



Stable Housing Organization Relief Program (SHORP) Information Session

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Stable Housing Organization Relief Program Information Session Agenda

1. Authorizing Statutes and Program Purpose
2. Anticipated Timing
3. Eligible Organizations & Eligible Expenses
4. Funding Allocation Formula
5. Request for Proposals Process and Contracting
6. Reimbursement for Eligible Expenses
7. Close Out/Financial Audit
8. Questions

*Please hold questions to
the end of the
presentation.*

Program Purpose and Authorizing Statute

- Program Purpose
 - One-time grant program funded with up to \$50 million of state appropriations
 - Support eligible rental housing owners that have experienced significant detrimental financial impacts due to recent economic and social conditions
- Authorizing Statutes
 - Minnesota Session Laws 2023, Regular Session, chapter 37, article 1, section 2, subdivision 33
 - Minnesota Session Laws 2023, Regular Session, chapter 37, article 2, section 8
 - With an Eligibility Clarification in Minnesota Session Laws 2023, Regular Session, chapter 69, section 4.
- Program Guide subject to approval by the Minnesota Housing board of directors
- Information in this presentation is subject to change in the final Program Guide and application materials.

Grant Program

- This is a grant program.
- Minnesota Department of Administration Office of Grants Management Policies
<https://mn.gov/admin/government/grants/policies-statutes-forms/>
- Competitive Request for Proposals Process
 - For eligible applicants, funding allocated based on a statutory formula
 - Funding selections subject to approval by the Minnesota Housing Board of Directors
- Grant Contract Agreement and Work Plan with Budget
- Grant Funds Disbursed on a Reimbursement Basis for Eligible Expenses

Anticipated Timeline

- August 3, 2023: Informational Session
- August 17, 2023: Proposed SHORP Guide posted on Agency's website
- August 24, 2023: Board reviews SHORP Guide for approval
- End of August/early September: Release RFP Materials
- September: Application Materials Due
- September/October: Minnesota Housing reviews applications
- October 26, 2023: Board reviews funding allocation recommendations
- September 30, 2024: Report and Financial Audit to Minnesota Housing
- January 15, 2025: Report and Financial Audit to the chair and ranking minority members of the legislative committees having jurisdiction over housing.

Eligible Organizations

To be an Eligible Organization, the applicant must meet **all** the statutory requirements.

Applicants must be one of the following organizational types:

- A tax-exempt nonprofit organization under section 501(c)(3) of the Internal Revenue Code that has been doing business in Minnesota for at least ten years as demonstrated by registration or filing of organizational documents with the secretary of state;
- or**
- A federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity (Minnesota Session Laws 2023, Regular Session, chapter 37, article 4, section 4 expands eligibility for all Minnesota Housing funding programs).

The applicant must:

1. Have its primary operations located in Minnesota;
2. Be experiencing significant detrimental financial impact due to recent economic and social conditions, including but not limited to decreased operating revenue due to loss of rental income or increased operating expenses due to inflation in utility expenses, insurance, or other expenses;
3. Have supportive services options available for the individuals and families residing in a portion of the rental housing it provides to low-income populations; and

Eligible Organizations (continued)

The applicant must:

4. Have, as of December 31, 2022, sufficient housing units that it **owns or controls** in the state of Minnesota that meets the criteria in at least **one** of the following categories:
 - At least 1,000 units of Naturally Occurring Affordable Housing (NOAH); or
 - Rental housing units, not including NOAH, of which 50 percent of the total number of units are rented to individuals or families whose annual incomes, according to the most recent income certification as of December 31, 2022, are at or below 30 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size; or
 - At least 250 units of Permanent Supportive Housing.

Primary Operations in Minnesota

Nonprofit applicants are deemed to have their primary operations in Minnesota if:

1. The nonprofit organization is registered with the Minnesota Secretary of State with a “Principal Place of Business Address” located in the state of Minnesota; and
2. The nonprofit organization’s 2022 Internal Revenue Service (IRS) Form 990, 990-EZ, 990-PF, 990-T or comparable form uses an address located in the State of Minnesota; and
3. More than 50% of the rental housing owned or controlled by the nonprofit organization is located within the state of Minnesota.

