MINNESOTA HOUSING

MEETINGS SCHEDULED FOR DECEMBER

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

THURSDAY, DECEMBER 15, 2022
Regular Board Meeting
1:00 p.m.

Hybrid Option Available:

In Person:
Lake Superior Conference Room- Fourth Floor
OR
Conference Call:
Toll-free dial-in number (U.S. and Canada)**:**
1-877-309-2074
Access code:
687-269-943

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 15, 2022.

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

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Mission

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

Vision

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

AGENDA
Minnesota Housing Board Meeting
Thursday December 15, 2022
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of November 17, 2022

5. **Reports**
   A. Chair
   B. Commissioner
   C. Committee

6. **Consent Agenda**
   A. (page 7) Grant Period Extensions for 2021 Intermediary Grantees

7. **Action Items**
   A. (page 13) Adoption, Series Resolution Authorizing the Issuance and Sale of Homeownership Finance Bonds (HFB)
   B. (page 107) Approval, Selection of firms to serve on the Investment Banking/Underwriting Team for years 2023 – 2025; with possible extensions through 2027
   C. (page 117) Funding Modification, Housing Infrastructure Bonds (HIB) Program – Silver Linings Apartments, D8336, Moorhead, MN
   D. (page 131) Commitment- Low and Moderate Income Loan (LMIR) - Many Rivers West, D2867, Minneapolis, MN

E. (page 143) Manufactured Home Community Redevelopment Program 2022 RFP Selections

F. (page 165) Single Family Selections, Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development

G. (page 257) 2022 Multifamily Consolidated Request for Proposals (RFP) Selections, Amortizing and Deferred Loans, 2023 Housing Tax Credits (HTC) Round 1, and the United States Housing and Urban Development (HUD) Section 811 Project-Based Rental Assistance

8. Discussion Items

A. (page 311) FY2023 Quarter 1 Financial Update

9. Information Items

None.

10. Other Business

None.

11. Adjournment

DRAFT Minutes
Minnesota Housing Board Meeting
Thursday, November 17, 2022
1:00 p.m.

1. **Call to Order.**
   Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:00 p.m.

2. **Roll Call.**
   Members Present via hybrid: Chief Executive Benjamin, Auditor Blaha, Chair John DeCramer, Craig Klausing, Stephanie Klinzing, and Stephen Spears.
   Minnesota Housing Staff present via hybrid: Anbar Ahmed**,** Tal Anderson, Tom Anderson, Ryan Baumtrog, Susan Bergmann, Sondra Breneman, Ibtisam Brown, Deran Cadotte, Ji-Young Choi, Erin Coons, Jason DeKett, Renee Dickinson, Matt Dieveney, Michelle Doyal, Rachel Franco, Rachel Ganani, Francis Graydon, Vanessa Haight, Anne Heitlinger, Darryl Henchen, Adam Himmel, Katie Hirsch, Jennifer Ho, David Honan, Heidi Hovis, Hannah Jirak, Karen Johnson, Katey Kinley, Dan Kitzberger, Greg Krenz, Laurie Krivitz, Janine Langsjoen, Tresa Larkin, Debbi Larson, Brad LeBlanc, Jill Lestina-WarnestSong Lee, James Lehnhoff, Jill Lestina-Warnest, Rachel Lochner, Sarah Matala, Eric Mattson, Jill Mazullo, Don McCabe, Amy Melmer, Ellie Miller, Krissi Mills, John Patterson, Caryn Polito, Paula Rindels, Lael Robertson, Rachel Robinson, Dani Salus, Joel Salzer, Kayla Schuchman, Corey Strong, Kim Stuart, Jodell Swenson, Susan Thompson, Mike Thone, Kody Thurnau, Kayla Vang, Que Vang, Teresa Vaplon, Nicola Viana, Carrie Weisman, Tyler Wenande, Alyssa Wetzel-Moore, Jennifer Willette, Kelly Winter and Kristy Zack.
   Others present via hybrid: Michelle Adams, Kutak Rock; Ramona Advani, Minnesota Office of the State Auditor.

3. **Agenda Review**
   No changes.

4. **Approval**
   Regular Meeting Minutes of November 17, 2022
   Motion: Stephanie Klinzing moved to approve the November 17, 2022, Regular Meeting Minutes. Seconded by Craig Klausing. Stephen Spears was not present for the vote. Roll call was taken. Motion carries 5-0. All were in favor.

5. **Reports**
   A. Chair
   None.

   B. Commissioner
   Commissioner Ho shared the following with the Board:
   - Welcome new employees

- HomeHelpMN Update
- RentHelpMN Update
- Election Update

C. Committee
None.

6. Consent Agenda
A. Waiver, Updated Waiver, Predictive Cost Model 25% Threshold
- West Creek Apartments, D8205, Chaska, MN
B. Approval, 2023 Minnesota Housing Board Meeting Schedule

Motion: Auditor Blaha moved to approve the Consent Agenda Items. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

7. Action Items
A. Forgiveness, Operating Loss Subsidy Loan
- Stone Creek Townhomes, Luverne, D0714

Sarah Matala presented to the board a request for adoption of a resolution authorizing the forgiveness of the $280,000 Operating Loss Subsidy loan funded with proceeds from the Financing Adjustment / Financing Adjustment Factor (FA/FAF) pool of funds. The loan matured on October 31, 2022. The current loan balance is $280,000. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Stephanie Klinzing moved Forgiveness, Operating Loss Subsidy Loan - Stone Creek Townhomes, D0714, Luverne, MN. Seconded by Craig Klausing. Roll call was taken. Motion carries 6-0. All were in favor.

B. Funding Modification and Commitment Extension, Publicly Owned Housing Program (POHP)
-Lakeview Highrise, D7801, Willmar, MN

Cheryl Rivinius presented to the board a request for the adoption of a resolution to increase the loan amount from $397,000 to $747,000. Staff also request approval authorizing a 12-month extension of the POHP funding commitment for Lakeview Highrise, which will allow the development time to submit final due diligence and successfully close its POHP loan. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Craig Klausing moved Funding Modification and Commitment Extension, Publicly Owned Housing Program (POHP) - Lakeview Highrise, D7801, Willmar, MN. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

C. Housing Opportunities for Persons with AIDS (HOPWA) Grant Extension and Funding Modification, Rainbow Health

Staff presented to the board a request for adoption of a resolution authorizing a grant contract agreement extension up to September 30, 2023, and a funding modification in the amount not to exceed $183,709 to Rainbow Health Minnesota. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Stephanie Klinzing moved Housing Opportunities for Persons with AIDS (HOPWA) Grant Contract Agreement Extension and Funding Modification, Rainbow Health Minnesota D3621. Seconded by Stephen Spears. Roll call was taken. Motion carries 6-0. All were in favor.

D. Commitment and Modification of, Low- and Moderate-Income Rental Loan Bridge Loan (LMIRBL), and Waiver to Predictive Model
-Brewery Creek, Duluth, D8114

Erin Coons presented to the board a request of the following: 1. Adoption of a resolution authorizing the issuance of a LMIRBL product commitment not to exceed $10,640,000; 2. Approval of a waiver to the predictive cost model. The total development cost (TDC) per unit is $412,973 and now exceeds the predictive model by 36%. Because the percentage is over the cost model threshold of 25%, the increase requires a board approved waiver. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.
Motion: Chief Executive Benjamin moved Commitment Low and Moderate Income Rental Bridge Loan and Waiver of the Predictive Cost Model 25% Threshold - Brewery Creek, D8114, Duluth, MN. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

E. Adoption, Series Resolution for Rental Housing bonds for Brewery Creek (Series 2022E)

Michael Solomon presented to the board a request for authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Chief Executive Benjamin moved Adoption, Resolution Authorizing the issuance and Sale of Rental Housing Bonds, 2023 Series A (Brewery Creek). Seconded by Craig Klausing. Roll call was taken. Motion carries 6-0. All were in favor.

F. Approval, State of Minnesota Housing Tax Credit (HTC) 2024-2025 Qualified Allocation Plan (QAP)

Staff presented to the board a request for approval of the 2024-2025 Housing Tax Credit (HTC) Qualified Allocation Plan (QAP) and Self-Scoring Worksheet (SSW). Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.
Motion: Stephanie Klinzing moved Approval, State of Minnesota Housing Tax Credit 2024-2025 Qualified Allocation Plan with amendment. Seconded by Craig Klausing. Roll call was taken. Motion carries 6-0. All were in favor.

8. **Discussion Items**
   A. **Fourth Quarter 2021 Progress Report: 2020—2023 Strategic Plan and 2022-2023 Affordable Housing Plan**

   John Patterson provided the board with an update on the 2020—2023 Strategic Plan and 2022-2023 Affordable Housing Plan.

9. **Information Items**
   A. **Cost Containment Report 2022**

10. **Other Business**

    None.

11. **Adjournment**

The meeting was adjourned at 2:40 p.m.

____
John DeCramer, Chair

Board Agenda Item: 6.A
Date: 12/15/2022

Item: Grant Period Extensions for 2021 Intermediary Grantees

Staff Contact(s):
Alyssa Wetzel-Moore, 651.263.1453, Alyssa.Wetzel-Moore@state.mn.us
Ryan Baumtrog, 651.296.9820, Ryan.Baumtrog@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☐ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests approval of the attached resolution to extend grant periods with current 2021 Intermediary Capacity Building Grantees to complete grant activities and spend grant funds. No additional grant funds are being requested.

Fiscal Impact:
None. The 2021 Intermediary Capacity Building Program is funded from Pool 3, with individual awards structured as grants that do not earn interest for the Agency.

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

Attachment(s):
- Background
- Resolution

Background:

The 2021 Intermediary Capacity Building Grant program provides funding to organizations to provide pass-through grants and/or technical assistance to develop and strengthen the capacity of communities, stakeholders and organizations in housing planning, program development and engagement activities.

Funding intermediaries supports Minnesota Housing's strategic priority of strengthening disinvested communities. Intermediaries provide both tailored technical assistance and the targeted engagement necessary to provide communities with the tools to address their housing needs. The work of intermediaries is critical to building and sustaining a community's capacity not only through increased knowledge, but also a stronger community network aligned to address its housing needs.

On May 27, 2021, the Board approved selection of six intermediary grantees for 18-month grant periods. (Board Resolution No. MHFA 21-023). Current grant periods end on January 23, 2023 or February 23, 2023. Providing this extension will allow grantees to complete grant activities and spend down the remaining grant funds. Staff recommends extending the 2021 Intermediary Capacity Building grant periods by up to six months.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102
RESOLUTION NO. MHFA XX-XXX
RESOLUTION APPROVING THE EXTENSION AND AMENDMENT OF INTERMEDIARY CAPACITY BUILDING GRANTEES

WHEREAS, the Minnesota Housing Finance Agency's ("Agency") 2021 Intermediary Capacity Building Grant program provides funding to organizations to provide pass-through grants and/or technical assistance to develop and strengthen the capacity of communities, stakeholders and organizations in housing planning, program development and engagement activities, and

WHEREAS, on May 27, 2021, the Board approved selection of six intermediary grantees for 18-month grant period, and

WHEREAS, 2021 Intermediary Capacity Building Grantees ("Grantees") need up to a six-month extension to complete grant activities and spend the remaining grant funds.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to amend existing grant agreements to allow for additional time up to six months from the end of the original grant period with the following entities, using resources available pursuant to the grant, subject to the terms and conditions herein and in the respective grant agreements, subject to changes allowable under Agency and Board policies. The grant period will end on July 23, 2023 for all grantees listed below except for Local Initiatives Support Corporation – Duluth which will end on August 23, 2023. All other terms and conditions in the original grant remain in effect, including the amount awarded.:

Organization
The Alliance for Metropolitan Stability
American Indian Community Housing Organization
Local Initiatives Support Corporation – Duluth
Local Initiatives Support Corporation – Twin Cities
Metropolitan Consortium of Community Developers
Violence Free Minnesota

2. The grant amendments in form and substance acceptable to Agency staff, and the execution of those amendments shall occur prior to the end of each Grantee's current grant period and no later than February 28, 2023; and

3. The sponsors and such other parties shall execute all such documents relating to said grant contracts as the Agency, in its sole discretion, deems necessary.

