant Contract Agreement.

## 6.02 Monitoring and Financial Reconciliation

Minnesota Housing will conduct ongoing evaluations of the Projects funded by the Program. The following will be required as part of grant monitoring:

- A written report that summarizes the grant activities, outcomes, eligible expenses and challenges for the given period.
- Minnesota Housing reserves the right to conduct site visits.
- Before the final payment is made, Minnesota Housing will complete a financial reconciliation as required by OGM Policy 8-10. Grantees shall be required to submit a cost report or general ledger, including receipts and expenses for the work, invoices for the work, and any other documentation deemed necessary by Minnesota Housing to complete the financial reconciliation.
- Final written report and financial review that includes the outcomes of the grant activities and confirmation of compliance with applicable affordability requirements.

## 6.03 Record Keeping

Grantees are responsible for maintaining records that document the use of all Grant Proceeds. Grantees must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. Grantees must maintain these documents for a minimum of six years from the end of the Grant Contract Agreement. Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing upon request.

Documents to save and retain include those identified in Appendix B to this Program Guide.

## Appendix A – Definitions

*Table 1: This table contains definitions of capitalized terms used in this Program Guide.*

| Term | Definition |
|---|---|
| Affordable Housing | Housing restricted to individuals or households with incomes at or below:<br>• 80 percent of the greater of state or area median income for rental housing, or<br>• 115 percent of the greater of state or area median income for ownership housing.<br>And regardless of income:<br>• Housing for people experiencing homelessness or domestic violence or who are at risk of homelessness. |
| Affordable to the Local Workforce | Housing where the reasonably estimated monthly gross market rent (including any tenant-paid utility allowance) or payment of monthly principal, interest, property taxes, property insurance, homeowners association dues, manufactured home park lot rent and community land trust ground lease fee combined does not exceed 150% of the four-bedroom Affordable to Local Workforce Rent Limit published by Minnesota Housing's Multifamily Division applicable to the Housing Development Area. |
| Capital Costs | Costs to acquire public infrastructure or costs to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to public infrastructure that materially increases its value or useful life, included in, or could be included in, a public entity's capital budget or capital improvement plan, and that comply with Minn. Stat. 462A.395. |
| Data Practices Act | The Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13). |
| Eligible Infrastructure Project | A public infrastructure project that meets the requirements of this Program Guide, including Section 2.02, and Minn. Stat. 462A.395. |
| Grant Contract Agreement | The Grant Contract Agreement executed between Minnesota Housing and the Grantee for the Greater Minnesota Greater Minnesota Housing Infrastructure Grant Program. |
| Grantee | An organization awarded funding under the Greater Minnesota Housing Infrastructure Grant Program. |
| Grant Proceeds | Grant funds awarded under the terms of the Grant Contract Agreement. |
| Housing Development Area | An area, proposed in the RFP and identified in the Grant Contract Agreement, within which one or more Qualifying Housing Developments is or are located. |

| Term | Definition |
|---|---|
| Manufactured Housing | Housing that is constructed entirely or primarily offsite, such as HUD Code manufactured homes, or primarily offsite and assembled onsite, including precut, panelized and modular housing. |
| Market Rate Housing | Housing that is neither Affordable Housing nor Workforce Housing. |
| Minnesota Housing or Agency | The Minnesota Housing Finance Agency. |
| Program | The Greater Minnesota Housing Infrastructure Grant Program. |
| Program Guide | This Greater Minnesota Housing Infrastructure Grant Program Guide. |
| Publicly Owned | Wholly or majority-owned by a public entity or public entities, or privately owned but where whole or majority ownership will be transferred to a public entity or public entities once certain conditions are met, such as completion of construction. In the case of a Grantee that is a Tribal Nation or a Tribally Designated Housing Entity, this also includes land and other property owned by a Tribal Nation or Tribally Designated Housing Entity and land held in trust by the federal government for a Tribal Nation, even if leased to a third party. |
| Qualifying Housing Development | A housing development project that meets the requirements of this Program Guide and Minnesota Statutes Section 462A.395. |
| Tribal Nation | A federally recognized Indian Tribe in Minnesota. |
| Tribally Designated Housing Entity | An entity of a Tribal Nation that meets the requirements defined by Unites States Code, title 25, section 4103(22). |
| Workforce Housing | Housing that is or is reasonably expected to be Affordable to the Local Workforce. This includes additional units anticipated from zoning and land use modifications undertaken as part of a Qualifying Housing Development. |

# Appendix B – Required Program Documentation Checklist

## 1.01 Grantee File

*Table 2: Use this table to help ensure your Grantee File contains all required documents.*

| Checkbox | Document(s) |
|---|---|
| ☐ | Grantee's response to the Program RFP |
| ☐ | The executed Grant Contract Agreement and any amendments |
| ☐ | Resolutions and ordinances pertaining to the Grant, Eligible Infrastructure Projects and Qualifying Housing Developments |
| ☐ | Evidence of Minnesota Housing staff approval of Program–, Household– and/or Property–specific Waiver(s), as applicable |
| ☐ | Invoices/disbursement request forms as submitted from the Grantee to Minnesota Housing |
| ☐ | Reports submitted by the Grantee to Minnesota Housing |
| ☐ | Written agreements with subgrantees and contractors |
| ☐ | Evidence that no subgrantee or contractor used is debarred or suspended |
| ☐ | Ledgers, invoices and supporting invoice documentation (receipts, proof of payment, etc.) for all Eligible Costs and total costs of the Eligible Infrastructure Project |

## 1.02 Eligible Infrastructure Project File

*Table 2: Use this table to help ensure your Eligible Infrastructure Project File contains all required documents.*

| Checkbox | Document(s) |
|---|---|
| ☐ | Plans, reports and assessments (e.g., capital/infrastructure needs assessments, engineers' reports, environmental impact statements/assessments), establishing the need/benefit for the Eligible Infrastructure Project |
| ☐ | Documentation of the Eligible Infrastructure Project budget (for example, a sources and uses statement) |

| Checkbox | Document(s) |
|---|---|
| ☐ | Documentation of expenses, payables, receivables and revenues including but not limited to all books, records, bills, invoices, receipts, and statements of account |
| ☐ | Purchase agreements and settlement statements for any real property conveyed as part of the Eligible Infrastructure Project |
| ☐ | Documentation of all relevant bidding and/or purchasing processes |
| ☐ | Contracts and change orders |
| ☐ | Evidence that no contractor is debarred or suspended |
| ☐ | Site, area and building plans and specifications and surveys (if project involves construction, easements or rights-of-way) |
| ☐ | Scope(s) of work (if project involves rehabilitation or demolition) |
| ☐ | Sworn construction statement(s) (if project involves construction, rehabilitation or demolition) |

