



# 2022 Multifamily RFP/2023 HTC Round 1 RFP TA Kickoff – Consolidated RFP Updates

Wednesday, April 20, 2022



Minnesota Housing | [mnhousing.gov](https://mnhousing.gov)

# Our Mission

## The Core Purpose

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

# Question and Answer Sessions

- There will be Question and Answer (Q & A) breakout sessions that run concurrently at the end of the morning presentation. We ask that you reserve your questions until these breakout sessions.
- During the main session you can type your questions in the Question/Chat box of the GoTo Webinar at any time, however, these will likely not be responded to until after the webinar ends.

# Technical Assistance

Technical assistance provided by Minnesota Housing staff is only advisory and does not guarantee that a development will receive points under a particular category or be selected for funding.

While every effort is made to ensure the accuracy of the technical assistance, such assistance is subject to, and does not modify or override, the requirements of Minnesota Housing's Qualified Allocation Plan, the Self-Scoring Worksheet, Multifamily Applications Instructions, Multifamily Underwriting Standards, or other documents related to applications for funding.

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



# Welcome

Commissioner Jennifer Ho



# Multifamily Consolidated Request for Proposals Overview and Updates

Summer Jefferson

# 2022 RFP/2023 HTC Round 1 Timeline

## **Wednesday, April 13**

- Multifamily Consolidated RFP published

## **Thursday, April 28**

- Pre-application for Innovative Construction Techniques (ICT) due
- Pre-application for Section 811 PRA program due

## **Thursday, May 19**

- Intent to Apply deadline – required for all eligible Multifamily applications

## **Thursday, July 14**

- Multifamily application deadline, including site control, qualification forms, and financials

## **December 2022**

- Minnesota Housing board meeting

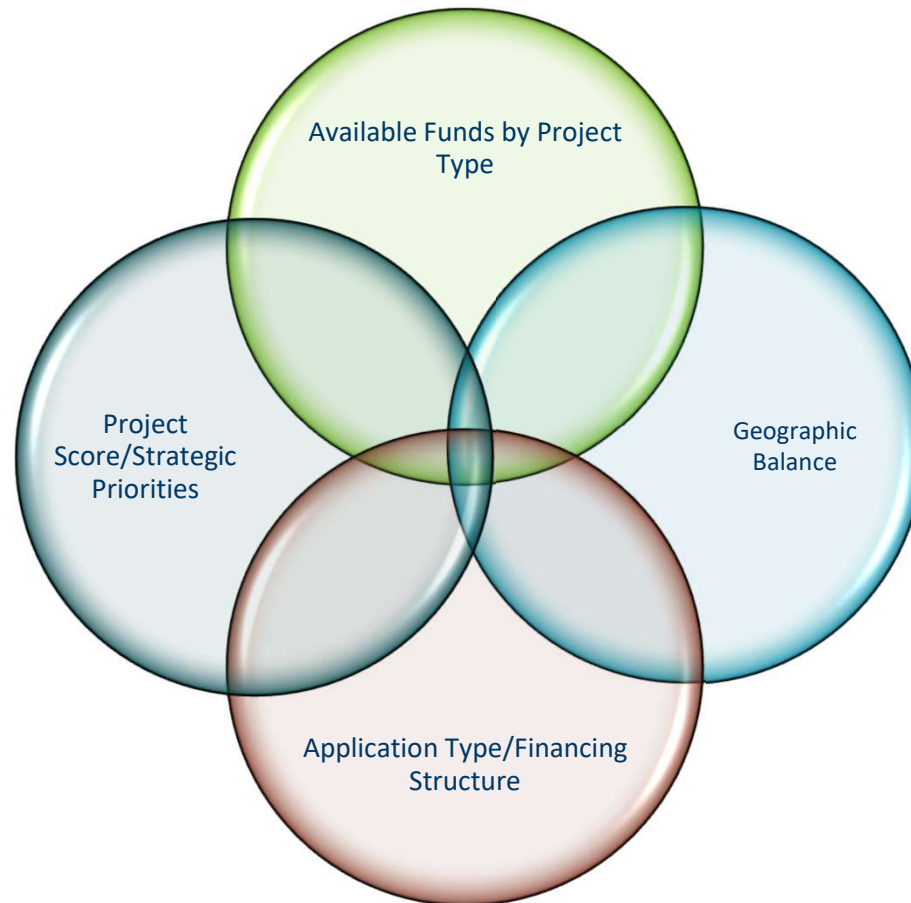


# Multifamily Selection Framework

Selection Framework	Other Considerations
• Eligibility	• Available Funding
• Project Feasibility	• Geographic Balance
• Organizational Capacity	
• Financial Capacity	
• Strategic and Selection Priorities/Score	
• Deferred Funding Priorities	
• Underwriting Standards	