Adopted this 15th day of December 2022

____

CHAIRMAN

MINNESOTA HOUSING

Board Agenda Item: 7.A
Date: 12/15/2022

Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Homeownership Finance Bonds (HFB)

Staff Contact(s):
Michael Solomon, 651.297.4009, michael.solomon@state.mn.us
Debbi Larson, 651-296.8183, debbi.larson@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency Staff are seeking authorization to issue bonds in 2023-24 for the acquisition of newly originated mortgage-backed securities comprised of mortgage loans from the Agency's homeownership program, as well as to refund certain existing debt issued under the HFB indenture if prudent. Kutak Rock LLP, the Agency's bond counsel, has prepared a resolution authorizing the terms of one or more bond issues, not-to-exceed $250 million and to be issued prior to June 30, 2024. Bond Counsel and Agency staff have also prepared a Preliminary Official Statement for an initial offering of up to approximately $50 million in Homeownership Finance Bonds, Series 2023 A, anticipated to price and close in early 2023; the attached Preliminary Official Statement describes the entire anticipated transaction. Details such as the timing and par amount of this issuance may change as dictated by market conditions and Agency mortgage production.

Fiscal Impact:
Minnesota Housing earns a spread (generally more than 1%) between the rate on the mortgage loans/securities and the interest rate on the bonds used to finance the acquisition of those securities.

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

Attachment(s):
- Preliminary Official Statement
- Bond Resolution

PRELIMINARY OFFICIAL STATEMENT DATED ___________, 2023

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The issuer has deemed this Preliminary Official Statement final, as of its date, except for information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission.

NEW ISSUE | **RATING:** Moody's: "___"
(See "Rating" herein.)

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

$50,000,000*
Minnesota Housing Finance Agency
Homeownership Finance Bonds, 2023 Series A (Taxable)
(Mortgage-Backed Securities Pass-Through Program)

Dated Date: Date of Delivery | **Due: as shown below**

Tax Matters Interest on the 2023 Series A Bonds (the "Series Bonds") is includable in gross income for purposes of federal income taxation and is includable in the taxable net income of individuals, trusts and estates for state of Minnesota (the "State") income tax purposes. (For additional information, see "Tax Matters" herein.)

Redemption On each monthly interest payment date, a portion of the Series Bonds equal to principal received during the prior month on the 2023A Program Securities will be redeemed, without premium. On or after January 1, 2032* all or a portion of the Series Bonds may be redeemed at the option of the Agency prior to maturity, without premium. (See "The Series Bonds—Mandatory Redemption" and "—Optional Redemption" 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 the Agency's pledge of all Program Obligations, Investment Obligations, Revenues and other assets held under the Bond Resolution, except as otherwise expressly provided in 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 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" herein.)

Interest Payment Dates The first day of each month, commencing ________ 1, 2023* and, in respect of a Series Bond to be redeemed, the redemption date.

Denominations $1.00 or any multiple thereof.

Closing/Settlement ___________, 2023* through the facilities of DTC in New York, New York.

Bond Counsel Kutak Rock LLP.

Underwriters' Counsel [Cozen O'Connor.]

Trustee Computershare Trust Company, National Association, in Minneapolis, Minnesota.

Book-Entry-Only System The Depository Trust Company. (See Appendix D hereto.)

$50,000,000* __% 2023 Series A Bonds due _______ 1, 2053* at __% (CUSIP _______)**

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 the Series Bonds.

The date of this Official Statement is ________, 2023.

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* Preliminary; subject to change.

** CUSIP number has been assigned by an organization not affiliated with the Agency and is included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of the CUSIP number, nor is any representation made as to its correctness on the Series Bonds or as indicated above. A CUSIP number may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

Neither Minnesota Housing Finance Agency nor the Underwriters have 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, its Program and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriters 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.

TABLE OF CONTENTS

OFFICIAL STATEMENT
relating to

$50,000,000*
Minnesota Housing Finance Agency
Homeownership Finance Bonds, 2023 Series A (Taxable)
(Mortgage-Backed Securities Pass-Through Program)

This Official Statement (which includes the Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the "Agency") and its Homeownership Finance Bonds, 2023 Series A (Taxable) (Mortgage-Backed Securities Pass-Through Program) (the "Series Bonds") for the information of prospective investors. The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the "Act"), a resolution of the Agency adopted December 11, 2009 (as amended and supplemented in accordance with its terms, the "Bond Resolution"), and a series resolution of the Agency adopted December 15, 2022 (the "2023/2024 Series Resolution"). (The Bond Resolution and the 2023/2024 Series Resolution are herein sometimes referred to as the "Resolutions.")

The Homeownership Finance Bonds Outstanding in the aggregate principal amount of $[1,076,296],000 as of December 31, 2022, the Series Bonds and any additional Homeownership Finance 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 (except as otherwise expressly provided therein).

The Resolutions include the definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix C. The summaries and references in this Official Statement to the Act, the Resolutions, and other documents are only outlines of certain provisions and do not summarize or describe all the provisions thereof. All references in this Official Statement to the Act and the Resolutions are qualified in their entirety by the complete text of the Act and the Resolutions, copies of which are available from the Agency. All references to the Series Bonds are qualified in their entirety by the complete form thereof and the provisions in the Resolutions establishing the terms of the Series Bonds.

INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the state of Minnesota (the "State"). The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of purchasing, making or otherwise participating in the making of long-term mortgage loans to persons and families of low and moderate income for the purchase of residential housing upon the determination by the Agency that those loans are not otherwise available from private lenders upon 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 A-1 to this Official Statement at pages 73 and 74 under the heading "Net Position—Restricted by Covenant."

The global outbreak of the coronavirus COVID-19 ("COVID-19") and measures taken by federal, state and local governments in response thereto are impacting individuals and businesses in a manner that to an unknown extent will have negative effects on economic activity across the country and the State, including mortgage loan repayments. For descriptions of certain of these measures, their impacts on the Agency and the Agency's responses, see "The Agency—COVID-19 Economic Disruption" herein.

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*Preliminary; subject to change.

Prior to the fall of 2009, the Agency implemented its single-family mortgage lending program by purchasing "whole loans" from lenders and financing purchases of the loans with proceeds of its bonds. In September 2009, the Agency began acquiring mortgage-backed securities guaranteed as to timely payment of principal and interest by a Federal Mortgage Agency (as defined in the Resolutions, "Program Securities") instead of directly acquiring mortgage loans from lenders. (See "The Homeownership Finance Program— "'MBS' Model.") To date, only Program Securities have been acquired with Bonds issued pursuant to the Bond Resolution. (See "Security for the Bonds—Program Securities Pledged under the Bond Resolution.")

The Agency is issuing the Series Bonds to provide money, from proceeds of the Series Bonds, to be used, along with certain contributed funds of the Agency, to continue its Program by purchasing Program Securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA Securities"), the Federal National Mortgage Association ("Fannie Mae Securities") or the Federal Home Loan Mortgage Corporation ("Freddie Mac Securities"), and backed by pools of mortgage loans ("Program Loans") that certain mortgage lending institutions (the "Lenders") have made to qualified persons or families of low and moderate income to finance the purchase of single-family residences in Minnesota. Each Program Loan must be (i) insured by the Federal Housing Administration (the "FHA") of the United States Department of Housing and Urban Development ("HUD") pursuant to the National Housing Act of 1934, as amended (the "Housing Act"), (ii) guaranteed by the Veterans Administration ("VA") pursuant to the Servicemen's Readjustment Act of 1944, as amended, (iii) guaranteed by USDA Rural Development (formerly Rural Economic and Community Development) ("USDA Rural Development"), under its Guaranteed Rural Housing Loan Program, or (iv) insured by private mortgage insurance issued by an entity acceptable to the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac") or having certain loan-to-value ratios or other characteristics acceptable to Fannie Mae or Freddie Mac. Fannie Mae Securities and Freddie Mac Securities may also include Uniform Mortgage-Backed Securities ("UMBS"). (See "The Homeownership Finance Program—Uniform Mortgage-Backed Securities.")

The Program Securities (or participations therein) to be funded in connection with the issuance of the Series Bonds will be GNMA Securities, Fannie Mae Securities or Freddie Mac Securities (the "2023A Program Securities"). The Agency will apply proceeds of the Series Bonds and Agency funds to reimburse itself for its previous acquisition of the 2023A Program Securities and will credit those 2023A Program Securities to the 2023 Series A subaccount in the Acquisition Account on the date of issuance of the Series Bonds. The 2023A Program Securities are expected to consist of __[*] GNMA Securities in approximately $____ million[*] in outstanding principal amount with an average weighted pass-through interest rate of ____ percent,[*] ___[*] Fannie Mae Securities in approximately $____ million[*] in outstanding principal amount with an average weighted pass-through interest rate of ____ percent[*] and __[*] Freddie Mac Securities in approximately $____ million[*] in outstanding principal amount with a pass-through interest rate of ____ percent[*] and are further identified in Appendix F to this Official Statement. If any 2023A Program Securities are identified as "TBD" or additional Program Securities are added to the 2023A Program Securities, the Agency will file with the Municipal Securities Rulemaking Board, at its EMMA internet repository, an updated Appendix F. Each expected Fannie Mae Security and Freddie Mac Security described in the previous sentence is a UMBS. Repayments and prepayments of principal of Program Loans backing 2023A Program Securities, which are to be credited to the subaccount in the Revenue Fund related to the Series Bonds, will be applied to the mandatory redemption of the Series Bonds as described under "The Series Bonds—Mandatory Redemption." Approximately 98 percent[*] of the mortgagors that received a Program Loan that backs the 2023A Program Securities also qualified for and chose to receive a Deferred Payment Loan, Deferred Payment Loan Plus or Monthly Payment Loan (each a "DPA Loan") from the Agency. (See "Other Programs—Deferred Payment Loans" and "–Monthly Payment Loans"). The mortgagor must repay the Agency for each DPA Loan, either on sale or transfer of the property or by making monthly payments. The Agency will not apply proceeds of the Series Bonds to make the DPA Loans and has not pledged, and will not apply repayments of, the DPA Loans to pay or redeem the Series Bonds.

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 (except as otherwise expressly provided therein), by the Agency's pledge of all Program Obligations, Investment Obligations, Revenues and other assets held and received by the Agency pursuant to the Bond Resolution. Under the Bond Resolution, the Agency is authorized to acquire Program Obligations which consist of (i) Program Securities backed by Program Loans or (ii) Program Loans. (See "Security for the Bonds" and "Appendix C –

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[*] Preliminary; subject to change.

Summary of Certain Provisions of the Bond Resolution.") As the Agency's Program is an MBS model, it currently expects to use proceeds of Bonds issued under the Bond Resolution to finance the acquisition of Program Securities and not Program Loans.

The Series Bonds are also general obligations of the Agency payable from 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, or State or federal laws or restrictions that provide that particular funds must be applied for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund is legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (See "The Agency—Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund.") (For purposes of the Resolutions, the General Reserve is designated as the "General Reserve Account.")

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 from those appropriations 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 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, 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.

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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 2024, 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

Craig Klausing, Member — Term [expired] January 2023,* Roseville, Minnesota – Attorney

Stephanie Klinzing, Member — Term [expired] January 2023,* Elk River, Minnesota – Writer and Publisher

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

Terri Thao, Vice Chair — Term expires January 2024, St. Paul, Minnesota – Program Director

*Continues to serve until a successor is appointed and qualified.

Staff

The staff of the Agency presently consists of approximately 270 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 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.

Michael Solomon — Chief Financial Officer, appointed effective August 2022. In this position, Mr. Solomon leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position he served as Treasurer of the City of Saint Paul overseeing financial operations including cash, investment and debt management in addition to significant work in economic development and financial empowerment. He held other roles in the City's Office of Financial Services from 2012 to 2017 including Debt Manager leading the issuance of debt obligations from a variety of credits utilizing innovative financing tools. Mr. Solomon worked for a local municipal financial advisory and consulting firm from 2008 to 2012 specializing in the issuance and management of municipal debt. He received his degree in Financial Management from the University of St. Thomas in Saint Paul, Minnesota and is an active member of the Government Finance Officers Association, serving on its Committee of Treasury and Investment Management contributing to best practices and guidance used across the industry.

Debbi Larson — Director of Finance appointed effective December 2019. Ms. Larson was Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to that position, 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.

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.