Federally recognized Indian Tribes in Minnesota or their associated Tribally Designated Housing Entity are deemed to have their primary operations in Minnesota.

Units “Own or Controlled” by the Applicant

A housing unit is considered owned or controlled by the applicant if the housing unit meets the criteria of the following part A, B and **one** of the three categories in part C:

- A. The property in which the housing unit is located is within the state of Minnesota; and
- B. The property in which the housing unit is located was placed in service before December 31, 2022.

AND

Units “Own or Controlled” by the Applicant (continued)

C. The property meets the requirements of at least **one** of the following categories:

Category 1: Properties directly owned by the applicant;

Category 2: Properties that are:

- i. Owned by a Limited Liability Company (LLC), Limited Partnership (LP), or other similar ownership entity with approval from Minnesota Housing at its sole discretion; and
- ii. The applicant is the managing general partner of the LLC, LP, or other similar ownership entity. If there is more than one general partner, the applicant must control at least 50% of the combined ownership of all general partners in the ownership entity; and
- iii. The unit is located within a property identified as a disregarded entity on the applicant’s 2022 Internal Revenue Service (IRS) Form 990, 990-EZ, 990-PF, 990-T or comparable form approved at Minnesota Housing’s sole discretion.

Category 3: Other properties where the applicant can demonstrate controlling ownership at the sole discretion of Minnesota Housing.

Units “Own or Controlled” by the Applicant (continued)

- In cases where more than one applicant is part of the ownership structure of the same property, **only one applicant can claim the housing units.**
- Only permanent rental housing is eligible. Facilities such as nursing homes, transitional housing and shelters are not eligible for this program.

Eligible Expenses

- Eligible nonprofit organizations must use grant funds to maintain or improve the housing stability of tenants by expending funds on the following activities:
 - Property maintenance, improvement, and security;
 - Providing services, including services and programs that promote economic and social mobility;
 - Efforts to attract and retain employees that will assist in providing services and support to tenants;
 - Forgiveness of all or a portion of rent balances owed by former or current tenants.
 - Minnesota Housing may approve, at its sole discretion, additional uses that would have a beneficial impact on the housing stability of the tenants.
- **Expenses incurred before the Grant Contract Agreement is fully executed are not reimbursable except for past due rent within certain parameters.**

Eligible Expenses

Past Due Rent

- Past due rent balances that remain outstanding when the Grant Contract Agreement is executed are eligible for reimbursement, except for:
 - Rent balances previously paid by any local, state, federal or philanthropic funding source, including but not limited to, the COVID-19 Housing Assistance Program or the federal Emergency Rental Assistance program, are not eligible for reimbursement.
 - Past due rent balances that were incurred before the federal declaration of the National Emergency Concerning the Coronavirus Disease 2019 (COVID-19) Pandemic that was effective as of March 1, 2020, are not eligible for reimbursement.
- If the organization receives reimbursement for past due rent, the organization shall:
 - Cease eviction proceedings and collections, if applicable
 - Inform the tenant that the past due rent has been satisfied

Request for Proposal Application Requirements

| Eligibility Criteria | | Requirement |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | <p>Organization Type:</p> <ul style="list-style-type: none"> a. Nonprofit organizations that is tax-exempt and has been doing business in Minnesota for at least 10 years b. Federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity (TDHC) | <p>Nonprofits provide the documentation showing the registration or filing the organizational documents with the Minnesota secretary of state.</p> |
| 2. | <p>Primary Operations in Minnesota</p> | <p>Certify that at least 50% of the units owned or controlled by the organization are located in Minnesota.</p> <p>Federally recognized Indian Tribes in Minnesota or their associated TDHC are deemed to meet this requirement.</p> |
| 3. | <p>Be experiencing significant detrimental financial impact due to recent economic and social conditions, including but not limited to decreased operating revenue due to loss of rental income or increased operating expenses due to inflation in utility expenses, insurance, or other expenses;</p> | <p>Narrative</p> |