## 1.03 Qualifying Housing Development File

*Table 3: Use this table to help ensure your Qualifying Housing Development File contains all required documents.*

| Checkbox | Document(s) |
|---|---|
| ☐ | Plans, reports, resolutions and ordinances pertaining to the Qualifying Housing Development |
| ☐ | For Affordable Housing and Workforce Housing, documentation that the Qualifying Housing Development meets the affordability and income requirements of this Program Guide and the Grant Contract Agreement |
| ☐ | Documentation of progress of the Qualifying Housing Development: For example, development proposals, building permits and other regulatory approvals |

# Appendix C – Legal Addendum

## 1.01 Conflict and Control

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

## 1.02 Fraud

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

## 1.03 Misuse of Funds

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

## 1.04 Conflict of Interest

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- **Actual Conflict of Interest**: An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- **Potential Conflict of Interest**: A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.
- **Appearance of a Conflict of Interest:** The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- **Business**: Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member**: A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend**: A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest**: An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner**: A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## 1.05 Assistance to Employees and Affiliated Parties

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## 1.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to

Minnesota Housing's website for a list of suspended individuals and organizations (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## 1.07 Disclosure and Reporting

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (e.g., administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Any member Minnesota Housing's Servant Leadership Team, as denoted on Minnesota Housing's current organizational chart (Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- Report Wrongdoing or Concerns (mnhousing.gov) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

## 1.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## 1.09 Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

## 1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

## 1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes Chapter 177 or Minnesota Statutes Section 116J.871. In broad terms, Minnesota Statutes Chapter 177 applies to an award of $25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing $200,000 or more of grant proceeds or $500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than $100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to: mhfa.prevailingwage@state.mn.us.

All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Road N, St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

# Item: Modification, 2024 Workforce Housing Development Program (WHDP) – City of Grand Marais, D8738

**Action Item:** 7.I
**Date:** 12/19/2024
**Staff Contacts:** Sara Bunn, 651.296.9827, sara.bunn@state.mn.us
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary

At the September 26, 2024 meeting, the Minnesota Housing board approved the 2024 WHDP selection recommendations for 27 applicants in Resolution MHFA 24-070. Agency staff recommends the adoption of a resolution modifying the name of the Grand Marais applicant under the WHDP program to the Cook County/Grand Marais Joint Economic Development Authority (D# 8738) in order to contract with the correct entity. As stated in Minn Stat. 462A.39, an eligible recipient may also be a Joint County-City Economic Development Authority.

## Fiscal Impact

The Workforce Housing Development Program generates fee income for projects that close on their loan.

## Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Resolution

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 24-XX**
**Modifying Resolution No. MHFA 24-070**

**RESOLUTION MODIFYING SELECTIONS FOR THE**
**WORKFORCE HOUSING DEVELOPMENT PROGRAM (WHDP)**

WHEREAS, on September 26, 2024, the Minnesota Housing Finance Agency board authorized Agency staff to enter into Grant Contract Agreements and Deferred Loan Agreements with 27 applicants for the Workforce Housing Development Program;

WHEREAS, the Agency staff have determined that an entity modification is required; and

WHEREAS, Agency staff has determined that applications continue to be in compliance Agency rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. 462A.39.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to modify the commitment for the indicated applicant, subject to the revisions noted:

1. The applicant’s name be modified from Grand Marais to Cook County/Grand Marais Joint Economic Development Authority (D# 8738); and
2. All other terms and conditions of Resolution No. MHFA 24-070 remain in effect.

Adopted this 19th day of December 2024

______________________________

CHAIR

MINNESOTA HOUSING

# Item: Commitment, Increase Funding Amount – Eastside Acres, D8640, Chokio

**Information Item:** 7.J
**Date:** 12/19/2024
**Staff Contacts:** Susan Bergmann, 651.296.3797, susan.bergmann@state.mn.us
**Request Type:** Approval, Resolution

## Request Summary

At the September 28, 2023 meeting, Eastside Acres was selected with conditions by the Minnesota Housing board for up to $478,000 in Rental Rehabilitation Deferred Loan (RRDL) funds per Resolution No. MHFA 23-052.

Agency staff completed the underwriting and technical review of the proposed development and recommends:

1) Board commitment of the Rental Rehabilitation Deferred Loan (RRDL) funding award to Eastside Acres as they have succeeded in meeting the conditions set at the time of selection, and
2) Adoption of a resolution modifying the loan under the RRDL program, from $478,000 to a maximum of $680,900.

## Fiscal Impact

RRDL Loans are funded with state appropriations and earn no interest for the Agency.

## Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

## Attachments

- Background
- Maps and Picture
- Resolution

## Background

Eastside Acres is a 14-unit building, built in 1983, serving families and the general population. Ten units receive Rural Development rental assistance. It is owned by Chokio Housing Investors, LLC (with Southwest Minnesota Housing Partnership (SWMHP) as managing member) and managed by SWMHP.

On September 28, 2023, Eastside Acres was selected with conditions by the Minnesota Housing board per Resolution No. MHFA 23-052. This resolution requires these 2023 RRDL Rural Development Request for Proposal (RD RFP) projects to return to the Mortgage Credit Committee for approval of the funding commitment once conditions were satisfied. Eastside Acres had struggled with vacancies, so their funding commitment was dependent upon satisfying the following condition:

> Minnesota Housing will evaluate the vacancy issue over six to 12 months and will not commit an RRDL loan to the property until the property has reached more stabilized occupancy.

Eastside Acres has since met this condition and on November 20, 2024, the Mortgage Credit Committee approved the funding commitment. Vacancy decreased from a monthly high of 14% to 7%. With only 14 units, a single vacant unit creates a higher percentage vacancy than it would on a larger project.

The RRDL RD RFP uses a concept-based application and project costs are not expected to be final at the time of application. Maintaining a stabilized vacancy for six months since selection, Minnesota Housing staff informed the borrower to submit due diligence documentation and request bids. The bids returned on the proposed scope of work exceeded the estimates provided at application. The borrower and their selected contractor worked to value engineer this project to reduce costs. Several items were removed from the scope; these were reviewed and approved by the assigned Minnesota Housing architect. An increase of $202,900 in funding will avoid further modification to the scope of work which would result in eliminating critical need items.

The following table provides a financial comparison of the sources and uses at the time of selection and the present.

**Table 2: Sources and Uses**

Sources

| Description | Amount at Selection | Requested Amount |
|---|---|---|
| RRDL Funding | $ 478,000 | $ 680,900 |

Uses*

| Description | Amount at Selection | Current Amount |
|---|---|---|
| Construction Costs | $ 413,300 | $ 609,683 |
| Contingency | $ 42,051 | $ 42,677 |

| Description | Amount at Selection | Current Amount |
|---|---|---|
| Soft Costs | $ 22,649 | $ 28,540 |
| Total Development Cost | $ 478,000 | $ 680,900 |

* Total Development Cost is final. Individual line item amounts may change until closing.

## Maps and Picture

The following maps show the location of Eastside Acres within the town of Chokio, in Stevens County.