Kayla Schuchman — Assistant Commissioner, Single Family, appointed effective January 2022. Prior to Ms. Schuchman's appointment to this role she was the Housing Director for the City of Saint Paul, and prior to that worked as a Project Manager at CommonBond Communities. Her previous experience includes nine years with the Agency, including as Multifamily Programs Middle Manager from December 2014 to December 2016, Low Income Housing Tax Credit Program Manager and RFP Coordinator from 2012 to 2014 and Multifamily Housing Development Officer from 2007 to 2012. Prior to that, Ms. Schuchman held positions as a Senior Financial Analyst and Budget Analyst at Minneapolis Public Housing Authority. She holds a Master's degree in Public Policy from the University of Minnesota's Humphrey School and a Bachelor of Arts Degree in Economics from Macalester College, Saint Paul, Minnesota. Ms. Schuchman holds a Housing Development Finance Professional certification through the National Development Council, has served as a director on several nonprofit boards and was named a "40 under 40" honoree by the Minneapolis/Saint Paul Business Journal in February 2021.

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 Investor Relations Representative may be reached at the Agency's general telephone number. 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, 2022, included in this Official Statement as Appendix A-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, 2022. 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 A-1 as of and for the fiscal year ended June 30, 2022 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 A-1 in the Notes to Financial Statements at pages 75 through 77 under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2022, with respect to MSRS is $0.544 million. The Agency's total net pension liability and post-employment benefits liability is $2.423 million.

In Appendix A-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 three months ended September 30, 2022. The Agency has prepared the information in Appendix A-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 A-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 B 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 ending June 30, 2023, 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 B — Summary of Continuing Disclosure Undertaking.")

During the prior five years, one disclosure report timely filed with EMMA was not timely linked to all outstanding CUSIPs for the associated Bonds of the Agency. The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2019 with EMMA; however, that Agency Annual Report was not specifically linked to two CUSIPs for the Agency's Residential Housing Finance Bonds, 2014 Series C, and three CUSIPs for the Agency's Residential Housing Finance Bonds, 2014 Series E. The Agency posted that Annual Report to CUSIP 60416SHP8, the only one of the five omitted CUSIPs with respect to bonds still outstanding, on February 1, 2021.

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 B — Summary of Continuing Disclosure Undertaking." The Agency has made these covenants to assist the Underwriters 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 quarterly disclosure report for each of its single family bond resolutions (including the Bond Resolution) and a semiannual disclosure report for its rental housing bond resolution. Recent reports are available at the Agency's website at http://www.mnhousing.gov (click on tab "Investors"), 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 $619.865 million, representing the combined net position of these funds so calculated as of June 30, 2022. 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, 2022 appears in the Notes to Financial Statements of the Agency included in Appendix A-1 to this Official Statement at pages 73 and 74 under the heading “Net Position — Restricted by Covenant.”

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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 three-month period ended September 30, 2022 (unaudited) (in thousands):

	Three months Ended September 30, 2022 (unaudited)	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
Revenues			
Fees earned and other income[1]	$3,131	$12,372	$12,676
Interest earned on investments	135	157	212
Unrealized gain (loss) on investments	--	--	--
Administrative reimbursement[2], [3]	8,034	31,161	33,144
Total revenues	11,300	43,690	46,032
Expenses			
Salaries and benefits	8,567	17,676	32,501
Other general operating expenses	1,309	4,282	7,424
Interest	96	423	--
Total expenses	9,972	22,381	39,925
Revenues over expenses	1,328	21,309	6,107
Non-operating transfer of assets between funds[4]	(1,242)	(22,153)	(8,363)
Change in net position	86	(844)	(2,256)
Net position beginning of period	8,891	9,735[5]	12,307
Net position end of period	$8,977	$8,891	$10,051

(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 A-1 to this Official Statement for additional information.

(5) Adjusted pursuant to required GASB 87 treatment of Leases as of July 1, 2021.

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, 2017, 2019 and 2021, the total appropriations to the Agency aggregated approximately $436.5 million. For the biennium ending June 30, 2023, the Legislature has appropriated approximately $125.6 million to the Agency.

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

Agency Indebtedness

The principal amount of 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 $5,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of December 31, 2022 [TO BE UPDATED]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds	9	2049	$ 50,490	$ 49,350
Residential Housing Finance Bonds	64	2052	3,739,010	2,244,945
Homeownership Finance Bonds	58	2051	2,624,572	1,070,600
Multifamily Housing Bonds (Treasury HFA Initiative)	1	2051	15,000	12,740
Totals	132		$6,429,072	$3,377,635

*Does not include series of bonds or the original principal amount of any bonds that had been, as of December 31, 2022, 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 A-1 to this Official Statement and in the unaudited financial statements contained in Appendix A-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 demand bonds or floating rate term bonds.

Certain of the swap agreements obligate the Agency to make periodic fixed rate payments and entitle the Agency to receive periodic payments based on the United States dollar-denominated London Interbank Offered Rate ("USD LIBOR"). In 2017, the Financial Conduct Authority, a United Kingdom regulatory body which supervises USD LIBOR's administrator, stated that it would not attempt to persuade or compel panel banks that currently submit interest rate information used in the setting of USD LIBOR rates to continue to do so after December 31, 2021. The Federal Reserve System and the Federal Reserve Bank of New York (the "NY Fed") convened its Alternative Reference Rate Committee ("ARRC") in 2014, consisting of public and private United States capital market participants, to identify alternative reference rates as an alternative to USD LIBOR, identify best practices for contract robustness in the interest rate market, and create an implementation plan to support an orderly adoption of new references rates. In 2017, the ARRC identified the secured overnight financing rate ("SOFR"), which the NY Fed publishes, as the rate that represents best practice for use in certain new U.S. dollar derivatives and other financial contracts. Likewise, the International Swaps and Derivatives Association's ("ISDA") working group chose SOFR as its replacement for USD LIBOR, and ISDA has released its IBOR Fallbacks Supplement which amends the 2006 ISDA Definitions (applicable to trades occurring on and after January 25, 2021), as well as its IBOR Fallbacks Protocol, which allows contract participants to amend existing contracts to include the new fallback provision. Each of the NY Fed and ISDA has made certain information concerning their respective activities relating to USD LIBOR and alternative reference rates on their respective websites. The Financial Conduct Authority has indicated that USD LIBOR will continue to be available through June 30, 2023, at which time these amendments are expected to become effective and SOFR will replace USD LIBOR. There can be no assurance as to the timing or outcome of these and other USD LIBOR-related regulatory developments, or as to the effects of market reaction to such developments.

Further regulatory developments, or the official cessation of USD LIBOR publication, might affect the determination of certain scheduled and, if applicable, termination payment obligations upon those derivatives agreements. [The Agency continues to monitor the USD LIBOR-related developments and anticipates it will adhere to the IBOR Fallbacks Protocol or enter into substantially similar agreements directly with its swap providers.] In addition, the Agency may seek additional amendments to its other agreements which still use USD LIBOR.

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 $515,000,000. The Agency has issued 30 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2022 in an aggregate principal amount of $471,495,000 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 and a Sixth Amendment to Revolving Credit Agreement dated as of December __, 2022 (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 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 29, 2023, 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 0.45%) and may not exceed $150,000,000 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 $[1,063,907,216, $105,717,656] 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. Minnesota Housing'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. Minnesota Housing'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.

COVID-19 Economic Disruption

The global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization in March 2020, was declared an emergency by federal and state governments. Since the start of the Pandemic, Presidential administrations, Congress, the Federal Reserve, HUD/FHA (including GNMA), the Federal Housing Finance Agency (including Fannie Mae and Freddie Mac), USDA Rural Development, the VA, the Centers for Disease Control, and the Consumer Financial Protection Bureau, along with the State, have enacted legislation and/or issued orders or directives (collectively, "Governmental Actions") to alleviate the effects of the Pandemic on homeowners, renters, landlords, servicers and lenders. Governmental Actions have included loan forbearance directives, moratoriums on foreclosures and/or evictions, loan modification directives, loan servicing assistance, rental assistance, and homeownership loan assistance. Some legislation and/or orders have been extended and/or modified, while others have expired or been enjoined. While it is generally expected that new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, contested, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

From April 1, 2020 to _______, the Agency granted forbearance approvals for Program Loans that are not pooled into Program Securities in an aggregate principal amount of approximately [12.9] percent of the principal amount of Program Loans held under the Agency's Residential Housing Finance Bonds Resolution (the "RHFB Resolution") as of March 31, 2020, and paused foreclosure actions on occupied single-family residences in an aggregate principal amount of approximately [0.5] percent of the principal amount of Program Loans held under the RHFB Resolution as of that date. As of _________, Program Loans in an aggregate principal amount of approximately [0.7] percent of Program Loans held under the RHFB Resolution as of March 31, 2020 were still in forbearance.

Recent forbearance approvals may not have been related to Pandemic-related requests but evaluated and approved in the normal course of loan servicing. Most of the Program Loans no longer in forbearance have had missed payments deferred or subordinated, have had payments modified or have had missed payments, if any, repaid. (See "Other Programs.") None of these Program Loans secure the Series Bonds or any Bonds the Agency has issued under the Bond Resolution. The Agency also provides loans under its multifamily rental housing program, many of which are covered by the relief provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Agency's loans provided under its home improvement program and its monthly payment loan program, as well as some loans for single family housing that are not pledged as security for any debt of the Agency, are not affected by the relief provisions of the CARES Act. However, the Agency has granted and may choose to grant forbearance approvals for certain of these loans during the Pandemic. (See "Other Programs" and "Other Programs — Monthly Payment Loans.") It expects to receive and approve additional forbearance requests both during the Pandemic and afterwards.

On March 13, 2020, the Governor of the State declared a peacetime emergency with respect to the Pandemic. Through various executive orders, which have the force and effect of law during a peacetime emergency, the Governor directed various protective measures in response to the Pandemic, including the suspension of evictions and lease terminations. The peacetime emergency ended on July 1, 2021 and all executive orders made pursuant to the peacetime emergency have expired. However, legislation was enacted effective June 30, 2021 gradually phasing out eviction protections during the period that ended October 12, 2021. While those protections have expired, certain tenants who were eligible for, had applied for, but had not yet received, federal emergency rental assistance payments had eviction protection extended through June 1, 2022.

During the peacetime emergency, an executive order of the Governor designated the operation of the Agency as a critical service and Agency personnel, though almost exclusively teleworking, continued all operations in order to provide the Agency's programs (see "Agency Continuity of Operations Plan" above). The Agency plans to re-open its offices with a portion of its personnel returning to the workplace later this year. At this time the Agency cannot predict (i) the duration or extent of the Pandemic; (ii) the duration or expansion of any foreclosure or eviction moratorium affecting the Agency's ability to foreclose and collect on delinquent mortgage loans; (iii) the number of mortgage loans that will be in forbearance or default as a result of the Pandemic and subsequent federal, state and local responses thereto, including the Government Actions; (iv) whether and to what extent the Pandemic may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any of those types of disruption may adversely impact the Agency or its operations; (v) whether or to what extent the Agency or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or (vi) the effect of the Pandemic on the State budget, or whether any such effect may adversely impact the Agency or its programs. The Agency continues to monitor and assess the impact of the Pandemic on its programs, operations and financial position, including its ability to continue to finance the purchase of Program Securities. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the Agency's programs, operations and finances.

Single Family Mortgage Production Funding Considerations

As a state housing finance agency, the Agency relies on municipal bond markets operating efficiently to fund its Program. When these markets did not perform well, based on historical market relationships, the Agency could not fully realize the benefit of tax-exempt bond financing using traditional bond structures to finance single family mortgage loans at competitive interest rates. The Agency successfully combined traditional bond structures with economic refunding bonds and bonds secured by excess collateral under the Residential Housing Finance Bond Resolution, and bonds structured with monthly principal pass-through payments from an identified portfolio of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities under the Bond Resolution, to fund single family mortgage production by purchasing Program Securities.

In addition to funding its single family mortgage production by issuing bonds, the Agency from time to time sells Program Securities in the secondary market, including selling Program Securities and later repurchasing an interest-only strip in those Program Securities. Since 2009 the Agency has sold approximately $[1.907] billion of Program Securities, including Program Securities sold with the later repurchase of an interest-only strip, in the open market as of ______, 2023, $[544] million of which would have been eligible to be financed with tax-exempt bonds. In 2013, the Agency also issued and sold three series of its Home Ownership Mortgage-Backed Exempt Securities Certificates in the aggregate principal amount of $32.5 million, each of which is a special, limited obligation of the Agency payable from, and secured solely by, all principal and interest payments made on a single Program Security.