# Balance of Funding Factors



# Available Funding by Project Type

- Workforce – HTC, HOME, and EDHC

- 38 applications – 10 selected
- 59% of 2021 RFP applications

## Permanent Support Housing – HTC, HOME, NHTF, and HIB

- 6 applications - 4 selected
- Preservation – HTC, PARIF, HOME, and HIB
  - 8 applications - 2 selected
- Senior – HTC and HIB
  - 12 applications - 6 selected

# Consolidated RFP Improvement Efforts

## Easier Application Process

- Application process and application materials under review



## Improved and Enhanced Resources Available for Applicants – 2022 RFP

- RFP Application Instructions
- Online tutorials and 2-day Kickoff
- Scoring Wizard
- Scoring training



# Portal and Technology Updates

Karin Wilbricht

# Portal and Technology Updates

- Reminder: Request a Multifamily Customer Portal account
- What's new in the Multifamily Customer Portal
  - Scoring Wizard enhancements
  - Email notifications
  - Withdraw button
- 2022 Multifamily Workbook now available; check out our release notes for more details

# Training Opportunities and Resources

## Upcoming Portal training

- Wednesday, April 27 at 10 a.m. CT
- Topics covered:
  - What's new in the Multifamily Customer Portal
  - Getting started: Create a project, request team access, and identify project characteristics
  - Scoring Wizard basics
  - Checklist management basics
  - Commons mistakes and important reminders

## Resources and Support

- Visit the Multifamily Customer Portal Resources page at [mnhousing.gov/sites/multifamily/portal](https://mnhousing.gov/sites/multifamily/portal)
- Need system support? Contact [mhfa.app@state.mn.us](mailto:mhfa.app@state.mn.us)



# Geographic Scoring

Kody Thurnau





# Funding Partner Updates

Ashleigh Johnson

## Funding Partner Updates: Metropolitan Council

### Local Housing Incentives Account (LHIA)

- City/county must be the applicant
  - Grant agreement will be between city/county and Metropolitan Council (not developer)
- City must be a participant in the Livable Communities Act (LCA) program
  - County can be an applicant if project is located in an LCA participating city
- LHIA award requires a local match from applicant\*\*

### Local Housing Incentives Account (LHIA)

- Program priorities include:
  - Rental units affordable at 30% area median income (AMI) or below
  - Units with three or more bedrooms
  - Proposals that serve people experiencing long-term homelessness; and
  - Proposals that provide a housing type not currently available or serve a population not currently served in or near the project area
- LHIA awards announced after Minnesota Housing awards are announced



# Housing Tax Credit Updates

Nicola Viana

# Housing Tax Credit Updates

## **2023 9% HTC Allocation**

- State of Minnesota: \$14.8 million
- Minnesota Housing: \$11 million
- Historically: 12 to 16 projects with 700 to 900 total units annually
- Last RFP: \$10.5 million: 8 projects with 436 units

# Housing Tax Credit Updates

## **9% HTC Suballocators**

- Minneapolis
- St. Paul
- Dakota County
- Washington County

# Housing Tax Credit Updates

## 2022-2023 Qualified Allocation Plan

- **Pools**
  - Metro
  - Greater Minnesota – excludes the Rural Development (RD) set-aside of \$375,000
- **Set-Asides**
  - Nonprofit set-aside
    - Metro
    - Greater Minnesota
  - Rural Development



# Housing Tax Credit Updates

## **2022-2023 Qualified Allocation Plan**

- 2-year QAP
  - No changes:
    - QAP
    - Self-Scoring Worksheet
- NOTE: Updated Scoring Guide



# Housing Infrastructure Bond (HIB) Updates

Summer Jefferson

# Housing Infrastructure Bonds

## Governor's Proposed 2022 Bonding Bill – \$250 Million for HIB

### Multifamily eligible uses:

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

### Proposed new eligible use:

- New Construction – Affordable to households at or below 50% income, with priority to serving the lowest incomes