**Map 1** shows the development is located near the center of the western border of the state.

**Map 2** shows the development is on the outer edge of the town, in this case on the southeastern corner of Chokio.

**Map 1**


**Map 2**


**Picture 1: Eastside Acres**

**MINNESOTA HOUSING FINANCE AGENCY**
**400 Wabasha Street North, Suite 400**
**St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 24-XXX**
**Modifying Resolution No. MHFA 23-052**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION RENTAL REHABILITATION DEFERRED LOAN (RRDL)**

WHEREAS, the Minnesota Housing Finance Agency Board (Board) at its September 28, 2023 meeting, previously authorized a commitment for the development Eastside Acres hereinafter named by its Resolution No. MHFA 23-052; and

WHEREAS, the Mortgage Credit Committee at its November 20, 2024 meeting, approved committing the funding given the contingency requirements have been satisfied; and

WHEREAS, Agency staff has determined that there are increased development costs; and

WHEREAS, the development continues to be in compliance with Minnesota Statute chapter 462A and the Agency's rules, regulations, and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby authorizes the staff to modify the commitment for the indicated development, subject to any revisions noted:

1. The Rental Rehabilitation Deferred Loan (RRDL) shall not exceed $680,900; and
2. All other terms and conditions of Resolution No. MHFA 23-052 remain in effect.

Adopted this 19th day of December 2024

______________________________________

CHAIR

MINNESOTA HOUSING

# Item: 1st Quarter FY25 Results

**Discussion Item:** 8.A
**Date:** 12/19/2024
**Staff Contacts:** Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Kayla Vang, 651.296.3598, kayla.vang@state.mn.us
**Request Type:** No Action, Discussion

## Request Summary

Staff will review financial results for the 1st quarter of the 2025 fiscal year.

## Fiscal Impact

None.

## Agency Priorities

☐ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

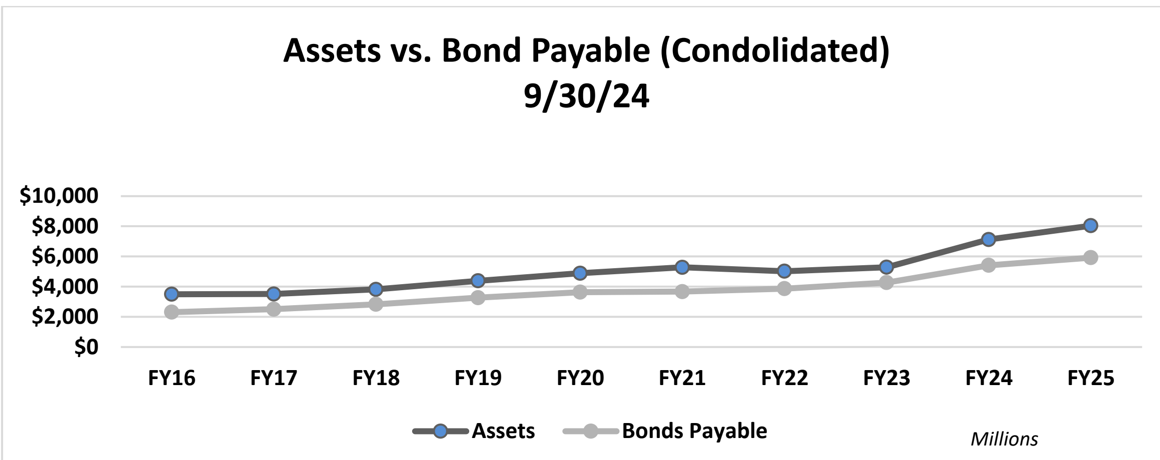
## Attachments

- Noteworthy Items
- Financial Dashboard
- Selected Financial Statements—1st Quarter FY 2025

**Minnesota Housing Finance Agency**
**FY 2025 1st Quarter Financial Results**
**Noteworthy Items**

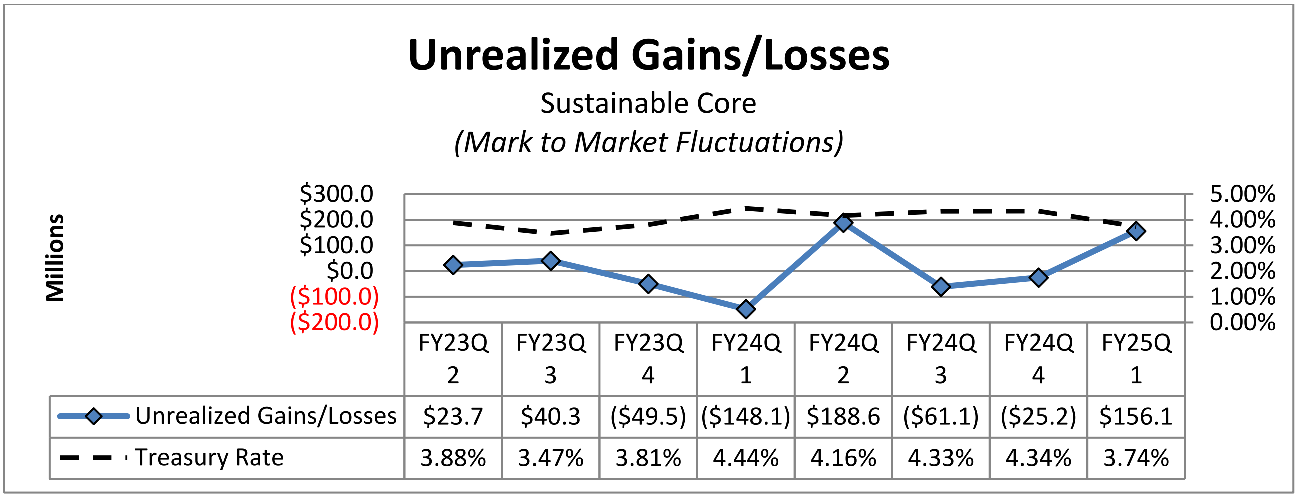
Balance Sheet

Total assets increased in the consolidated financials from the previous quarter by $904 million and prior year by $1.6 billion. $1.5 billion of this increase compared to FY24 was within the sustainable core. In terms of the Mortgage-Backed Securities (MBS) portfolio, program securities have increased $425 million compared to previous quarter and have increased $1.1 billion compared to FY24.




Overall, in FY25, non-securitized loan assets had a $93.5 million increase over FY24. Multiple drivers for the increase including an increase in State Appropriated, Pool 2 and Rental Housing loans.

Asset values continue to be impacted by the increase in interest rates. The chart below shows the changes in market interest rates and the impact on the market value of the securities in the sustainable core. While increases in interest rates reduce the market value of investments, the Agency buys and holds investments to maturity thereby not realizing the losses recorded on the balance sheet. Additionally, increased interest rates provide additional interest revenue for the Agency.