Based on market conditions and the availability of economic refunding opportunities, the Agency determines whether to issue Additional Bonds under the Bond Resolution or under the Residential Housing Bond Resolution or to sell Program Securities in the secondary market.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the Series Bonds are as follows:

Sources	
Principal amount of Series Bonds	
Agency funds	
Total Sources of Funds	
Uses	
Deposit to 2023 Series A Acquisition Account........................	
Deposit to Bond Fund Interest Account	
Costs of Issuance..	
Underwriters' Compensation	
Total Uses of Funds	

The Agency will apply proceeds of the Series Bonds deposited in the 2023 Series A subaccount in the Acquisition Account and Agency funds to reimburse itself for its previous acquisition of, or acquire, 2023A Program Securities in a principal amount of not less than $50 million* and with pass-through interest rates ranging from ____ percent* to ____ percent,* on or before ______, 2023 and will credit those 2023A Program Securities to that subaccount.

THE SERIES BONDS

General

The Series Bonds will be fully registered bonds issued in denominations of $1.00 or any multiple thereof. The Series Bonds will initially be 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, Minneapolis, Minnesota, serves as successor Trustee under the Bond Resolution. Interest on the Series Bonds will be paid by funds wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (See "Appendix D — 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. The Series Bonds mature on the date and in the amount set forth on the front cover hereof, subject to prior redemption as described below.

Interest

Interest on the Series Bonds will be paid on the first day of each month, commencing _____ 1, 2023* (each a "Regular Interest Payment Date"), and, in respect of any Series Bonds then to be redeemed, on the redemption date. Interest on the outstanding principal amount of the Series Bonds at the annual rate set forth on the front cover hereof initially will accrue from the dated date of the Series Bonds to, but excluding, ______ 1, 2023,* and subsequently will accrue from the first calendar day of each month to, but excluding, the first calendar day of the immediately succeeding

*Preliminary; subject to change.

month, until payment of the principal or redemption price of the Series Bonds. Interest on the Series Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months and will be paid to the Owners of record in the bond registration books maintained by the Trustee as of the 15th day of the month preceding the regularly scheduled interest payment date, whether or not a business day (the "Record Date" for the Series Bonds).

Mandatory Redemption

The Series Bonds are required to be redeemed, in whole or in part, on each Regular Interest Payment Date, at a redemption price equal to the principal amount of the Series Bonds redeemed plus accrued interest to the redemption date, without premium, in a principal amount equal to all repayments and prepayments of mortgage principal from Program Loans backing 2023A Program Securities received by or on behalf of the Agency in the immediately preceding calendar month, as that amount is reasonably determined by the Trustee.

If the Series Bonds are to be redeemed in part upon any mandatory redemption, the Series Bonds then outstanding will be redeemed in part, pro rata, in proportion to the outstanding principal amount of the Series Bonds to be redeemed to the aggregate outstanding principal amounts of all outstanding Series Bonds. To accomplish this pro rata redemption while the Series Bonds are held in the DTC book-entry-only system, mandatory redemptions will be made as a "Pro-Rata Pass-Through Distribution of Principal" by DTC. This redemption procedure, if effected by DTC, will cause a pro rata redemption of Series Bonds among DTC Participants upon a mandatory redemption, but may not ensure a pro rata redemption of the Series Bonds among all Beneficial Owners thereof. (See Appendix D to this Official Statement for a general description of the DTC book-entry-only system.)

No notice of redemption will be given to any Bondowner or Beneficial Owner of the date or amount of the mandatory redemption of any Series Bond.

Optional Redemption

The Agency may redeem the Series Bonds prior to their stated maturity date at its option, in whole or in part, in the amounts the Agency designates, on July 1, 2032* or any subsequent date, from any amounts available to the Agency for that purpose, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

General Provisions

If a payment of interest, principal or the redemption price of a Series Bond is to be made on a day that is not a Business Day, it will be made on the next succeeding Business Day with the same force and effect as if made on the date of payment, and no interest will accrue thereon for the period after that date.

Except as otherwise provided in the 2023/2024 Series Resolution, any Series Bonds to be optionally redeemed are to be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency and stating the principal amount of the Series Bonds to be redeemed; provided that optional redemption will be made in such a manner that Revenues and other amounts expected to be on deposit in the applicable Funds and Accounts will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on Outstanding Bonds when due in accordance with a Cash Flow Certificate filed with the Trustee.

If less than all Series Bonds are to be redeemed pursuant to optional redemption and the Series Bonds are not held in the DTC book-entry-only system, the principal amount of each outstanding Series Bond will be redeemed, pro rata, in the proportion that the outstanding principal amount of that outstanding Series Bond bears to the outstanding principal amount of all outstanding Series Bonds. An optional redemption occurring when the Series Bonds are held in the DTC book-entry-only system, will be made as DTC determines under DTC's then current practice. (See Appendix D to this Official Statement.)

The Trustee must mail a copy of the notice of optional redemption by first class mail, to the registered owner of any Series Bond called for redemption at least 30 days prior to the redemption date; that registered owner to be

*Preliminary; subject to change.

determined from the bond registration books maintained by the Trustee determined as of the 15th day preceding the date that notice is mailed. (See "Appendix D — Book-Entry-Only System.")

SECURITY FOR THE BONDS

The Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge of (a) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of Outstanding Bonds or other obligations and proceeds required by a Series Resolution to be deposited in escrow pending the conditions for the release of those proceeds from escrow being satisfied, which proceeds (and Investment Obligations purchased from those proceeds) are pledged solely to the payment of the Series of Bonds specified), (b) all Program Obligations and Investment Obligations made or purchased from the proceeds, (c) all Revenues, (d) any other loans, funds, securities, Cash Equivalents or other property of the Agency otherwise pledged as security for Outstanding Bonds or Other Obligations pursuant to a Series Resolution; (e) all right, title and interest of the Agency in and to all Participation Agreements and all Servicing Agreements entered into pursuant to a Series Resolution (including all extensions and renewals of their terms, if any) (exclusive of the Agency's rights to receive and enforce payment of money directly and for its own purposes under a Participation Agreement or a Servicing Agreement, exclusive of indemnification rights of the Agency, and exclusive of rights of the Agency to give consents and receive notices), including, but without limitation, the present and continuing right to make claim for, collect and receive any income, revenues, receipts, issues, profits, insurance proceeds and other sums of money payable to or receivable by the Agency under the Participation Agreements or Servicing Agreements with respect to Program Obligations made or purchased from proceeds of the Bonds, whether payable pursuant to the Participation Agreements, the Servicing Agreements or otherwise; the right to bring actions and proceedings under the Servicing Agreements or for the enforcement thereof; and the right to do any and all things which the Agency is or may become entitled to do under the Servicing Agreements; and (f) all money, Investment Obligations and other assets and income held in and receivable by Funds and Accounts 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, or State or federal laws or restrictions that particular funds be applied for a specified purpose. The pledge granted by the Bond Resolution is for the equal benefit, protection and security of Owners of all Outstanding Bonds, except as otherwise expressly provided therein.

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

Cash Flow Certificate

The Bond Resolution requires that the Agency file a Cash Flow Certificate with the Trustee (i) at least once within a 12-month period and as otherwise required under the Bond Resolution or a Series Resolution, (ii) upon the proposed application of funds in the Revenue Fund to acquire Program Obligations or to pay Program Expenses, if not contemplated by a prior Cash Flow Certificate, or (iii) to release funds to the Agency from the Revenue Fund or to transfer funds to the Alternative Loan Fund. The Bond Resolution also permits a revised Cash Flow Certificate to be filed at any time directed by the Agency. The Cash Flow Certificate is to give effect to the action proposed to be taken and to demonstrate that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established under the Bond Resolution or any Series Resolution (excluding, except to the extent otherwise provided in a Series Resolution, the Single Family Housing Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the balance in the Mortgage Reserve Fund at the Mortgage Reserve Requirement, if any; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) will not be taken into account when preparing the Cash Flow Certificate. The Cash Flow Certificate is to set forth the assumptions upon which the estimates therein are based, which assumptions will be based upon the Agency's reasonable expectations at the time the Cash Flow Certificate is filed. As set forth more fully in "Appendix C — Summary of Certain Provisions of the Bond Resolution — Revenue Fund," the Agency may withdraw from the Revenue Fund funds to be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or in the Alternative Loan Fund, in each case upon the filing with the Trustee a Cash Flow Certificate and a Parity Certificate.

Investment Obligations

The Agency may invest bond proceeds and other funds held in the Acquisition Account, the Mortgage Reserve Fund, the Revenue Fund, the Bond Fund, and the Bond Redemption Fund under the Bond Resolution in Investment Obligations as defined in the Bond Resolution (see "Appendix C – Summary of Certain Provisions of the Bond Resolution – Certain Defined Terms").

Revenues

When Revenues are greater than the amount necessary to pay principal and interest due with respect to the Bonds, the excess may be used, to the extent permitted by applicable federal tax law and the applicable Series Resolution, to make or purchase additional Program Obligations or to redeem Bonds. If Revenues are less than the amount necessary to pay principal of and interest due with respect to the Bonds, then, unless the Agency at its option provides the amount necessary for that payment from the General Reserve Account of the Agency or any other lawful source other than funds and accounts pledged pursuant to the Bond Resolution, the Trustee is to withdraw the necessary amount from the following funds in order of priority: (i) the Bond Redemption Fund, but only to the extent that amounts therein are in excess of amounts required for the redemption of Bonds for which any required notice of redemption has been given, (ii) the Revenue Fund, and (iii) the Mortgage Reserve Fund.

The 2023/2024 Series Resolution provides that repayments and prepayments of mortgage principal received from the Program Loans backing the 2023A Program Securities are to be applied to the mandatory redemption of the Series Bonds as described under "The Series Bonds—Mandatory Redemption." The Agency will not use excess Revenues to redeem the Series Bonds, except upon an optional redemption as described under "The Series Bonds—Optional Redemption."

Program Securities Pledged under the Bond Resolution

As of September 30, 2022, the following Program Securities (comprised of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities) were pledged to secure Outstanding Bonds under the Bond Resolution:

	Principal Amount Outstanding	Percentage
GNMA II	$ 508,014,000	46.63%
GNMA I	71,184,000	6.53
FNMA	442,936,000	40.66
FHLMC	67,344,000	6.18
Total	$1,089,478,000	100.00%

Mortgage Reserve Fund

Although a Mortgage Reserve Fund has been established under the Bond Resolution, there is no Mortgage Reserve Requirement in respect of any Outstanding Bonds or the Series Bonds.

Additional Bonds

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a Series Resolution, without limitation as to amount, to provide funds for the purpose of financing Program Obligations and, in addition, to refund outstanding Bonds or other obligations of the Agency. No additional Series of Bonds may be issued except upon receipt by the Trustee of (1) an Agency Certificate certifying (a) that an amount equal to the Mortgage Reserve Requirement, if any, effective upon issuance of the Bonds will be on deposit in the Mortgage Reserve Fund, and (b) that the estimated Revenues set forth in an Agency Certificate are in excess of required fund transfers and debt service on the Bonds in each Fiscal Year as set forth in the Agency Certificate, (2) a Cash Flow Certificate, giving effect to the issuance of the additional Bonds, and (3) written confirmation that the then existing ratings of the Bonds will not be impaired.

Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and all other Outstanding Bonds and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements in the Bond Resolution, except as otherwise expressly provided in the Resolutions.

State Pledge against Impairment of Contracts

The State in the Act has pledged to and agreed with the Bondowners 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 Bondowners 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 the Bondowners, are fully met and discharged.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES

This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to herein for full and complete statements of their provisions. Additional information is available at www.ginniemae.gov.

The Government National Mortgage Association is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Each GNMA Security is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on Outstanding Bonds. Each GNMA Security is to be backed by a pool of mortgage loans in a minimum aggregate amount of $25,000 and multiples of $1 in excess of $25,000. The Master Servicer is required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and the Central Paying and Transfer Agent is required to pay to the Trustee, as the owner of the GNMA Security, the regular monthly installments of principal and interest on the mortgage loans backing the GNMA Security (less the Master Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Master Servicer receives those installments, plus any mortgage prepayments received by the Master Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue GNMA Securities, the Master Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Master Servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The Master Servicer is required to pay the application fee to the Government National Mortgage Association for the commitments. The amount of commitments to guarantee GNMA Securities that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security by the Master Servicer is subject to the following conditions, among others: (i) the purchase by the Master Servicer of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Security (the origination being subject, among other conditions, to the availability of FHA mortgage insurance and VA guarantees), (ii) the submission by the Master Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Master Servicer's continued compliance, on the date of issuance of the GNMA Security, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Master Servicer's continued approval by the Government National Mortgage Association to issue GNMA Securities, and (v) the Master Servicer's continued ability to issue, execute and deliver the GNMA Security, as that ability may be affected by the Master Servicer's bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by the Master Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Master Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Master Servicer will be able to satisfy all the requirements in effect at the time a GNMA Security is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Security is to be issued by the Master Servicer for purchase by the Trustee.