# Housing Infrastructure Bonds

## Competitive Application Submissions

- Projects categorized according to eligible use and ranked by score
- The selection framework discussed earlier is then applied; for HIB, this includes:
  - Selection priorities
  - Statutory preferences and requirements
  - Geographic balance
  - Feasibility

# Housing Infrastructure Bonds

## Potential Funding Structures

- HIB with Volume Cap (4% w/ Deferred)
  - HIB loan funded with volume limited bonds qualifying the project for 4% HTC's
  - Preferred structure when syndication proceeds make up significant portion of capital sources
- Deferred-Only
  - Structure allows maximization of HIB resources, offsetting volume cap limitations
  - Potential for all HIB projects with a nonprofit or governmental entity as the sponsor to be evaluated under this structure
  - Loan may be repayable or forgivable

# Housing Infrastructure Bonds

## Bond Test Analysis

- Required to be submitted at application for all HIB eligible projects
- Special attention should be paid to bond tests:
  - Helps ensure there are enough non-bond funded sources to cover “bad costs”
    - Impact of deferred-only structure for nonprofits and governmental entities
  - Evaluates if the project is meeting the 50% test for 4% HTC
  - Technical assistance is strongly encouraged

# Housing Infrastructure Bonds

## Senior Eligibility Requirements

- All units in project must serve seniors age 55+
- Submit a completed Senior Housing Narrative
- Provide access to services to residents and demonstrate the ability to increase physical supports and supportive services as residents age and experience increasing levels of disability
  - Minimum Threshold: At least a part-time tenant service coordinator

## Senior Selection Priorities

- A project's ability to serve households with a gross annual income that does not exceed 30% of the metropolitan area median, not adjusted for household size



# Housing Infrastructure Bonds

## **Permanent Supportive Housing**

- All units in a project must provide permanent supportive housing for homeless households

## **Preservation**

- HIBs used to preserve existing federally assisted housing or other critical affordable units with rent or income restrictions
- Project must meet a risk of loss under the Preservation scoring criterion



# Supportive Housing Updates

Vicki Farden and Ellie Miller

# Supportive Housing Updates

## **High priority homeless (HPH)**

- Threshold criteria and documentation
- Planned resources for rental assistance and services
- Housing Support – LTH: market of eligible households in communities outside of the central metro

## **Continuum of Care (CoC) Confirmation Form**

- Required for all applications with HPH units
- Contact the CoC early in the process to plan units

### **Added information to the form:**

- Unit types, population served, resources for rental assistance and services
- Requesting feedback from CoCs on the need for the units and the planned resources

# Supportive Housing Updates

## County or Tribal Human Services

- Confirmation letter no longer required for HPH units
- Contact the county or tribal human services early in process:
  - Housing Support – Secure commitment for HPH and/or PWD units
    - Use the Minnesota Housing form for the Housing Support Commitment – [Signed by Human Services](#)
    - Still need Human Services confirmation if a service provider is committing tenant-based units to the project
  - Plan units for people with disabilities (PWD) – Work with the county to determine the population, referral process, services, and Housing Support and complete the PWD narrative
    - Units are intended for extremely low-income people with disabilities who are NOT homeless
    - Housing Support – LTH: market of eligible households in communities outside of the central metro
    - Housing Support – Regular is a better fit for the intended population. Use other resources for services.

## HIB for supportive housing – homeless eligibility all units

# Tenant Selection Plan (TSP) Guidelines

- TSP Guidelines revised December 2020
  - Adds tenant screening criteria for all housing units and additional criteria for supportive housing units
- Required for all Consolidated RFP projects after March 2021
- Applicable funding sources
- Existing properties – general considerations apply; new screening criteria are recommended best practices
- TSP review checklist and help text

# Supportive Housing Updates- Section 811

- Section 811 Project-based Rental Assistance (PRA) available for people with disabilities (PWD) units:
  - PWD Tier Two category
  - Limit on number of units and total permanent supportive housing (PSH) units
  - Pre-application for Section 811 PRA
  - Eligibility notification
  - Section 811 PRA PWD narrative – Work with Minnesota Department of Human Services (DHS) to complete
  - Selection is contingent on project selection for capital funding and Minnesota Housing signed agreement with HUD