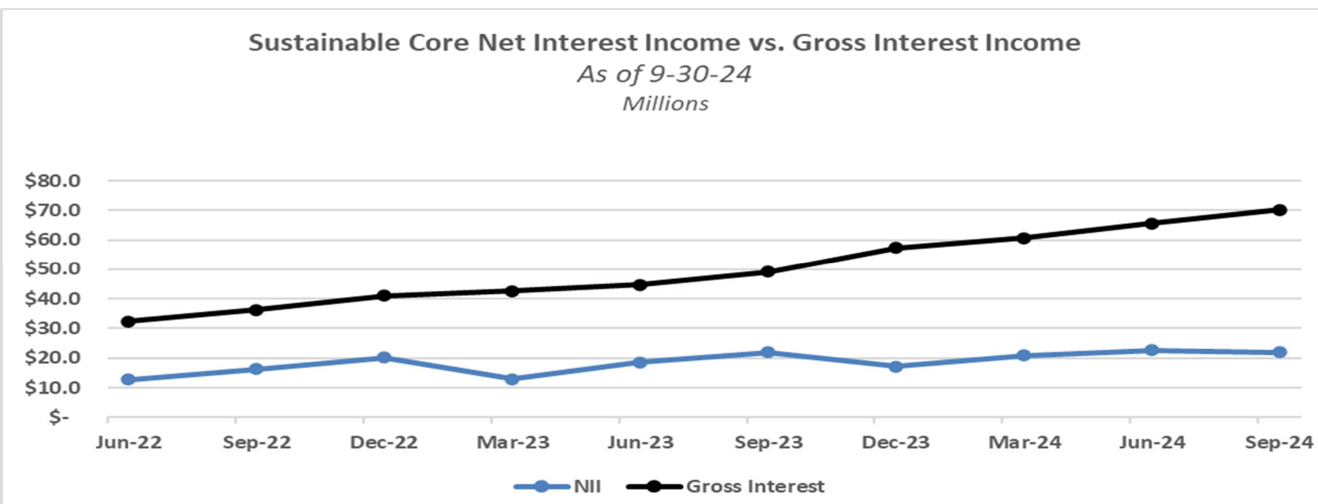

| | FY23Q 2 | FY23Q 3 | FY23Q 4 | FY24Q 1 | FY24Q 2 | FY24Q 3 | FY24Q 4 | FY25Q 1 |
|---|---|---|---|---|---|---|---|---|
| Unrealized Gains/Losses | $23.7 | $40.3 | ($49.5) | ($148.1) | $188.6 | ($61.1) | ($25.2) | $156.1 |
| Treasury Rate | 3.88% | 3.47% | 3.81% | 4.44% | 4.16% | 4.33% | 4.34% | 3.74% |

<u>Operating Results</u>

In the Sustainable Core, Q1 FY25 net interest income was $22.0 million, a slight decrease from prior quarter. YTD FY25 and FY24 net interest income was $22.0 million.

Gross Interest revenue for the Sustainable Core, YTD FY25, was $70.2 million, compared to $49.2 million in FY24. As shown on the graph below the spread between gross and net interest earnings has grown, primarily as the Agency's cost of capital has increased in line with market interest rates.

Along with the changing interest rate environment, interest bearing assets have increased significantly over FY24 both have contributed to the increase of gross interest revenue.




YTD other revenue increased 27.5% over prior year and operating expenses (salaries and general operating expenses) were lower when compared to the prior year.

**BALANCE SHEET***
**Quarterly Financial Dashboard - Selected Reporting**
**As of September 30, 2024 - ($ million)**

| | Quarter End | Prior Quarter End | Change from Prior Quarter | Year Ago | Change From Year Ago |
|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | |
| **Total Assets** | **8,037.6** | **7,133.0** | **904.6** | **6,401.8** | **1,635.8** |
| *Program Securities* | 4,573.8 | 4,149.3 | 424.5 | 3,424.7 | 1,149.1 |
| *Loans, net* | 1,165.4 | 1,134.1 | 31.3 | 1,071.9 | 93.5 |
| *Other investments and cash* | 2,212.8 | 1,752.4 | 460.4 | 1,810.5 | 402.3 |
| **Total Liabilities** | **6,185.2** | **5,675.3** | **509.9** | **4,942.2** | **1,243.0** |
| Net Position | | | | | |
| *restricted by Resolution* | 468.1 | 460.9 | 7.2 | 497.3 | (29.2) |
| *restricted by Covenant* | 611.5 | 560.5 | 51.0 | 547.4 | 64.1 |
| *restricted by Law* | 1,344.9 | 1,063.9 | 281.0 | 1,045.9 | 299.0 |
| *unrestricted - State Appr-Backed Debt* | (344.7) | (355.8) | 11.1 | (283.9) | (60.8) |
| *unrestricted by bond resolution* | (255.9) | (359.7) | 103.8 | (523.3) | 267.4 |
| *unrestricted by law* | (11.2) | 20.8 | (32.0) | 102.6 | (113.8) |
| *net investment in capital assets* | 1.1 | 1.3 | (0.2) | 0.6 | 0.5 |
| **Total Net Position** | **1,813.8** | **1,391.9** | **421.9** | **1,386.6** | **427.2** |
| **CONSOLIDATED EXCLUDING APPROPRIATED** | | | | | |
| **Total Assets** | **6,543.5** | **5,884.5** | **659.0** | **5,032.8** | **1,510.7** |
| **Net Position** | **824.7** | **662.9** | **161.8** | **522.0** | **302.7** |
| **SUSTAINABLE CORE** | | | | | |
| **Total Assets** | **6,400.1** | **5,741.4** | **658.7** | **4,874.9** | **1,525.2** |
| *Program Securities* | 4,573.8 | 4,149.3 | 424.5 | 3,424.7 | 1,149.1 |
| *Loans, net* | 928.6 | 900.4 | 28.2 | 879.6 | 49.0 |
| *Other investments & cash* | 828.3 | 607.5 | 220.8 | 480.7 | 347.6 |
| **Total Liabilities** | **5,704.3** | **5,182.6** | **521.7** | **4,444.9** | **1,259.4** |
| *Bonds payable, net* | 5,437.5 | 4,919.4 | 518.1 | 4,214.1 | 1,223.4 |
| **Net Position** | **657.3** | **493.3** | **164.0** | **357.2** | **300.1** |