GNMA Security

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act") to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act or guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended. Section 306(g) further provides that "[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an Assistant Attorney General of the United States, states that guarantees under Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and "would constitute general obligations of the United States backed by its full faith and credit."

Government National Mortgage Association Borrowing Authority

In order to meet its obligations under the guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the "Treasury") in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development ("HUD") that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Securities, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Security, it shall, if necessary, in accordance with Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make the payment.

Servicing of the Mortgage Loans

Under contractual arrangements that will be entered into by and between the Master Servicer and the Government National Mortgage Association, and pursuant to the Program Documents, the Master Servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer's Guide.

The monthly remuneration of the Master Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of each GNMA Security outstanding on the last day of the month preceding the calculation. Each GNMA Security carries an interest rate that is fixed below the lowest interest rate on the underlying mortgage loans because the servicing and guaranty fees are deducted from payments on the mortgage loans before the payments are forwarded to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Master Servicer will be the source of money for payments on the GNMA Securities. If those payments are less than the amount then due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Securities. The Government National Mortgage Association guarantees the timely payment in the event of the failure of the Master Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors).

The Master Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue the payments as scheduled on the third business day after the twentieth day of each month. However, if the payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

Guaranty Agreement

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Master Servicer upon issuance of a GNMA Security, pursuant to which the Government National Mortgage Association guarantees the payment of principal of and interest on that GNMA Security (the "GNMA Guaranty Agreement"), provides that, in the event of a default by the Master Servicer, including (i) a failure to make any payment due under the GNMA Security, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Security and the utilization thereof by the Master Servicer, (iii) insolvency of the Master Servicer, or (iv) default by the Master Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the mortgage loans, and the mortgage loans will thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Security. In that event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs a letter of extinguishment to the Master Servicer, the Government National Mortgage Association will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties, and liabilities (except the Master Servicer's indemnification of the Government National Mortgage Association), theretofore placed on the Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all responsibilities, duties or liabilities theretofore placed on the Master Servicer, and provided that no agreement is to detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the owner thereof.

Payment of Principal of and Interest on the GNMA Securities

Regular monthly installment payments on each GNMA Security are required to begin on the fifteenth day (in the case of a GNMA I Security) and on the twentieth day (in the case of a GNMA II-Custom Pool Security) (or in each case if that day is not a business day then the next business day), of the first month following the date of issuance of the GNMA Security and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each mortgage loan in the mortgage pool backing the GNMA Security, less the monthly servicing and guaranty fees. In addition, each payment is required to include any mortgage prepayments on mortgage loans underlying the GNMA Security.

FANNIE MAE MORTGAGE-BACKED SECURITIES

General

The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities, Fannie Mae's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae's Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to herein.

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency to the extent provided in the Housing and Economic Recovery Act of 2008. The FHFA has placed Fannie Mae into conservatorship.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission (the "SEC"). Fannie Mae files reports, proxy statements and other information with the

SEC. Materials that it files with the SEC are also available from the SEC's website, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/ir/sec or from Fannie Mae at the Office of Investor Relations at 202-752-7115. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Fannie Mae

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "Charter"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("Fannie Mae MBS"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "whole loans") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("Treasury") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

Mortgage-Backed Security Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, are obligations solely of Fannie Mae and are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

The terms of the MBS Program are governed by the Fannie Mae Single Family Selling and Servicing Guides (the "Fannie Mae Guides"), as modified by a pool purchase contract, and, in the case of mortgage loans such as the Program Loans exchanged with Fannie Mae, a single family master trust agreement (the "Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the "Fannie Mae Prospectus"). The Fannie Mae Prospectus is updated from time to time.

Fannie Mae Securities

Fannie Mae Securities are mortgage-backed pass-through securities issued and guaranteed by Fannie Mae under its MBS Program. As of June 3, 2019, each Fannie Mae Security will be a Uniform Mortgage-Backed Security

("UMBS") (see "The Homeownership Finance Program—Uniform Mortgage-Backed Securities"). Each Fannie Mae Security will represent the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae. The Pool Contract requires that each Fannie Mae Security be in a minimum amount of $250,000 (or, in each case, the lesser amounts as may be approved by Fannie Mae). The mortgage loans backing each Fannie Mae Security are to bear interest at a rate higher than each Fannie Mae Security (the "pass-through rate"). The difference between the interest rate on the mortgage loans and the pass-through rate on the Fannie Mae Security is to be collected by the Master Servicer and used to pay the Master Servicer's servicing fee and Fannie Mae's guaranty fee.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by the Fannie Mae Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loan, whether or not that principal balance is actually received. **The obligations of Fannie Mae under these guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States. If Fannie Mae were unable to satisfy these obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Securities, would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Securities, and payments on Outstanding Bonds would be affected by delinquent payments and defaults on those mortgage loans**.

Payments on the Mortgage Loans; Distributions on the Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month the Fannie Mae Security is issued), or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying the Fannie Mae Security during the period beginning on the second day of the month prior to the month of the distribution and ending on the first day of the month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of the distribution (including as prepaid for this purpose at Fannie Mae's election any mortgage loan repurchased by Fannie Mae because of Fannie Mae's election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase that mortgage loan under certain other circumstances), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date).

For purposes of distributions, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of that mortgage loan has been received, whether or not that full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

FREDDIE MAC MORTGAGE-BACKED SECURITIES

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Securities, Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements, the Freddie Mac Securities and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site.

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in the federal Housing and Economic Recovery Act of 2008. The FHFA has placed Freddie Mac into conservatorship.

Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at http://www.sec.gov. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Freddie Mac

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by those mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov and http://www.Treasury.gov.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Securities

Freddie Mac Securities will be mortgage-backed pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. As of June 3, 2019, each Freddie Mac Security will be a Uniform Mortgage-Backed Security ("UMBS") (see "The Homeownership Finance Program—Uniform Mortgage-Backed Securities"). Freddie Mac Securities are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Security represents an undivided interest in a pool of mortgage loans. Payments by borrowers on the mortgage loans in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Securities representing interests in that pool.

Payments on Freddie Mac Securities that are not UMBS begin on or about the 15th day of the first month following issuance. Payments on Freddie Mac Securities that are UMBS begin on the 25th day of the first month following issuance, or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. Each month, Freddie Mac passes through to record holders of Freddie Mac Securities their proportionate share of principal payments on the mortgage loans in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Security is determined by subtracting from the lowest interest rate on any of the mortgage loans in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Securities plus the minimum servicing fee through the pass-through rate plus 250 basis points.

Freddie Mac guarantees to each record holder of a Freddie Mac Security the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Security. Freddie Mac also guarantees to each holder of a Freddie Mac Security (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgage loans, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder's proportionate share of all principal of the related mortgage loans, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Security is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Securities are obligations of Freddie Mac only. The Freddie Mac Securities, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Securities would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgage loans would affect distributions on the Freddie Mac Securities and could adversely affect payments on Outstanding Bonds.

Mortgage Purchase and Servicing Standards

All mortgage loans purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage loan and the creditworthiness of the borrower. Freddie Mac's administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgage loans, the loan-to-value ratio and age of the mortgage loans, the type of property securing the mortgage loans and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgage loans it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgage loans in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac; administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors servicers' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage loan, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage loan and when to initiate those measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. In any event, Freddie Mac generally repurchases from a pool any mortgage loan that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders pursuant to Freddie Mac's guarantee of ultimate collection of principal.

THE MASTER SERVICER

U.S. Bank National Association currently serves as Master Servicer for the Agency's MBS Program, including the Program Securities to be financed with proceeds of the Series Bonds. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the "Servicing Agreement"), with U.S. Bank National Association, as master servicer (the "Master Servicer"), for an indefinite term (subject to termination rights), which replaces the previous servicing agreement executed by the Agency and the Master Servicer. The Program Securities acquired with proceeds of the Series Bonds are expected to be serviced by the Master Servicer.

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. NONE OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL HAS VERIFIED THIS INFORMATION OR GUARANTEES IT AS TO COMPLETENESS OR ACCURACY. POTENTIAL INVESTORS SHOULD NOT CONSTRUE THIS INFORMATION AS A REPRESENTATION OF ANY OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

As of September 30, 2022, the Master Servicer serviced 1,364,650 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately $225.2 billion. The Master Servicer currently services single-family mortgage loans for state and local housing finance authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of September 30, 2022, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately $601 billion and a net worth of $47.5 billion. For the nine months ending September 30, 2022, the Master Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans in the total principal amount of approximately $46.1 billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing. (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities, and (iv) a Freddie Mac approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of Outstanding Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

THE HOMEOWNERSHIP FINANCE PROGRAM

General

The following provides a general description of the Agency's Program in respect of the Program Securities backed by Program Loans to be purchased with proceeds of the Series Bonds, which is subject to change from time to time as provided in the Resolutions and is also subject to applicable federal and State law.

Under the Bond Resolution, the Agency may issue Bonds to finance Program Obligations to provide financing for single family, owner-occupied housing. All Series of Bonds issued under the Bond Resolution are secured on an equal basis, except as otherwise expressly provided in the Bond Resolution. The Agency will use proceeds of the Series Bonds to purchase Program Securities backed by Program Loans. The Agency does not currently anticipate that future Series of Bonds issued under the Bond Resolution will finance Program Obligations other than Program Securities, but the Bond Resolution permits Additional Bonds to be issued to finance Program Loans directly if the conditions for issuance of the Additional Bonds are met. (See "Security for the Bonds—Additional Bonds.")

History and Transition to "MBS" Model

Effective for commitments made on or after September 1, 2009, the Agency changed its single-family mortgage lending program from a "whole loan" model to an "MBS" (mortgage-backed securities) model. The Agency has entered into the Servicing Agreement with the Master Servicer, for an indefinite term (subject to termination rights). Pursuant to the Servicing Agreement, the Master Servicer is to acquire single family mortgage loans meeting Program requirements and pool these Program Loans into Program Securities to be purchased by the Trustee on behalf of the Agency. (See "Procedures for Origination, Purchase and Pooling" below.) For additional information regarding the Master Servicer, see "The Master Servicer."

The Agency has acquired or will acquire the 2023A Program Securities pursuant to the Servicing Agreement from the Master Servicer for an amount equal to between 101.5 percent and 103.5 percent of the principal amount of each 2023A Program Security, plus accrued interest, if any, and any applicable fees or charges payable to a Federal Mortgage Agency and not paid by the mortgagor. The Trustee will disburse moneys from the 2023 Series A Acquisition Account to reimburse the Agency for the amount paid by the Agency to acquire the 2023A Program Securities.

Procedures for Origination, Purchase and Pooling

Application

The Agency has published, and revises from time to time, its Start Up Program Procedural Manual (the "Manual") which sets forth the guidelines and procedures for participation in the Program and certain requirements for origination of mortgage loans, including provisions for compliance with the requirements of applicable federal tax law. The Master Servicer has also published its lending manual for the Program establishing additional origination, documentation and processing requirements. The Agency responds to inquiries by interested lenders by directing them to the Master Servicer and the appropriate page on the Master Servicer's website delineating information regarding the requirements a lender must satisfy to be eligible to participate in the Program. Lenders must complete an application process with the Master Servicer, including the payment of an application fee. Each Lender that satisfies the requirements of the Master Servicer and participates in the Program must execute a participation agreement with the Agency, which incorporates the Manual, and a participating lender agreement with the Master Servicer, which incorporates the Master Servicer's lending manual by reference. Generally, Lenders that participate in the Program receive no advance commitment of funds. Rather, Lenders may request an individual commitment of loan funds via the internet by entering loan information in the Agency's online loan purchase approval system (the "Commitment System"). Each commitment request is subject to a review of the Agency's eligibility rules that are a part of the Commitment System. If the information entered by the Lender meets the eligibility rules, the loan funds are then committed for each specific loan for a specific period. Should a specific loan ultimately be rejected or cancelled, the funds are available for use by another eligible borrower and Lender. There is no prescribed limit on the amount of funds that may be used by an individual participating Lender, subject to availability of funds.