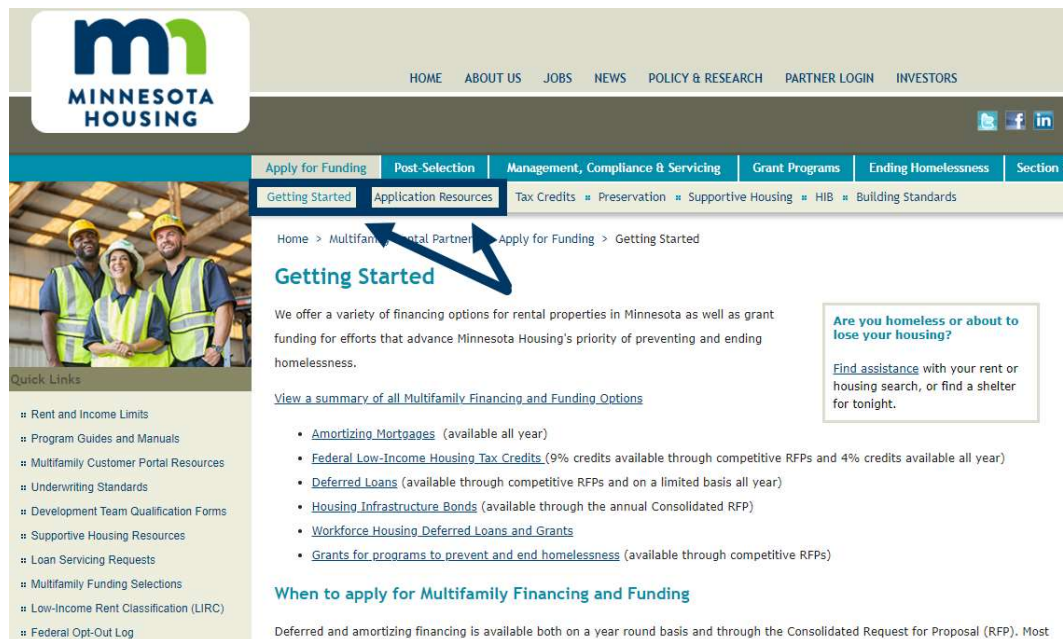
# Underwriting Updates

Erin Coons



# Minnesota Housing Underwriting – Getting Started

- <https://www.mnhousing.gov/sites/multifamily/gettingstarted>
- <https://www.mnhousing.gov/sites/multifamily/applicationresources>



# Underwriting Standards and Sizing

## Steps to Sizing Awards

1. Operating budget review – rents and expenses
2. Maximize the amortizing debt
  - Higher of proposed or Agency mortgage sizing
3. Development budget review
4. Size low -income housing tax credits
5. Size deferred funding

# Technical Assistance

## How to receive technical assistance for your application:

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

- Complete the Technical Assistance Request Form

- Requests will be directed to the appropriate staff; possible topics include:

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

The screenshot shows the '2022 Technical Assistance Request Form' from Minnesota Housing. The form is titled 'MINNESOTA HOUSING' and '2022 Technical Assistance Request Form'. It indicates '0% Complete'. A thank you message states: 'Thank you for contacting Minnesota Housing. This form is used to collect information about how we can best provide you with information or technical assistance on available funding resources to create or preserve multifamily housing in Minnesota.' It also notes: 'Applications for the annual Consolidated Request for Proposals will be due July 2022.' The form contains four sections with input fields: 1. Contact person for request, 2. Contact email, 3. Contact phone number, and 4. Developer/Sponsor(s)/Parent Company (if applicable).

# Underwriting – Navigating Industry Issues

Tell us your story:

- What is your current budget?
- Does your development budget reflect cost escalation?
- Are you building cushion into your interest rates?
  - Construction; permanent





# Architectural Updates

Erika Arms

# Building Standards Highlights

- Review our Building Standards website for “Design and Construction” expectations
- Sign up to receive 2022 April eNews that showcases all Building Standards updates (standards this year are very similar to 2021 versions)

[Home](#) > [Multifamily Rental Partners](#) > [Apply for Funding](#) > [Building Standards](#)

## Building Standards

Minnesota Housing establishes minimum design standards to help meet Minnesotans' needs for decent, safe and sustainable affordable housing. These standards also provide assistance to architects and contractors in understanding their role within Minnesota Housing's development process and associated requirements with their services.