Request for Proposals Application Requirements (continued)

| Eligibility Criteria | | Requirement |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| 4. | Have supportive services options available for the individuals and families residing in a portion of the rental housing it provides to low-income populations; | Narrative |
| 5. | Rental unit type & rental unit count to qualify for SHORP as of December 31, 2022. Must own or control: <ul style="list-style-type: none"> • At least 1000 rental units of Naturally Occurring Affordable Housing. • 50% of rental units are rented to individuals or families with incomes at or below 30% of area median income. • At least 250 units of Permanent Supportive Housing. | Certification to requirement |
| 6. | Total rental housing units owned or controlled by the applicant in Minnesota that were placed in service by December 31, 2022. | Certification to requirement |

Request for Proposals Application Requirements (continued)

| Eligibility Criteria | | Requirement |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7. | <p>Eligible Expenses selection</p> <ul style="list-style-type: none"> • Property maintenance, improvement, and security; • Providing services, including services and programs that promote economic and social mobility; • Efforts to attract and retain employees that will assist in providing services and support to tenants; • Forgiveness of all or a portion of rent balances owed by former or current tenants. | <p>Select which eligible expenses may be utilized if selected for funding (no budget yet)</p> <p>If applicable, propose new expenses and explain how the expense will have a beneficial impact on the housing stability of tenants.</p> |
| 8. | <p>Information for financial review (OGM Policy Number: 08-06 required for all grants over \$25,000)</p> | <p>An internal financial statement, IRS Form 990, or certified financial audit.</p> |
| 9. | <p>Certification to accuracy and agree to program requirements</p> | <p>Signature</p> |

Funding Allocation Formula

- Up to \$50 million of grant funds available (excluding Agency implementation costs)
- Funds will be allocated based on the statutorily defined funding formula
- Maximum grant amount is the **lesser** of:
 - The total number of eligible units from a single grantee divided by the total number of eligible units submitted by all grantees multiplied by up to \$50 million; or
 - \$4,000 per rental unit
- The per unit amount of funding available to each grantee is not limited to the number of units that qualified the grantee for SHORP.

Funding Allocation Formula

Example 1

| Eligible Organization | Rental Units | Percent of Rental Units | Allocation Amount | Allocation Amount per Rental Unit | Adjusted Allocation per Rental Unit | Adjusted Allocation Amount |
|-----------------------|---------------|-------------------------|---------------------|-----------------------------------|-------------------------------------|----------------------------|
| Organization 1 | 575 | 3% | \$1,283,196 | \$2,232 | n/a | n/a |
| Organization 2 | 900 | 4% | \$2,008,480 | \$2,232 | n/a | n/a |
| Organization 3 | 500 | 2% | \$1,115,822 | \$2,232 | n/a | n/a |
| Organization 4 | 8,000 | 36% | \$17,853,158 | \$2,232 | n/a | n/a |
| Organization 5 | 1,250 | 6% | \$2,789,556 | \$2,232 | n/a | n/a |
| Organization 6 | 6,000 | 27% | \$13,389,868 | \$2,232 | n/a | n/a |
| Organization 7 | 255 | 1% | \$569,069 | \$2,232 | n/a | n/a |
| Organization 8 | 300 | 1% | \$669,493 | \$2,232 | n/a | n/a |
| Organization 9 | 450 | 2% | \$1,004,240 | \$2,232 | n/a | n/a |
| Organization 10 | 400 | 2% | \$892,658 | \$2,232 | n/a | n/a |
| Organization 11 | 275 | 1% | \$613,702 | \$2,232 | n/a | n/a |
| Organization 12 | 3,500 | 16% | \$7,810,757 | \$2,232 | n/a | n/a |
| Total | 22,405 | 100% | \$50,000,000 | \$2,232 | n/a | n/a |