* Assets and liabilities do not include deferred inflows/outflows

**STATEMENT OF OPERATIONS**
**Quarterly Financial Dashboard - Selected Reporting**
**As of September 30, 2024 - ($ million)**

| | This Quarter | Prior Quarter | Change from Prior Quarter | FYTD | Last Year FYTD | Change |
|---|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | | |
| Operating Revenue | 450.7 | 129.5 | 321.2 | 450.7 | 960.7 | (510.0) |
| Operating Expenses | 189.7 | 189.6 | 0.1 | 189.7 | 169.1 | 20.6 |
| Non-Operating Revenue/(Expenses) | 160.9 | (18.3) | 179.2 | 160.9 | (124.7) | 285.6 |
| **Net** | **421.9** | **(78.4)** | **500.3** | **421.9** | **666.9** | **(245.0)** |
| **SUSTAINABLE CORE** | | | | | | |
| Interest revenue | 70.2 | 65.7 | 4.5 | 70.2 | 49.2 | 21.0 |
| Other revenue | 19.5 | 21.3 | (1.8) | 19.5 | 15.3 | 4.2 |
| Unrealized gain (loss) | 154.3 | (25.4) | 179.7 | 154.3 | (146.6) | 300.9 |
| **TOTAL REVENUE** | **244.0** | **61.6** | **182.4** | **244.0** | **(82.1)** | **326.1** |
| Interest Expense | 48.2 | 43.0 | 5.2 | 48.2 | 27.2 | 21.0 |
| Operating Expenses(1) | 11.8 | 13.9 | (2.1) | 11.8 | 14.1 | (2.3) |
| Other Expenses | 20.0 | 11.8 | 8.2 | 20.0 | 11.6 | 8.4 |
| **TOTAL EXPENSE** | **80.0** | **68.7** | **11.3** | **80.0** | **52.9** | **27.1** |
| **Revenue over Expense** | **164.0** | **(7.1)** | **171.1** | **164.0** | **(135.0)** | **299.0** |
| **Net Interest Income** | **22.0** | **22.7** | **(0.7)** | **22.0** | **22.0** | **0.0** |
| *Annualized Net Interest Margin (2)* | *1.45%* | *1.60%* | | *0.36%* | *0.43%* | |
| *Annualized Gross Interest Margin (3)* | *4.63%* | *4.65%* | | *1.16%* | *0.95%* | |

(1) Salaries, benefits and other general operating; includes Year End Pension Adjustment
(2)Annualized Net Interest Income/Average assets for period
(3)Annualized Gross Interest/Average assets for period

**Minnesota Housing Finance Agency**
**Fund Financial Statements**
**Statement of Net Position (in thousands) - UNAUDITED**
**Proprietary Funds**
**As of September 30, 2024 (with comparative totals as of September 30, 2023)**



| | | | Bond Funds | | | | Appropriated Funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General Reserve | Rental Housing | Residential Housing Finance | Homeownership Finance Bonds | Multifamily Housing Bonds | HOMES℠ | State Appropriated | Federal Appropriated | Total as of September 30, 2024 | Total as of September 30, 2023 |
| **Assets** | | | | | | | | | | |
| Cash and cash equivalents | $ 92,690 | $ 38,613 | $ 559,547 | $ 47,022 | $ 2,186 | $ - | $ 175,184 | $ 67,310 | $ 982,552 | $ 878,145 |
| Investments-program mortgage-backed securities | - | - | 3,702,423 | 871,339 | - | - | - | - | 4,573,762 | 3,424,691 |
| Investment securities-other | 12,241 | 17,434 | 60,967 | 3,638 | - | 3,802 | 1,132,141 | - | 1,230,223 | 932,386 |
| Loans receivable, net | - | 241,638 | 807,805 | - | 12,592 | - | 100,250 | 3,130 | 1,165,415 | 1,071,935 |
| Interest receivable on loans and program mortgage-backed securities | - | 976 | 18,615 | 2,821 | 47 | - | 37 | 4 | 22,500 | 16,450 |
| Interest receivable on investments | 382 | 311 | 2,513 | 172 | 9 | 11 | 4,444 | 18 | 7,860 | 5,853 |
| Interest rate swap agreements | - | - | 30,308 | - | - | - | - | - | 30,308 | 59,302 |
| FHA/VA insurance claims, net | - | - | - | - | - | - | - | - | - | 56 |
| Real estate owned, net | - | - | 553 | - | - | - | (16) | - | 537 | 349 |
| Capital assets, net | 5,571 | - | 1,762 | - | - | - | - | 92 | 7,425 | 8,900 |
| Other assets | 3,938 | 78 | 1,464 | 13 | - | - | 11,303 | 215 | 17,011 | 3,703 |
| Total assets | 114,822 | 299,050 | 5,185,957 | 925,005 | 14,834 | 3,813 | 1,423,343 | 70,769 | 8,037,593 | 6,401,770 |
| **Deferred Outflows of Resources** | | | | | | | | | | |
| Deferred loss on refunding | - | - | - | - | - | - | - | - | - | - |
| Deferred loss on interest rate swap agreements | - | - | 9,525 | - | - | - | - | - | 9,525 | - |
| Deferred pension expense | 8,421 | - | - | - | - | - | - | - | 8,421 | 10,792 |
| Total deferred outflows of resources | 8,421 | - | 9,525 | - | - | - | - | - | 17,946 | 10,792 |
| Total assets and deferred outflows of resources | $ 123,243 | $ 299,050 | $ 5,195,482 | $ 925,005 | $ 14,834 | $ 3,813 | $1,423,343 | $ 70,769 | $ 8,055,539 | $ 6,412,562 |
| **Liabilities** | | | | | | | | | | |
| Bonds payable, net | $ - | $ 164,355 | $ 4,329,771 | $ 927,060 | $ 12,220 | $ 4,125 | $ 488,190 | $ - | $ 5,925,721 | $ 4,710,847 |
| Interest payable | - | 1,526 | 42,502 | 2,081 | 31 | 11 | 3,169 | - | 49,320 | 30,675 |
| Interest rate swap agreements | - | - | 9,525 | - | - | - | - | - | 9,525 | - |
| Net pension liability and OPEB | 8,963 | - | - | - | - | - | - | - | 8,963 | 13,428 |
| Accounts payable and other liabilities | 6,843 | 8,844 | 82,117 | 45 | - | - | 4,605 | 319 | 102,773 | 100,236 |
| Interfund payable (receivable) | 3,066 | (245) | (11,486) | - | - | - | 8,340 | 325 | - | - |
| Funds held for others | 82,858 | - | - | - | - | (323) | - | 10 | 82,545 | 78,568 |
| Lease Liability | 4,579 | - | - | - | - | - | - | - | 4,579 | 5,935 |
| Subscription Liability | 30 | - | 1,762 | - | - | - | - | - | 1,792 | 2,544 |
| Total liabilities | 106,339 | 174,480 | 4,454,191 | 929,186 | 12,251 | 3,813 | 504,304 | 654 | 6,185,218 | 4,942,233 |
| **Deferred Inflows of Resources** | | | | | | | | | | |
| Deferred gain on interest rate swap agreements | - | - | 30,308 | - | - | - | - | - | 30,308 | 59,302 |
| Deferred revenue-service release fee | - | - | 15,622 | 3,873 | - | - | - | - | 19,495 | 19,710 |
| Deferred discount loan interest | - | - | 46 | - | - | - | - | - | 46 | - |
| Deferred pension credit | 6,623 | - | - | - | - | - | - | - | 6,623 | 4,634 |
| Total deferred inflows of resources | 6,623 | - | 45,976 | 3,873 | - | - | - | - | 56,472 | 83,646 |
| Total liabilities and deferred inflows of resources | $ 112,962 | $ 174,480 | $ 4,500,167 | $ 933,059 | $ 12,251 | $ 3,813 | $ 504,304 | $ 654 | $ 6,241,690 | $ 5,025,879 |
| Commitments and contingencies | | | | | | | | | | |
| **Net Position** | | | | | | | | | | |
| Restricted by bond resolution | - | 124,873 | 322,027 | 18,595 | 2,583 | - | - | - | 468,078 | 497,270 |
| Restricted by covenant | 9,319 | - | 602,237 | - | - | - | - | - | 611,556 | 547,423 |
| Restricted by law | - | - | - | - | - | - | 1,274,519 | 70,414 | 1,344,933 | 1,045,919 |
| Unrestricted by State Appropriation-backed Debt | - | - | - | - | - | - | (344,703) | - | (344,703) | (283,890) |
| Unrestricted by bond resolution | - | (303) | (228,949) | (26,649) | - | - | - | - | (255,901) | (523,329) |
| Unrestricted by covenant | - | - | - | - | - | - | - | - | - | - |
| Unrestricted by law | - | - | - | - | - | - | (10,777) | (391) | (11,168) | 102,647 |
| Net Investment in Capital Assets | 962 | - | | - | - | - | - | 92 | 1,054 | 643 |
| Total net position | 10,281 | 124,570 | 695,315 | (8,054) | 2,583 | - | 919,039 | 70,115 | 1,813,849 | 1,386,683 |
| Total liabilities, deferred inflows of resources, and net position | $ 123,243 | $ 299,050 | $ 5,195,482 | $ 925,005 | $ 14,834 | $ 3,813 | $1,423,343 | $ 70,769 | $ 8,055,539 | $ 6,412,562 |
| | - | - | - | - | - | - | - | - | - | - |