[2021 Rental Housing Design/Construction Standards \(RHD/CS\)](#) - Applicable to all Multifamily projects. Multifamily Projects may include single family homes, duplexes, townhomes and multi-storied buildings with elevators in which the occupants are renters and do not own the property.

### Sign up to receive our Building Standards eNews

Stay up to date on Minnesota Housing's Buildings Standards information by signing up for our [eNews list](#).



# Building Standards Highlights



## Building Standards eNews



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**In this eNews:**

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# Building Standards Highlights

## **Enhanced Sustainability – MF Selection Scoring points**

- Tier 1: 1 point for 2x the optional criteria points (70 or 80)
- Tier 2: 2 points for 3x the optional criteria points (105 or 120)
- Tier 3: 3 points for Alternative Building Performance Pathways
  - MN SB 2030 Standards (new construction)
  - 2020 EGCC Certification Plus (new construction)
  - Performance Pathway (rehab)
- Tier 4: 4 points for Tier 1 + Tier 3
- Tier 5: 5 points for Tier 2 + Tier 3



# Building Standards Highlights

## Criteria 5.1a Building Performance Standard- New Construction

- **REMINDER:** All multifamily buildings funded after April 2021 must follow the ENERGY STAR (ES) Multifamily New Construction (MFNC) program. Certification through ES remains optional. Compliance with ES must be demonstrated to Minnesota Housing through submittal of an “as-designed” energy model before loan commitment/ loan closing, and an “as-built” energy model at post construction.
- All requirements and prerequisites, regardless of pathway (ERI, Prescriptive, or ASHRAE), including, but not limited to, underground garage ceiling insulation, exterior wall/ envelope continuous insulation\*\*\*, functional testing, field verification, etc. must be followed. No exceptions or waiver will be considered other than what is published in the 2022 MN Overlay and Guide to the 2020 Enterprise Green Communities Criteria.

\*\*\*Continuous Insulation is required by ES MFNC for all MF; however, there is an exception for apartments three stories or fewer with efficiency framing.

# Building Standards Highlights

## Applications claiming Universal Design RFP Selection Points

- Indicate on Self-Scoring Worksheet
- Include at application the Universal Design Worksheet

The image shows a screenshot of the "Universal Design Worksheet, Compliance Agreement and Certification" form from Minnesota Housing. The form is titled "m MINNESOTA HOUSING" and "Universal Design Worksheet, Compliance Agreement and Certification". It is divided into several sections: "Project Information", "Universal Design Definition and Scoring", "Building Type", "Project Type and Universal Design (UD) Optional Features", and "Type A Unit (which meets the Type A Unit requirements of the Minnesota Accessibility Code)". The "Project Information" section includes fields for "Project Name and Location" and "DA (if known)". The "Universal Design Definition and Scoring" section includes a definition of a Universal Design (UD) unit and a selection of priority points in the Low Income Housing Tax Credit (HTC) scoring for funding eligibility determination. The "Building Type" section includes a checkbox for "Check the type of building that applies:" and two options: "An elevator equipped building with 100 percent of assisted units meeting the definition of UD units." and "A non-elevator equipped building with at least 10 percent of assisted units meeting the definition of UD units." The "Project Type and Universal Design (UD) Optional Features" section includes a checkbox for "Check the project type that applies:" and two options: "New construction or adaptive reuse project that includes at least eight (8) optional UD features" and "Rehabilitation project that includes at least four (4) optional UD features". The "Type A Unit (which meets the Type A Unit requirements of the Minnesota Accessibility Code)" section includes a definition of a Type A Unit and a checkbox for "Check this box if all units required to meet UD are designed as Type A Units, in which case the 'Optional Universal Design Features' and 'Minimum Essential UD Features' requirements below can be disregarded, and no further information is necessary." The form also includes a section for "Scattered site projects" and a section for "Projects with different building types (apartments, townhomes, etc.)". The form is dated April 2020 and is page 1 of 4.

# Building Standards Highlights

## Construction Cost Material Volatility

- Include current material costs in the construction cost estimate RFP submittal requirement. It is acceptable to include and itemize cost escalations for materials as well as labor or other COVID related costs separately in the cost estimate.
- Consult with a Minnesota Housing staff architect directly for any further questions or guidance on construction cost for application materials.