Funding Allocation Formula

Example 2

| Eligible Organization | Rental Units | Percent of Rental Units | Allocation Amount | Allocation Amount per Rental Unit | Adjusted Allocation per Rental Unit | Adjusted Allocation Amount |
|-----------------------|---------------|-------------------------|---------------------|-----------------------------------|-------------------------------------|----------------------------|
| Organization 1 | 575 | 6% | \$2,798,054 | \$4,866 | \$4,000 | \$2,300,000 |
| Organization 2 | 900 | 9% | \$4,379,562 | \$4,866 | \$4,000 | \$3,600,000 |
| Organization 3 | 500 | 5% | \$2,433,090 | \$4,866 | \$4,000 | \$2,000,000 |
| Organization 4 | 800 | 8% | \$3,892,944 | \$4,866 | \$4,000 | \$3,200,000 |
| Organization 5 | 2,500 | 24% | \$12,165,450 | \$4,866 | \$4,000 | \$10,000,000 |
| Organization 6 | 5,000 | 49% | \$24,330,900 | \$4,866 | \$4,000 | \$20,000,000 |
| Total | 10,275 | 100% | \$50,000,000 | \$4,866 | \$4,000 | \$41,100,000 |

Application Review Board Selections

Once applications are submitted, Agency staff:

- Reviews applications for eligibility and completeness
- Calculates the total number of rental units to be used in the allocation formula
- Calculates the amount of funding per eligible organization
- Makes recommendations, including funding allocations, to the Minnesota Housing board of directors.

After Board Selections

After the Board of Directors approves the funding selections:

- Grantee receives an approval letter with a funding allocation amount and due diligence requirements
- Grantee prepares work plan with budget based on funding allocation
- Execute Grant Contract Agreement
- Grantee Submits Reimbursement for Eligible Expenses
- Financial Audit/Reporting

Reimbursements for Eligible Expenses

After the Grant Contract Agreement is executed:

- Grantee submits electronically on template provided by Minnesota Housing
- Monthly submissions
- Disbursements are paid to the grantee

Reimbursements for Eligible Expenses (continued)

| Expense Category | Required Documentation |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property maintenance, improvement, and security | Invoice from the <u>grantee</u> with a description of the services, the time period of the activity, and how the total cost was determined; also include the property name and property address if applicable |
| Services, including services and programs that promote economic and social mobility | |
| Efforts to attract and retain employees that will assist in providing services and support to tenants | |

Reimbursements for Eligible Expenses (continued)

| Expense Category | Required Documentation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Forgiveness of all or a portion of rent balance owed by former or current tenants | Rent roll by property with property name and address, unit number, past due amounts, and time period of the past due amounts or accounting ledger showing past due amounts; also indicate if forgiveness is for all or a portion of the rent balance owed; totals from the rent roll must match the total amount requested as reimbursement |
| Additional expenses, that have been pre-approved by Minnesota Housing; the pre-approved expenses must have a beneficial impact on the housing stability of the tenants, as determined by Minnesota Housing in its sole discretion | To be determined based on the pre-approved expense |

Financial Audit/Reporting

- Statutorily Required Reporting:
 - September 30, 2024: Report and Financial Audit to Minnesota Housing
 - January 15, 2025: Report and Financial Audit to the chair and ranking minority members of the legislative committees having jurisdiction over housing.
- Report Requirements:
 - Narrative explaining how this program supported stabilization
 - Independent accounting firm/auditor:
 - Reviews expenditures by budget category
 - Confirms unit counts to qualify for the program and unit counts for funding allocation formula
 - Confirms properties and unit counts that benefitted from this program
 - Issues financial report for Agency review

Program Information

- SHORP web page launching soon (will send to all attendees)
- Sign up for eNews
- Submit Questions for FAQ

Thank You

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