This information on the funds of the Agency for the three-month period ended September 30, 2024 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2024, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.

**Minnesota Housing Finance Agency**
**Fund Financial Statements - UNAUDITED**
**Statement of Revenues, Expenses and Changes in Net Position (in thousands)**
**Proprietary Funds**
**Three Months Ended September 30, 2024 (with comparative totals for Three Months Ended September 30, 2023)**

| | | Bond Funds | | | | | Appropriated Funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General Reserve | Rental Housing | Residential Housing Finance | Homeownership Finance Bonds | Multifamily Housing Bonds | HOMES[SM] | State Appropriated | Federal Appropriated | Total for the Three Months Ended September 30, 2024 | Total for the Three Months Ended September 30, 2023 |
| **Opearating Revenue** | | | | | | | | | | |
| Interest earned on loans | $ - | $ 3,001 | $ 7,111 | $ - | $ 138 | $ - | $ 112 | $ 9 | $ 10,371 | $ 9,720 |
| Interest earned on investments-program mortgage-backed securities | - | - | 43,053 | 8,035 | - | - | - | - | 51,088 | 33,830 |
| Appropriations received | - | - | - | - | - | - | 297,630 | 69,837 | 367,467 | 901,226 |
| Administrative reimbursement | 14,397 | - | - | - | - | - | - | - | 14,397 | 10,336 |
| Fees earned and other income | 3,342 | 133 | 1,384 | 287 | - | - | 2,228 | - | 7,374 | 5,562 |
| Total operating revenues | 17,739 | 3,134 | 51,548 | 8,322 | 138 | - | 299,970 | 69,846 | 450,697 | 960,674 |
| **Operating Expenses** | | | | | | | | | | |
| Loan administration and trustee fees | - | 51 | 943 | 97 | 1 | - | 33 | - | 1,125 | 947 |
| Administrative reimbursement | - | 353 | 7,381 | 1,524 | 22 | - | 2,909 | - | 12,189 | 9,379 |
| Salaries and benefits | 9,739 | - | - | - | - | - | - | - | 9,739 | 9,824 |
| Other general operating | 1,821 | 2 | 1,018 | 8 | - | - | 158 | 46 | 3,053 | 4,922 |
| Appropriations disbursed | - | - | - | - | - | - | 51,919 | 74,476 | 126,395 | 104,574 |
| Reduction in carrying value of certain low interest | | | - | | | | | | - | - |
| rate deferred loans | - | 1,152 | 1,121 | - | - | - | 29,114 | 2,872 | 34,259 | 37,859 |
| Provision for loan losses | - | 1,431 | 1,381 | - | - | - | 86 | - | 2,898 | 1,511 |
| | | | | | | | | | - | |
| Total operating expenses | 11,560 | 2,989 | 11,844 | 1,629 | 23 | - | 84,219 | 77,394 | 189,658 | 169,016 |
| Operating income (loss) | 6,179 | 145 | 39,704 | 6,693 | 115 | - | 215,751 | (7,548) | 261,039 | 791,658 |
| **Nonoperating Revenues (Expenses)** | | | | | | | | | | |
| Interest earned on investments-other | 254 | 875 | 7,324 | 565 | 28 | 33 | 15,778 | 945 | 25,802 | 21,407 |
| Appropriations received | - | - | - | - | - | - | 37,053 | - | 37,053 | 35,204 |
| Net appreciation/depreciation in fair value on investments | - | 605 | 113,091 | 40,614 | - | - | 1,974 | - | 156,284 | (147,537) |
| Interest | (63) | (1,403) | (40,351) | (6,293) | (92) | (33) | (3,704) | - | (51,939) | (30,775) |
| Financing, net | - | (744) | (5,401) | - | - | - | (141) | - | (6,286) | (3,031) |
| Appropriations disbursed | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | - | - |
| | | | | | | | | | - | - |
| Total Nonoperating Revenues (Expenses) | 191 | (667) | 74,663 | 34,886 | (64) | - | 50,960 | 945 | 160,914 | (124,732) |
| Income (Loss) Before Transfers and Contributions | 6,370 | (522) | 114,367 | 41,579 | 51 | - | 266,711 | (6,603) | 421,953 | 666,926 |
| **Other changes** | | | | | | | | | | |
| Non-operating transfer of assets and program contributions between funds | (6,421) | (43,553) | 49,974 | - | - | - | - | - | - | - |
| Non-operating expenses | - | - | - | - | - | - | - | - | - | |
| Change in net position | (51) | (44,075) | 164,341 | 41,579 | 51 | - | 266,711 | (6,603) | 421,953 | 666,926 |
| **Net Position** | | | | | | | | | | |
| Total net position, beginning of period | 10,332 | 168,645 | 530,974 | (49,633) | 2,532 | - | 652,328 | 76,718 | 1,391,896 | 719,757 |
| Total net position, end of period | $ 10,281 | $ 124,570 | $ 695,315 | $ (8,054) | $ 2,583 | $ - | $ 919,039 | $ 70,115 | $ 1,813,849 | $ 1,386,683 |



This information on the funds of the Agency for the three-month period ended September 30, 2024 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2024, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

See accompanying notes to financial statements.