# Federal Programs Updates

Aaron Keniski

# Federal Programs Highlights

## **HOME and National Housing Trust Fund (NHTF) Eligible Uses:**

- New construction, rehabilitation (includes conversion), and acquisition
- A property may contain one or more buildings on a single site
- Properties may be located on more than one site if it meets all of the following:
  - The properties are under common ownership and common management and financing
  - All housing units are being built or rehabilitated as part of a single undertaking
- A property must also meet all of the following:
  - Conform to all applicable zoning ordinances
  - Possess all appropriate use permits
  - Be used primarily for residential purposes
  - Provide permanent housing

# Federal Programs Highlights

## NHTF Operating Subsidy (NHTF OS)

- An eligible use of NHTF is operating cost assistance:
  - A project must be eligible for NHTF capital funds in order to receive an NHTF OS; most often paired with supportive housing projects – all NHTF assisted units must be restricted to 30% AMI income and rent limits in addition to meeting other program requirements
  - Eligible operating costs include insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems of NHTF assisted units
  - Can be put into a project with other forms of project-based rental assistance as long as households in NHTF assisted units are not receiving any rental assistance
- If applying for NHTF OS, the following must be submitted as part of the application:
  - NHTF OS Narrative Questions
  - NHTF OS Calculation Tool
  - NHTF OS Funding Application Certification

# Federal Programs Highlights

## **Applicants Requesting a LMIR First Mortgage**

- New process for Part 58 environmental reviews
  - Phase I provider now to complete and submit necessary documentation for a federal Part 58 Environmental Assessment as part of the Phase I ESA
- Recommended that the Phase I ESA cost estimate is increased in the application workbook to cover additional work required by the Phase I provider

# Federal Programs Highlights

## Project Information in Application

- Information provided in application assists Minnesota Housing staff in determining suitable projects for federal funding
- Make sure to provide adequate detail in following application checklist items:
  - **Applicant Certification of Known Environmental Issues:** Provides more information on environmental suitability of site location and surrounding land uses that could impact project
  - **Multifamily Rental Housing Narrative Questions:** Provides more information on historic properties that could be impacted by project, special populations to be served, and whether any actions (acquisition, demolition, rehabilitation, or site prep) have or are planned to occur prior to, or shortly after, selection





# Asset Management Updates

Matt O'Brien

# Asset Management

Asset Management reviews three components of the application:

1. Rents
2. Maintenance and operating (M&O) expenses
3. Vacancy rates

# Asset Management

## Tools to Determine Comparable Rents and Vacancy Rates

- Agency portfolio
  - Includes over 350 properties statewide
- Property Online Reporting Tool (PORT)
- CoStar
- Marquette Apartment Trends
  - Quarterly Report
- Market Study

# Asset Management

## Maintenance and Operating Expense Analysis

- Agency portfolio
  - Includes over 350 properties statewide
- New Construction Comparable Property Form
- Request technical assistance (TA) for a preliminary estimate on M&O expenses

# Asset Management

## Market Study

- Required for all housing tax credit (HTC) applications
- Used to determine achievable rents at multifamily tax subsidy project (MTSP) and market levels
- Average income – check to see if the market study supports higher rents if proposing rents greater than 60% MTSP
- Only use a market analyst from our approved vendor list

## Contact Information

- General RFP Questions: [sara.bunn@state.mn.us](mailto:sara.bunn@state.mn.us)
- HTC Team: [HTC.MHFA@state.mn.us](mailto:HTC.MHFA@state.mn.us)
- HIB: [william.price@state.mn.us](mailto:william.price@state.mn.us)
- Supportive Housing: [vicki.farden@state.mn.us](mailto:vicki.farden@state.mn.us)
- Section 811 PRA: [ellie.miller@state.mn.us](mailto:ellie.miller@state.mn.us)
- Underwriting: [erin.coons@state.mn.us](mailto:erin.coons@state.mn.us)
- Architectural: [erika.arms@state.mn.us](mailto:erika.arms@state.mn.us)
- Federal Programs: [aaron.keniski@state.mn.us](mailto:aaron.keniski@state.mn.us)
- Asset Management: [matt.obrien@state.mn.us](mailto:matt.obrien@state.mn.us)



# Closing

Assistant Commissioner of Multifamily  
James Lehnhoff

Thank you!