Lenders are not required to pay a reservation fee upon obtaining a commitment of funds through the Commitment System. If the Master Servicer has not received a loan package pursuant to an individual commitment after 60 days, the Agency, at its option, may charge, and, if so charged, the Lender must agree to pay, an extension fee to maintain the individual commitment for a specified, extended period of time. Extension fees, if charged and not refunded, are deposited into the funds from which the loans or the Program Securities are purchased, either the Alternative Loan Fund or the Revenue Fund under the Bond Resolution.

Qualified Borrowers

The Agency has established the maximum gross income for eligible borrowers under the Program based upon applicable federal law and Agency policy objectives. The maximum gross income of an eligible borrower under the Program is currently as follows:

Household Size	**11-County Twin Cities Metropolitan Area***	**Dodge and Olmsted Counties**	**Balance of State**
1 or 2 Persons	$117,300	$111,500	$104,000
3 or more Persons	$134,800	$128,200	$119,600

*As used in this table, the "Twin Cities Metropolitan Area" comprises the following 11 counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties.

The Agency will apply the income limitations set forth in Section 143(f) of the Code to applicants for loans financed with proceeds of the Series Bonds. The Agency may revise the income limits for the loans from time to time to conform to State and federal law and Agency policy objectives.

At the time a loan is made, the borrower must certify his or her intention to occupy the mortgaged property as his or her principal residence.

Lenders must underwrite the borrower's credit in compliance with the underwriting standards of FHA, VA, USDA Rural Development (formerly the Rural Housing and Community Development Service), Fannie Mae, Freddie Mac or the insuring private mortgage insurance company, as applicable, and of the Master Servicer.

Certain borrowers may be eligible for a down payment and closing cost loan if needed for borrower qualification. (See "Deferred Payment Loans" and "Monthly Payment Loans" under "Other Programs" below.)

Certain Fannie Mae Loan Products

In May 2012, the Agency began offering the Fannie Mae HFA Preferred Risk Sharing™ loan product for borrowers who meet the qualifying guidelines. The HFA Preferred Risk Sharing™ loan product enabled eligible state housing finance agencies to deliver loans with up to 97 percent loan-to-value ratios without mortgage insurance. The loan product carried a higher Fannie Mae guarantee fee and the Agency had to agree to repurchase the loan if it becomes delinquent in the first 12 months and remains delinquent for four consecutive months thereafter, or if the loan is delinquent at the 12th month, does not become current and remains delinquent for four consecutive months thereafter. From May 2012 to date, Fannie Mae has requested the repurchase of, and the Agency has repurchased, [33] loans. Fannie Mae and the Agency entered into a variance with respect to 25 loans to borrowers who requested forbearance during the period permitted by the CARES Act, including the period for which forbearance could be requested as was subsequently extended by FHFA. Under the terms of that variance, Fannie Mae extended the term of the repurchase obligation with respect to those 25 loans to 48 months after resolution of the forbearance by the borrower either making the missed payments or accepting one of Fannie Mae's home retention workout options. [Four] of those 25 loans are included in the [33] loans which the Agency has repurchased. If those loans are Program Loans pooled into Program Securities, those Program Securities have the same Fannie Mae guaranty as other Fannie Mae Securities.

Effective for loans with application dates in Fannie Mae's underwriting system on and after September 5, 2019, Fannie Mae only made the HFA Preferred Risk Sharing™ loan product available to borrowers whose qualifying income, as calculated pursuant to Fannie Mae's underwriting standards, was not greater than 80 percent of area median income. **Effective July 1, 2020, Fannie Mae no longer offers the HFA Preferred Risk Sharing™ loan product; the Agency ceased taking commitments for those loans on April 1, 2020.**

Uniform Mortgage-Backed Securities

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security ("UMBS"). The UMBS finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities issued before that date and are guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Securities that are not UMBS and Freddie Mac is offering investors the opportunity to exchange existing Freddie Mac Securities for "mirror" UMBS backed by the same loans as the existing securities. Proceeds of the Series Bonds will be used to purchase Program Securities, which include UMBS. For purposes of this Official Statement, the term "Program Securities" includes UMBS.

Qualified Real Property

Program Loans may finance the purchase of residential property in Minnesota on which is located an owner-occupied one or two-family dwelling, or an owner-occupied residential unit in a condominium, townhouse or planned unit development.

The Agency has established maximum purchase prices under the Program pursuant to the requirements of applicable federal law. The maximum purchase prices for both one and two-family homes currently are as follows:

If the property to be mortgaged is located in:	Maximum Purchase Price
Twin Cities Metropolitan Area	$372,600
Balance of State	$349,500

The Agency may revise the maximum purchase prices from time to time to conform to applicable State and federal law and Agency policy objectives.

Targeted Areas

Pursuant to applicable federal tax law, targeted areas have been established for the Program. Targeted areas consist of certain census tracts in the State in which 70 percent of the families have an annual income of 80 percent or less of the statewide median income or areas determined by the State and approved by the Secretary of the Treasury of the United States and the Secretary of the United States Department of Housing and Urban Development to be areas of chronic economic distress (the "Targeted Areas"). The Agency will make available for one year the required amount of the proceeds of the Series Bonds, if any, or an equivalent amount of funds of the Agency, for the financing of loans for the purchase of residences located in Targeted Areas and will advertise the availability of those funds for loans in Targeted Areas. The Agency is also required to exercise reasonable diligence in seeking to finance residences in Targeted Areas. Absent any determination by the Agency that further availability of the proceeds of the Series Bonds or other Agency funds is required by federal law, any moneys remaining unused may be made available to finance the purchase of residences located anywhere within the State.

Servicing of Program Securities

A servicer of mortgage loans backing a Program Security must be a GNMA, Fannie Mae and Freddie Mac approved servicer experienced in servicing pools of mortgage loans for GNMA, Fannie Mae and Freddie Mac under their respective guaranteed mortgage-backed securities programs and be subject to the standards set forth in the GNMA Servicer's Guide, the Fannie Mae Single Family Selling and Servicing Guide and the Freddie Mac guidelines.

The Agency has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Program Securities. For additional information regarding the Master Servicer, see "The Master Servicer" in this Official Statement. The Bond Resolution provides that in the event the Servicing Agreement is cancelled or terminated for any reason, the Agency must proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Resolutions or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

OTHER PROGRAMS

In addition to the Program funded from the proceeds of the Bonds, the Agency offers other housing programs, and other financing instruments, 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. The assets devoted to these programs are briefly described in the Notes to the Financial Statements in Appendix A-1 to this Official Statement.

For example, as of September 30, 2022, the Residential Housing Finance Bond Fund (excluding Pool 2 and Pool 3) had outstanding mortgage loans receivable of $220,658,000 gross, including outstanding Deferred Payment Loans receivable of $19,885,000 gross, and $1,990,778,000 in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's residential housing finance bonds. As of September 30, 2022, the Agency had outstanding home improvement loans receivable of $91,397,000 gross. *None of these loans secure or are available for the payment of principal of or interest on the Bonds*.

Step Up Program

The Agency initiated its Step Up program in 2012 under which the Agency purchases mortgage loans made to mortgagors who do not qualify for its Start Up Program, including in connection with refinancing of an existing mortgage loan. Down payment and closing cost loans are available under the Step Up Program as described under "Monthly Payment Loans" below. The Agency causes Step Up mortgage loans to be securitized and then sold on the secondary market or retained in the Agency's portfolio.

Deferred Payment Loans

The Agency has established The Deferred Payment Loan Program, a Homeownership Assistance Fund program funded by State appropriations. Under The Deferred Payment Loan Program there are two options: the Deferred Payment Loan and the Deferred Payment Loan Plus. The Alternative Loan Fund within the Residential Housing Finance Bond Resolution is also a source of funding for these loans. A loan originated under either of these options is a junior lien loan from the Agency to the mortgagor.

Mortgagors who meet program income and liquid asset limits and who do not have sufficient cash for down payment and closing costs are eligible for a Deferred Payment Loan in an amount of up to $12,500.

Mortgagors who meet the requirements for a Deferred Payment Loan and additional targeting criteria are eligible for a Deferred Payment Loan Plus in an amount of up to $15,000. In addition to down payments and closing costs, mortgagors may use the funds to write down the senior lien loan principal.

Down payment and closing cost assistance under either of these options is an interest-free, deferred loan that is due on sale or transfer of the property or when the property is no longer occupied by the mortgagor.

Program Loans backing Program Securities made or purchased from the proceeds of a Series of Bonds may or may not be accompanied by either of The Deferred Payment Loan Program options. The Agency has not pledged the Homeownership Assistance Fund to the payment of principal or interest on Outstanding Bonds and it is not available for that purpose. Amounts on deposit in the Alternative Loan Fund are available for the payment of principal of or interest on the Bonds and other debt of the Agency but are not pledged to payment of Outstanding Bonds or other debt.

Monthly Payment Loans

In connection with the introduction of the Start Up program and the Step Up program, the Agency added another down payment and closing cost loan option, the Monthly Payment Loan. A Monthly Payment Loan is a junior lien loan made by the Agency. The interest-bearing, amortizing loan has a ten-year term with an interest rate equal to the interest rate of the applicable first mortgage. Borrowers can receive a Monthly Payment Loan in an amount up to $17,000.

TAX MATTERS

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Series Bonds for the investors described below and is based on the advice of Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors that are "U.S. holders" (as defined below) who will hold the Series Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Series Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Series Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Series Bond that is not a U.S. person. For these purposes, a "U.S. Person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Interest on the Series Bonds (including original issue discount treated as interest) is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series Bonds (including original issue discount treated as interest) will be fully subject to federal income taxation. Thus, owners of the Series Bonds generally must include interest (including original issue discount treated as interest) on the Series Bonds in gross income for federal income tax purposes.

Characterization as Indebtedness

The Agency intends for applicable tax purposes that the Series Bonds will be indebtedness of the Agency secured by the pledged Program Obligations and other assets. The owners of the Series Bonds, by accepting Series Bonds, have agreed to treat the Series Bonds as indebtedness of the Agency for federal income tax purposes. The Agency intends to treat this transaction as a financing reflecting the Series Bonds as its indebtedness for tax and financial accounting purposes. Bond Counsel is of the opinion that the Series Bonds should be treated as indebtedness of the Agency for federal income tax purposes.

In general, the characterization of a transaction as a sale of property rather than a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the IRS and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form. The Agency believes that it has retained the preponderance of the benefits and burdens associated with the pledged Program Obligations and other assets. Therefore, the Agency believes that it should be treated as the owner of the pledged Program Obligations and other assets for federal income tax purposes, and the Series Bonds should be treated as its indebtedness for federal income tax purposes. If, however, the IRS were to successfully assert that this transaction should not be treated as a loan secured by the pledged Program Obligations and other assets, the IRS could further assert that the Resolutions created a separate entity for federal income tax purposes which would be the owner of the pledged Program Obligations and other assets and would be deemed engaged in a business. Such entity, the IRS could assert, should be characterized as an association or publicly traded partnership taxable as a corporation. In that event, the separate entity would be subject to corporate tax on income from the pledged Program Obligations and other assets, reduced by interest on the Series Bonds. Any such tax could materially reduce cash available to make payment on the Series Bonds.

In the opinion of Bond Counsel, the Series Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

Taxation of Interest Income of the Series Bonds

Payments of interest with regard to the Series Bonds will be includable as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. If the Series Bonds are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest (as defined in the Code) allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in that period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. Section 1272(a)(6) of the Code applies a specific method for accruing original issue discount on a debt instrument the principal payments of which may be accelerated by virtue of the prepayment of other debt instruments (such as the Series Bonds that are subject to acceleration by virtue of prepayment of the Program Obligations). Holders of the Series Bonds should consult their tax advisor as to the proper method of applying this provision of the Code for purposes of accruing original issue discount and the prepayment assumption to be applied to that calculation.

Payments of interest received with respect to the Series Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the Series Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the Series Bonds.