**Minnesota Housing Finance Agency**
**Supplementary Information(Unaudited)**
**Statement of Net Position (in thousands)**
**General Reserve & Bond Funds**

**As of September 30, 2024 (with comparative totals for September 30, 2023)**

| | | Bond Funds | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Reserve | Rental Housing | Residential Housing Finance Bonds | Residential Housing Finance Pool 2 | Homeownership Finance Bonds | Multifamily Housing Bonds | HOMES$^{SM}$ | General Reserve & Bond Funds Excluding Pool 3 Total As Of September 30, 2024 | General Reserve & Bond Funds Excluding Pool 3 Total As Of September 30, 2023 | Residential Housing Finance Pool 3 Total As Of September 30, 2024 | General Reserve & Bond Funds Total As Of September 30, 2024 | General Reserve & Bond Funds Total As Of September 30, 2023 |
| **Assets** | | | | | | | | | | | | |
| Cash and cash equivalents | $ 92,690 | $ 38,613 | $ 446,627 | $ 104,474 | $ 47,022 | $ 2,186 | $ - | $ 731,612 | $ 378,673 | $ 8,446 | $ 740,058 | $ 393,168 |
| Investments-program mortgage-backed securities | - | - | 3,702,423 | - | 871,339 | - | - | 4,573,762 | 3,424,691 | - | 4,573,762 | 3,424,691 |
| Investment securities-other | 12,241 | 17,434 | 2,783 | 56,792 | 3,638 | - | 3,802 | 96,690 | 102,056 | 1,392 | 98,082 | 110,376 |
| Loans receivable, net | - | 241,638 | 206,133 | 468,268 | - | 12,592 | - | 928,631 | 879,591 | 133,404 | 1,062,035 | 1,014,483 |
| Interest receivable on loans and program mortgage-backed securities | - | 976 | 16,793 | 1,784 | 2,821 | 47 | - | 22,421 | 16,390 | 38 | 22,459 | 16,430 |
| Interest receivable on investments | 382 | 311 | 1,904 | 574 | 172 | 9 | 11 | 3,363 | 2,148 | 35 | 3,398 | 2,216 |
| Interest rate swap agreements | - | - | 30,308 | - | - | - | - | 30,308 | 59,302 | - | 30,308 | 59,302 |
| FHA/VA insurance claims, net | - | - | - | - | - | - | - | - | 56 | - | - | 56 |
| Real estate owned, net | - | - | 374 | 179 | - | - | - | 553 | 349 | - | 553 | 349 |
| Capital assets, net | 5,571 | - | - | 1,762 | - | - | - | 7,333 | 8,749 | - | 7,333 | 8,749 |
| Other assets | 3,938 | 78 | 546 | 901 | 13 | - | - | 5,476 | 2,904 | 17 | 5,493 | 2,935 |
| Total assets | 114,822 | 299,050 | 4,407,891 | 634,734 | 925,005 | 14,834 | 3,813 | 6,400,149 | 4,874,909 | 143,332 | 6,543,481 | 5,032,755 |
| **Deferred Outflows of Resources** | | | | | | | | | | | | |
| Deferred loss on refunding | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred loss on interest rate swap agreements | - | - | 9,525 | - | - | - | - | 9,525 | - | - | 9,525 | - |
| Deferred pension expense | 8,421 | - | - | - | - | - | - | 8,421 | 10,792 | - | 8,421 | 10,792 |
| Total deferred outflows of resources | 8,421 | - | 9,525 | - | - | - | - | 17,946 | 10,792 | - | 17,946 | 10,792 |
| Total assets and deferred outflows of resources | $ 123,243 | $ 299,050 | $ 4,417,416 | $ 634,734 | $ 925,005 | $ 14,834 | $ 3,813 | $ 6,418,095 | $ 4,885,701 | $ 143,332 | $ 6,561,427 | $ 5,043,547 |
| **Liabilities** | | | | | | | | | | | | |
| Bonds payable, net | $ - | $ 164,355 | $ 4,228,247 | $ 101,524 | $ 927,060 | $ 12,220 | $ 4,125 | $ 5,437,531 | $ 4,214,104 | $ - | $ 5,437,531 | $ 4,214,104 |
| Interest payable | - | 1,526 | 41,515 | 987 | 2,081 | 31 | 11 | 46,151 | 27,580 | - | 46,151 | 27,580 |
| Interest rate swap agreements | - | - | 9,525 | - | - | - | - | 9,525 | - | - | 9,525 | - |
| Net pension liability and OPEB | 8,963 | - | - | - | - | - | - | 8,963 | 13,428 | - | 8,963 | 13,428 |
| Accounts payable and other liabilities | 6,843 | 8,844 | 1,155 | 80,874 | 45 | - | - | 97,761 | 98,780 | 88 | 97,849 | 98,781 |
| Interfund payable (receivable) | 3,066 | (245) | (311) | 12,978 | - | - | - | 15,488 | 4,343 | (24,153) | (8,665) | (2,657) |
| Funds held for others | 82,858 | - | - | - | - | - | (323) | 82,535 | 78,560 | - | 82,535 | 78,560 |
| Lease Liability | 4,579 | - | - | - | - | - | - | 4,579 | 5,935 | - | 4,579 | 5,935 |
| Subscription Liability | 30 | - | - | 1,762 | - | - | - | 1,792 | 2,163 | - | 1,792 | 2,163 |
| Total liabilities | 106,339 | 174,480 | 4,280,131 | 198,125 | 929,186 | 12,251 | 3,813 | 5,704,325 | 4,444,893 | (24,065) | 5,680,260 | 4,437,894 |
| **Deferred Inflows of Resources** | | | | | | | | | | | | |
| Deferred gain on interest rate swap agreements | - | - | 30,308 | - | - | - | - | 30,308 | 59,302 | - | 30,308 | 59,302 |
| Deferred revenue-service release fee | - | - | 13,899 | 1,723 | 3,873 | - | - | 19,495 | 19,710 | - | 19,495 | 19,710 |
| Deferred discount loan interest | - | - | - | 46 | - | - | - | 46 | - | - | 46 | - |
| Deferred pension credit | 6,623 | - | - | - | - | - | - | 6,623 | 4,634 | - | 6,623 | 4,634 |
| Total deferred inflows of resources | 6,623 | - | 44,207 | 1,769 | 3,873 | - | - | 56,472 | 83,646 | - | 56,472 | 83,646 |
| Total liabilities and deferred inflows of resources | $ 112,962 | $ 174,480 | $ 4,324,338 | $ 199,894 | $ 933,059 | $ 12,251 | $ 3,813 | $ 5,760,797 | $ 4,528,539 | $ (24,065) | $ 5,736,732 | $ 4,521,540 |
| Commitments and contingencies | | | | | | | | | | | | |
| **Net Position** | | | | | | | | | | | | |
| Restricted by bond resolution | - | 124,873 | 322,027 | - | 18,595 | 2,583 | - | 468,078 | 497,270 | - | 468,078 | 497,270 |
| Restricted by covenant | 9,319 | - | - | 434,840 | - | - | - | 444,159 | 382,578 | 167,397 | 611,556 | 547,423 |
| Restricted by law | - | - | - | - | - | - | - | - | - | - | - | - |
| Unrestricted by State Appropriation-backed Debt | - | - | - | - | - | - | - | - | - | - | - | - |
| Unrestricted by bond resolution | - | (303) | (228,949) | - | (26,649) | - | - | (255,901) | (523,329) | - | (255,901) | (523,329) |
| Unrestricted by covenant | - | - | - | - | - | - | - | - | - | - | - | - |
| Unrestricted by law | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Investment in Capital Assets | 962 | - | - | - | - | - | - | 962 | 643 | - | 962 | 643 |
| Total net position | 10,281 | 124,570 | 93,078 | 434,840 | (8,054) | 2,583 | - | 657,298 | 357,162 | 167,397 | 824,695 | 522,007 |
| Total liabilities, deferred inflows, and net position | $ 123,243 | $ 299,050 | $ 4,417,416 | $ 634,734 | $ 925,005 | $ 14,834 | $ 3,813 | $ 6,418,095 | $ 4,885,701 | $ 143,332 | $ 6,561,427 | $ 5,043,547 |
| | - | - | - | - | - | - | - | - | - | - | - | - |

