



# Workforce Housing Development Program

## Deferred Forgivable Loans

### Program Overview

The Workforce Housing Development Program is a competitive funding program that targets small to mid-size communities in Greater Minnesota with rental workforce housing needs. Deferred loans are available to build market rate residential rental properties in communities with proven job growth and demand for workforce rental housing.

### Application Process

Applications are accepted on an annual basis through a competitive Request for Proposals (RFP).

### Application Requirements

#### Eligible Recipients

An eligible recipient is one of the following eligible project areas:

- A home rule charter or statutory city with a population exceeding 500 located outside of metropolitan county.
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside a metropolitan county.
- An area located outside of a Metropolitan County that serves a federally recognized Indian Tribe in Minnesota, or their associated Tribally Designated Housing Entity as defined by [United States Code, title 25, section 4103\(22\)](#), as approved in writing by Minnesota Housing.
- An area served by a joint county-city economic development authority.

Preference will be given to projects located in an eligible project area with 30,000 or fewer residents.

#### Eligible Properties

Market rate residential rental property to serve employees of businesses located in an eligible project area or surrounding area. A portion of the units can have rent restrictions or income restrictions.

## **Eligible Activities**

New construction, adaptive reuse of an existing property that is not currently used for housing or acquisition and rehabilitation of a property that creates new housing units.

## **Letter of Support**

Letter of support from a local business or businesses that employ a minimum of 20 full-time employees in aggregate.

## **Matching Requirement**

Applicants must match the funds requested, at a minimum, of one dollar for every two dollars. A local government resolution stating the amount of committed matching funds from the local government, a nonprofit organization, a business, or a combination, is required. The match can come from sources such as tax increment financing (TIF), tax abatement, cash funds, grants, deferred below market loan, land donations and in-kind donations.

## **Qualified Expenditures**

Funds can only be used for qualified expenditures. Qualified expenditures include acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure and related financing costs.

## **Vacancy Rate**

Vacancy rate in the community must be at or below five percent for the prior two-year period.

## **Funding Terms**

### **Funding Options**

Applicants will receive funds in the form of a deferred loan.

### **Deferred Loan Terms**

- Three-year unsecured loan
- Zero percent interest
- Forgivable

### **Disbursement Schedule**

Supporting documentation for the disbursement of funds is required.

- An initial disbursement of up to one-third of the award upon deferred loan agreement execution.
- An additional disbursement of up to one-third of the award no sooner than commencement of construction.
- A final disbursement upon construction completion.

### **Maximum Funding Amount**

The amount of funds requested cannot exceed 50 percent of total development costs (TDC).

### **Reporting and Monitoring**

Recipients will be subject to annual reporting and monitoring during the term of the grant or loan.

### **Questions**

Please contact [workforcehousingdevprog.mhfa@state.mn.us](mailto:workforcehousingdevprog.mhfa@state.mn.us).