Individuals, estates or trusts owning the Series Bonds may be subject to the unearned income Medicare contribution tax under Section 1411 of the Code (the "Medicare Tax") with respect to interest received or accrued on the Series Bonds, gain realized from a sale or other disposition of the Series Bonds and other income realized from owning, holding or disposing of the Series Bonds. The Medicare Tax is imposed on individuals beginning January 1, 2013. The Medicare Tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Series Bonds should consult with their tax advisor concerning this Medicare Tax as it may apply to interest earned on the Series Bonds as well as gain on the sale of a Series Bond.

A purchaser (other than a person who purchases a Series Bond upon issuance at the issue price) who buys a Series Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Series Bonds.

Sale or Exchange of the Series Bonds

If a holder sells a Series Bond, that person will recognize gain or loss equal to the difference between the amount realized on that sale and the holder's basis in that Series Bond. Ordinarily, that gain or loss will be treated as a capital gain or loss. However, if a Series Bond was originally issued at a discount or was subsequently purchased at a market discount, a portion of that gain will be recharacterized as ordinary income.

If the terms of a Series Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those that involve the substitution of collateral. Each potential holder of a Series Bond should consult its own tax advisor concerning the circumstances in which the Series Bonds would be deemed reissued and the likely effects, if any, of that reissuance.

The legal defeasance of the Series Bonds may result in a deemed sale or exchange of those Series Bonds under certain circumstances. Holders of those Series Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series Bonds, if the purchasers, upon issuance, fail to supply the Trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the Trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

Tax Treatment of Original Issue Discount

Series Bonds that have an original yield above their interest rate constitute "Discounted Obligations." The difference between the initial public offering prices of Discounted Obligations and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

In the case of an owner of a Discounted Obligation, the amount of original issue discount that is treated as having accrued with respect to that Discounted Obligation is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of a Discounted Obligation (including its sale, redemption or payment at maturity). Amounts received upon disposition of a Discounted Obligation that are attributable to accrued original issue discount will be treated as taxable interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Obligation, on days that are determined by reference to the maturity date of that Discounted Obligation. The amount treated as original issue discount on a Discounted Obligation for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for that Discounted Obligation (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of that Discounted Obligation at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for that Discounted Obligation during the accrual period. The tax basis is determined by adding to the initial public offering price on that Discounted Obligation the sum of the amounts that have been treated as original issue discount for those purposes during all prior periods. If a Discounted Obligation is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in that compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of a Discounted Obligation who purchase those Discounted Obligations after the initial offering. Holders of Discounted Obligations including purchasers of Discounted Obligations in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to those obligations as of any date and with respect to the state and local tax consequences of owning a Discounted Obligation.

Tax Treatment of Bond Premium

Series Bonds that have an original yield (or are subsequently purchased at a price that yields) below their interest rate constitute "Premium Obligations". An amount equal to the excess of the purchase price of a Premium Obligation over its stated redemption price at maturity constitutes premium on that Premium Obligation. A purchaser of that Premium Obligation has the option to amortize any premium over that Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, it offsets the interest allocable to the corresponding payment period and the purchaser's basis in that Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of that Premium Obligation prior to its maturity. Purchasers of Premium Obligations should consult with their own tax advisors with respect to the election to amortize bond premium and the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning those Premium Obligations.

State, Local or Foreign Taxation

No representations are made regarding the tax consequences of purchase, ownership or disposition of the Series Bonds under the tax laws of any state, locality or foreign jurisdiction (except as provided in "State Law Considerations" below). Investors considering an investment in the Series Bonds should consult their own tax advisors regarding those tax consequences.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for that entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to that interest is subject to acquisition indebtedness. Therefore, except to the extent any holder of a Series Bond incurs acquisition indebtedness with respect to a Series Bond, interest paid or accrued with respect to that holder may be excluded by that tax-exempt holder from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series Bond is urged to consult its own tax advisor regarding the application of these provisions.

Certain ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of those plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, those plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series Bonds could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any Underwriter of the Series Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series Bonds are acquired by those plans or arrangements with respect to which the Agency or any Underwriter is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series Bonds. The sale of the Series Bonds to a plan is in no respect a representation by the Agency or any Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. **Any plan proposing to invest in the Series Bonds should consult with its counsel to confirm that that investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.**

State Law Considerations

Interest on the Series Bonds is includable in the taxable net income of individuals, trusts and estates for State income tax purposes. Such interest is also includable in the income of corporations and financial institutions for purposes of the State franchise tax.

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 litigations 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 is subject to the opinion of Kutak Rock LLP, Bond Counsel. The opinion of Bond Counsel will be provided in substantially the form set forth in Appendix E attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, [Cozen O'Connor].

RATING

The Series Bonds are rated "___" by Moody's Investors Service, Inc. ("Moody's"). The rating and any associated outlook reflect only the views of Moody's, and an explanation of the significance of the rating and outlook may be obtained only from Moody's and its published materials. The rating described above is not a recommendation to buy, sell or hold the Series Bonds. There can be no assurance that the 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 Moody's, circumstances so warrant. Therefore, after the date hereof, investors should not assume that the rating is still in effect. A downward revision or withdrawal of the 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 the 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 B 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.

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 assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series Bonds and provided other advice to the Agency. 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.

UNDERWRITING

[_________________________________] (collectively, the "Underwriters") will purchase from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds for the public offering prices stated on the front cover of this Official Statement. The Agency will pay the Underwriters a fee of $______ with respect to their purchase of the Series Bonds. The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than those public offering prices.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, various investment banking services for the Agency, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective affiliates 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 their own account and for the accounts of their 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 Agency.

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 statements made or incorporated in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as opinion or estimates 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 owners of any of the Series Bonds.

The Agency has authorized the execution and delivery of this Official Statement.

MINNESOTA HOUSING FINANCE AGENCY

By ____
Commissioner

Dated: __________, 2023.

APPENDIX A-1

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2022

APPENDIX A-2

FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY

(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)

AS OF SEPTEMBER 30, 2022

AND FOR THE THREE MONTHS THEN ENDED (UNAUDITED)

AS PREPARED BY THE AGENCY'S ACCOUNTING DEPARTMENT

APPENDIX B

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 "Bondowners" or "Owners") 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 outstanding principal amounts and types of Program Securities pledged to the payment of Bonds outstanding under the Bond Resolution as the end of such fiscal year of a type substantially similar to that under the heading "Security for the Bonds—Program Securities Pledged under the Bond Resolution" 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 "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 that (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 B.

"*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 B.

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, 2023, by one of the following methods: (i) the Agency may deliver that 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 that Official Statement includes that Annual Financial Information and Audited Financial Statements.

The Agency shall 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 shall 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 that 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 shall 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. In addition, notice of the mandatory redemption of the Series Bonds is not required to be given as a Listed Event.

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 Bondowner 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 Bondowners of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondowners 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

This Disclosure Undertaking shall terminate 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 the Undertaking is so terminated before the final stated maturity of the Series Bonds.

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 Bondowners 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 C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are brief summaries of certain provisions of the Bond Resolution and particular provisions of the 2023/2024 Series Resolution. Terms defined herein are identical in all material respects with the definitions in the Bond Resolution and the 2023/2024 Series Resolution.

CERTAIN DEFINED TERMS

Business Day: Any day (a) on which banks in the cities in which the Corporate Trust Office of the Trustee and the principal office of any applicable Paying Agent are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open.

Cash Flow Certificate: A certificate from an Authorized Officer giving effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established hereunder or under any Series Resolution (excluding, except to the extent otherwise provided in a Series Resolution, the Single Family Housing Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the balance in the Mortgage Reserve Fund at the Mortgage Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than the Single Family Housing Fund as excluded above) shall not be taken into account when preparing such Cash Flow Certificate. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations at the time such Cash Flow Certificate is filed.

Code: The Internal Revenue Code of 1986, as amended, and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Counterparty Hedge Payment: A payment due to or received by the Agency from a Hedge Counterparty pursuant to a Hedge Agreement (including, but not limited to, payments in respect of any early termination of such Hedge Agreement) and amounts in respect thereof received by the Agency under any related Hedge Counterparty Guarantee.

Debt Service: As of the date of calculation and with respect to any particular Fiscal Year, an amount equal to the sum of (i) all interest payable on all Outstanding Bonds during such Fiscal Year, plus (ii) any Principal Installment with respect to all Outstanding Bonds during such Fiscal Year; provided, that, if any Bonds bear interest at a rate that is not, as of the date of calculation, determinable for all or any portion of a Fiscal Year, the Agency may make reasonable assumptions regarding the interest rate borne by such Bonds during such period.

Delivery Period: For the Series Bonds, the period of time for the purchase of Program Securities from the Master Servicer; the Delivery Period shall end on _____, 2023 unless extended by the Agency pursuant to the Series Resolutions; provided the Delivery Period may not be extended beyond _____, 2026.

Fannie Mae: The Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq., or any successor thereto.

Fannie Mae Security: A single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

Federal Mortgage Agency: GNMA, Fannie Mae, Freddie Mac and such other public or private agencies or corporations as the United States Congress may create for the purpose of housing finance and which are an agency or instrumentality of the United States or sponsored thereby.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

Finance or finance: When used with reference to a Program Obligation, shall be construed to include (i) the making or purchase of such Program Obligation, (ii) the participation by the Agency, either with itself or with others, in the making or purchase thereof, or (iii) the permanent financing of a Program Obligation which has been temporarily financed by the Agency through the issuance of notes or other obligations or otherwise.

Fiscal Year: The period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year, or such other 12-month period as may be designated by the Agency by Agency Certificate delivered to the Trustee.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States, created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

Freddie Mac Security: A single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

GNMA: The Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States within HUD, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.).

GNMA Security: The GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate issued by the Servicer in the name of the Trustee in exchange for Mortgage Loans and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder, and in the form of Appendix 39 “Single Family Mortgage-Backed Certificate” of the GNMA Guide.

Hedge Agreement: with respect to any Bonds, 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 Bond Resolution.

Hedge Counterparty: any Person with whom the Agency has from time to time entered 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.

Interest Requirement: With respect to Outstanding Bonds and as of any particular date of calculation, except as otherwise required in a Series Resolution with respect to a Series of Bonds, the amount equal to unpaid interest then due, plus an amount equal to the interest to become due on each Outstanding Bond of all Series on the next respective Interest Payment Date or Dates within the next succeeding six months and, if any Bonds bear interest at a rate which is not determinable to and including the day preceding the next Interest Payment Date thereon, the Interest Requirement shall be calculated as if such Bonds continue to bear interest to, but not including, the next Interest Payment Date at the interest rate in effect on the Bonds on the date of calculation.

Investment Obligations: Any of the following securities and other investments (other than Program Securities), if and to the extent the same are at the time legal for the investment of the Agency’s moneys:

(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America, which obligations include, but are not limited to, the following: (i) United States Treasury obligations which are direct or fully guaranteed obligations, and (ii) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by GNMA;

(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not impair the Rating of any Outstanding Bonds;

(c) Federal Home Loan Mortgage Corporation participation certificates guaranteed by Freddie Mac as to timely payment of principal and interest and senior debt obligations;

(d) Fannie Mae's mortgage-backed securities and senior debt obligations, excluding interest-only stripped securities;

(e) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) whose outstanding unsecured short-term debt obligations are rated by Moody's not less than P-1 (or such comparable rating from each Rating Agency then providing a rating on the Bonds); provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not impair the Rating of any Outstanding Bonds, or (iii) the deposit of funds with such Depository will not impair the Rating of any Outstanding Bonds;

(f) Any repurchase agreement and reverse repurchase agreement with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreement is secured by obligations described in the preceding clauses (a) and (b) of this definition, as long as such agreement, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds;

(g) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a), (b) or (f) above, or (ii) 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 $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a), (b) or (f) above, and, in the case of both (i) and (ii), which are not rated less than "Aaa" by Moody's (or such comparable rating from each Rating Agency then providing a Rating on the Bonds);

(h) Any investment contract with any provider as long as such investment contract, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds; and

(i) Any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

Lender: Unless otherwise provided in a Series Resolution, a Person executing a Participation Agreement and which is: (i) a bank, savings bank, credit union, mortgage company or nonprofit corporation organized or licensed under the laws of the State or the United States, or a mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veteran Affairs; or (ii) an agency or instrumentality of the United States or the State, or a political subdivision of the State.

Master Servicer: The Person designated as servicer under the Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Servicing Agreement.

Mortgage Reserve Requirement: As of any particular date of computation, the sum of amounts, if any, established for each Series of Bonds by each Series Resolution.