This information on the funds of the Agency for the three-month period ended September 30, 2024 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2024, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2024 and for the fiscal year then ended.

See accompanying notes to financial statements.

**Minnesota Housing Finance Agency**
**Supplementary Information (Unaudited)**
**Statement of Revenues, Expenses and Changes in Net Position (in thousands)**
**General Reserve & Bond Funds**
**Three Months Ended September 30, 2024 (with comparative totals for the three months ended September 30, 2023)**

| | General Reserve | Bond Funds: Rental Housing | Bond Funds: Residential Housing Finance Bonds | Bond Funds: Residential Housing Finance Pool 2 | Bond Funds: Homeownership Finance Bonds | Bond Funds: Multifamily Housing Bonds | Bond Funds: HOMES℠ | General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended September 30, 2024 | General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended September 30, 2023 | Residential Housing Finance Pool 3 Total for Three Months Ended September 30, 2024 | General Reserve & Bond Funds Total for Three Months Ended September 30, 2024 | General Reserve & Bond Funds Total for Three Months Ended September 30, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | | | | | |
| Interest earned on loans | $ - | 3,001 | $ 2,243 | $ 4,823 | $ - | $ 138 | $ - | $ 10,205 | $ 9,604 | $ 45 | 10,250 | $ 9,653 |
| Interest earned on investments-program mortgage-backed securities | - | - | 43,053 | - | 8,035 | - | - | 51,088 | 33,830 | - | 51,088 | 33,830 |
| Appropriations received | - | - | - | - | - | - | - | - | - | - | - | - |
| Administrative reimbursement | 14,397 | - | - | - | - | - | - | 14,397 | 10,336 | - | 14,397 | 10,336 |
| Fees earned and other income | 3,342 | 133 | 884 | 450 | 287 | - | - | 5,096 | 5,046 | 50 | 5,146 | 5,060 |
| Total operating revenues | 17,739 | 3,134 | 46,180 | 5,273 | 8,322 | 138 | - | 80,786 | 58,816 | 95 | 80,881 | 58,879 |
| **Operating expenses** | | | | | | | | | | | | |
| Loan administration and trustee fees | - | 51 | 532 | 403 | 97 | 1 | - | 1,084 | 921 | 8 | 1,092 | 916 |
| Administrative reimbursement | - | 353 | 5,935 | 1,015 | 1,524 | 22 | - | 8,849 | 7,135 | 431 | 9,280 | 7,560 |
| Salaries and benefits | 9,739 | - | - | - | - | - | - | 9,739 | 9,824 | - | 9,739 | 9,824 |
| Other general operating | 1,821 | 2 | 33 | 259 | 8 | - | - | 2,123 | 4,297 | 726 | 2,849 | 4,669 |
| Appropriations disbursed | - | - | - | - | - | - | - | - | - | - | - | - |
| Reduction in carrying value of certain low interest | | | | | | | | | | | - | - |
| rate deferred loans | - | 1,152 | - | (43) | - | - | - | 1,109 | (72) | 1,164 | 2,273 | 2,207 |
| Provision for loan losses | - | 1,431 | 1,093 | 110 | - | - | - | 2,634 | 904 | 178 | 2,812 | 912 |
| Total operating expenses | 11,560 | 2,989 | 7,593 | 1,744 | 1,629 | 23 | - | 25,538 | 23,009 | 2,507 | 28,045 | 26,088 |
| Operating income (loss) | 6,179 | 145 | 38,587 | 3,529 | 6,693 | 115 | - | 55,248 | 35,807 | (2,412) | 52,836 | 32,791 |
| **Nonoperating Revenues (Expenses)** | | | | | | | | | | | | |
| | | | | | | | | - | | | - | - |
| Interest earned on investments-other | 254 | 875 | 5,140 | 1,992 | 565 | 28 | 33 | 8,887 | 5,839 | 192 | 9,079 | 5,983 |
| Appropriations received | - | - | - | - | - | - | - | - | - | - | - | - |
| Net appreciation/depreciation in fair value on investments | - | 605 | 111,163 | 1,877 | 40,614 | - | - | 154,259 | (146,607) | 51 | 154,310 | (146,654) |
| Interest | (63) | (1,403) | (38,583) | (1,768) | (6,293) | (92) | (33) | (48,235) | (27,226) | - | (48,235) | (27,226) |
| Financing, net | - | (744) | (5,401) | - | - | - | - | (6,145) | (2,847) | - | (6,145) | (2,847) |
| Appropriations disbursed | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | | | - | - | - | - | - | | - | - |
| | | | | | | | | | | | - | - |
| Total Nonoperating Revenues (Expenses) | 191 | (667) | 72,319 | 2,101 | 34,886 | (64) | - | 108,766 | (170,841) | 243 | 109,009 | (170,744) |
| Income (Loss) Before Transfers and Contributions | 6,370 | (522) | 110,906 | 5,630 | 41,579 | 51 | - | 164,014 | (135,034) | (2,169) | 161,845 | (137,953) |
| **Other changes** | | | | | | | | | | | | |
| Non-operating transfer of assets and program contributions between funds | (6,421) | (43,553) | 2,557 | 47,417 | - | - | - | - | | - | - | - |
| Non-operating expenses | - | - | - | - | - | - | - | - | | - | - | - |
| Change in net position | (51) | (44,075) | 113,463 | 53,047 | 41,579 | 51 | - | 164,014 | (135,034) | (2,169) | 161,845 | (137,953) |
| **Net Position** | | | | | | | | | | | | |
| Total net position, beginning of period | 10,332 | 168,645 | (20,385) | 381,793 | (49,633) | 2,532 | - | 493,284 | 492,196 | 169,566 | 662,850 | 659,960 |
| Total net position, end of period | $ 10,281 | $ 124,570 | $ 93,078 | $ 434,840 | $ (8,054) | $ 2,583 | $ - | $ 657,298 | $ 357,162 | $ 167,397 | $ 824,695 | $ 522,007 |
| | - | - | | | - | - | - | | | - | | |



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See accompanying notes to financial statements.

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