Other Obligations: a Hedge Agreement or, if and to the extent provided in a Series Resolution or other resolution of the Agency, with respect to Bonds of one or more Series, an insurance policy insuring, or a letter of credit, line of credit, surety bond or standby bond purchase agreement providing a direct or indirect source of funds for, the timely payment of principal of or interest on such Bonds (but not necessarily principal due upon the acceleration thereof), or any or all of the remarketing agreements, depository agreements, credit facilities, reimbursement agreements, standby bond purchase agreements and the like pertaining to Bonds with a tender right granted to or tender obligation imposed on the Owner thereof.

Outstanding: When used with respect to Bonds, as of any date, all Bonds theretofore authenticated and delivered under the Resolution except:

(a) any Bond cancelled or delivered to the Trustee for cancellation on or before such date;

(b) any Bond (or any portion of any Bond) (i) for the payment or redemption of which there shall be held in trust under the Resolution and set aside for such payment or redemption, moneys and/or Government Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Government Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any Bond (or any portion of any Bond) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Resolution or irrevocably provided for in a manner satisfactory to the Trustee;

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Resolution; or

(d) any Bond deemed to have been paid as provided in the Resolution.

Parity Certificate: An Agency Certificate, giving effect to the action proposed to be taken in connection with the filing thereof, showing that (A) the sum of (i) the moneys, Investment Obligations and Cash Equivalents then credited to the Acquisition Accounts, the Revenue Fund, the Bond Fund Principal Account, the Bond Fund Interest Account and the Mortgage Reserve Fund, (ii) the unpaid principal amount of all Program Obligations credited to the Acquisition Accounts, and (iii) any other moneys, Investment Obligations and Cash Equivalents and the unpaid principal amount of all Program Obligations otherwise specifically pledged to the payment of Outstanding Bonds by a Series Resolution, exceeds (B) an amount equal to 103% of the principal amount of Outstanding Bonds of all Series. If, however, on the date the Agency Certificate is to be delivered, the aggregate outstanding principal amount of all Program Securities held by the Trustee is equal to or greater than the aggregate principal amount of all Bonds then Outstanding, as certified in the Agency Certificate, then the percentage in clause (B) of the immediately preceding sentence shall be 100%.

Participation Agreements: One or more of the Participation Agreements, as amended, relating to the origination of Program Loans under the Program, between the Agency or the Master Servicer and a Lender.

Private Mortgage Insurer: Any private mortgage insurance company that is licensed to do business in the State and that is approved by the applicable Federal Mortgage Agency and the Agency and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

Principal Requirement: As of any particular date of calculation with respect to Bonds Outstanding on that date, the amount of money equal to any unpaid Principal Installment then due plus the Principal Installment to become due on each Series of Bonds on the next respective Principal Installment Date within the next succeeding six months.

Private Mortgage Insurer: Any private mortgage insurance company approved by the applicable Federal Mortgage Agency and the Agency and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

Program: The program for the financing of Program Obligations for Housing established by the Agency pursuant to the Act, as the same may be amended from time to time, and the Bond Resolution and for financing Other Obligations.

Program Loan: A loan for Housing secured by a mortgage, made by a Lender in accordance with the Act and the Program.

Program Obligation: Any Program Loan or Program Security acquired by the Agency by the expenditure of amounts in an Acquisition Account.

Program Security: An obligation representing an undivided interest in a pool of Program Loans issued and acquired pursuant to the Program, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

Rating: With respect to any Series of Outstanding Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency hereunder, and an action that does not "impair" the Rating with respect to any Series of Outstanding Bonds shall be an action which will not cause the Rating Agency to lower, withdraw or suspend the rating it has assigned to the Series of Outstanding Bonds.

Rating Agency: Any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Series of Bonds issued pursuant to the Resolution.

Revenues: With respect to the Outstanding Bonds, (i) all payments, proceeds, rents, premiums, penalties, charges and other cash income received by the Agency from or on account of any Program Obligation (including any payments received from a Federal Mortgage Agency, scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal of and interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder), (ii) all income received by the Trustee from or in connection with any Servicing Agreement or by the Trustee or the Agency from or in connection with any Participation Agreement, unless otherwise provided in a Series Resolution with respect to all or a part thereof (but exclusive of indemnification rights of the Agency), (iii) any Counterparty Hedge Payments received from any Hedge Counterparty pursuant to a Hedge Agreement or any payments received from another Beneficiary to be applied to the payment of principal of, interest on, or the purchase price with respect to any Bonds, (iv) any amounts deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Single Family Housing Fund, except as otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution, and (v) all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Fund or Account established under the Bond Resolution (other than the Single Family Housing Fund, except as otherwise provided in a Series Resolution), but excluding: (a) any amount retained by a servicer (including the Agency) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (b) any payments for the guaranty or insurance of any Program Obligation, (c) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by or in connection with any Program Obligation, (d) amounts payable with respect to a Program Obligation that represent a return on amounts financed by the Agency or by other Persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held hereunder, and (e) to the extent such items do not exceed the income derived therefrom, payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Loan.

Series: All Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Bond Resolution.

Series Program Determinations: Determinations by the Agency relating to Program Obligations and certain other matters in connection with a Series of Bonds under the Program to be set forth (or provided to be determined at certain specified times in the future) in a Series Resolution and shall include, to the extent determined by the Agency to be relevant, the following: (i) the terms of the Program Securities or the Program Loans, including such matters as interest rates, payment dates, maturity dates, loan insurance provisions, and similar provisions; (ii) the requirements of the Code applicable to the Program Loans, if any; (iii) provisions relating to sale of Program Obligations and prepayments of Program Obligations, including application thereof for redemption of Bonds or financing new

Program Obligations and provisions relating to the investment of funds relating to the Series of Bonds; (iv) the Mortgage Reserve Requirement, if any, and (v) any other provision deemed advisable by the Agency not in conflict with the Bond Resolution; provided that, pursuant to an Agency Certificate delivered to the Trustee, the Agency may amend or revise any of the above determinations with respect to any portion of the proceeds of the Series of Bonds prior to the date that such proceeds are applied to the financing of Program Obligations to the extent that such revisions do not impair the Rating on the Series of Bonds and do not affect the excludability of interest on such Series of Bonds from gross income for federal income tax purposes.

Series Resolution: A resolution of the Agency authorizing the issuance and delivery of Bonds of one or more Series pursuant to the Bond Resolution.

Servicing Agreement: The Servicing Agreement dated as of October 17, 2013, between the Agency, the Trustee and U.S. Bank, National Association, as Master Servicer, as the same has been or may be amended from time to time or any agreement executed by the Agency replacing such agreement.

UMBS: The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

Series Accounts

Unless otherwise provided in a Series Resolution, the Trustee shall establish within each Fund under the Bond Resolution (other than the Single Family Housing Fund), a separate Series Account for each Series of Bonds. The proceeds of a particular Series of Bonds, other amounts made available by the Agency in the Series Resolution or otherwise relating to a particular Series of Bonds and the Revenues relating to a particular Series of Bonds (including the payments on Program Obligations acquired with the proceeds of a particular Series of Bonds or the payments on any other collateral pledged to a particular Series of Bonds and the earnings on investments of any of said proceeds, funds and amounts) shall be deposited or credited to the separate Series Accounts established for that particular Series of Bonds. Where required to assure compliance with the covenants of the Bond Resolution and any Series Resolution, withdrawals from Series Accounts established in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for any other Series of Bonds. For purposes of investment, the Trustee, may, or shall at the direction of the Agency, consolidate the Series Accounts required to be established in a particular Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds. In addition to the Funds and Accounts established under the Bond Resolution, the Trustee may from time to time, establish, maintain, close and reestablish such accounts and subaccounts as may be requested by the Agency for convenience of administration of the Program and as shall not be inconsistent with the provisions of the Bond Resolution.

Cost of Issuance Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for a separate Cost of Issuance Account to be held by the Trustee. Moneys in each such Cost of Issuance Account shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon receipt by the Trustee of a requisition signed by an Authorized Officer stating the amount and purpose of any such payment. Any amounts in a Cost of Issuance Account remaining therein upon payment of all Costs of Issuance for such Series of Bonds shall (i) if not proceeds of Bonds, be transferred to the Revenue Fund and (ii) if sale proceeds, investment proceeds or transferred proceeds of Bonds, be transferred to any one or more of the Acquisition Accounts or the Bond Redemption Fund, upon receipt by the Trustee of a Certificate of the Agency stating that such moneys are no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed. Interest and other income derived from the investment or deposit of each such Cost of Issuance Account shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Acquisition Accounts

Each Series Resolution authorizing the issuance of a Series of Bonds shall establish a separate Acquisition Account to be held by the Trustee. There shall be deposited from time to time in an Acquisition Account (i) any proceeds of Bonds or other amounts required to be deposited therein pursuant to the Bond Resolution or the applicable Series Resolution and (ii) any other amounts determined by the Agency to be deposited therein from time to time.

Except as otherwise permitted or required to be transferred to other Funds and Accounts, amounts in an Acquisition Account shall be expended only to Finance Program Obligations. All Program Obligations Financed by application of amounts in an Acquisition Account shall be credited to such Acquisition Account. No Program Loan shall be Financed unless the requirements of the applicable Series Resolution have been met, and no Program Security shall be Financed unless the Program Security represents a pass through or participation interest in a pool of Program Loans and provides for a guaranty of all payments to be made to the Agency thereunder by a Federal Mortgage Agency.

Amounts in an Acquisition Account for a Series of Bonds may be expended for the acquisition of a Program Security, or portion thereof, only if (1) the principal amount of the Program Security is less than or equal to the principal amount of the Program Loans backing the Program Security; (2) the Program Security bears interest at a rate equal to the rate of interest on the Program Loans backing the Program Security minus the applicable servicing and guaranty fees; (3) upon such purchase, the sum of (a) amounts held in all Accounts relating to the Series of Bonds and (b) the aggregate outstanding principal amount at time of purchase by the Trustee of all Program Securities held by the Trustee is equal to or greater than (c) the aggregate principal amount of all Bonds then Outstanding, or if conditions (a), (b) and (c) of this paragraph are not met, such disbursement alone shall not result in a reduction of the Rating on the Series of Bonds following notice by the Trustee to the Rating Agencies; and (4) the Trustee (i) has physical possession of the Program Security and the Program Security is registered in the name of the Trustee, (ii) the Program Security is credited to the account of the Trustee at a clearing corporation, as defined under and pursuant to the Uniform Commercial Code applicable to the clearing corporation, and the clearing corporation is registered as a clearing agency under the Securities Exchange Act of 1934, (iii) for a Program Security issued in book-entry form through a book-entry system operated by the Federal Reserve System, the Program Security shall have been registered on the books of the Federal Reserve Bank in the name of the Trustee (acting as a "depositary" within the meaning of 24 C.F.R. Section 81.44(b)), and the Trustee shall have received confirmation in writing that the depositary is holding the Program Security on behalf of, and has identified the Program Security on its records as belonging to, the Trustee, or (iv) any other arrangement so that, in Counsel's Opinion (with customary exceptions and qualifications), the Trustee has a first perfected security interest in the Program Security.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in any Acquisition Account at any time for the purpose of making payments pursuant to the Bond Resolution, but only upon receipt of the following documents prior to any proposed withdrawal:

(1) an Agency Certificate setting forth the amount to be paid, the Person or Persons to whom such payment is to be made (which may be or include the Agency) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) an Agency Certificate stating that the amount to be withdrawn from the Acquisition Account pursuant to the requisition is a proper charge thereon and, if such requisition is made to Finance the acquisition of Program Obligations, that (i) the terms of the Program Obligations conform to the description of the Program Obligations to be Financed from such amount as provided to the Trustee pursuant to the terms of the Bond Resolution, and (ii) the Program Obligations otherwise comply with the provisions of the Bond Resolution.

At any time the Agency, by Agency Certificate, may direct the Trustee to transfer amounts in an Acquisition Account into the Bond Fund Principal Account or Bond Fund Interest Account, as appropriate, to pay principal or Sinking Fund Installments of and interest on the related Series of Bonds, or into the appropriate account in the Mortgage Reserve Fund, which request shall state that such transfer is appropriate to meet the requirements of the Fund.

The interest earned and other income derived from the investment or deposit of each Acquisition Account may be transferred to the appropriate account in the Revenue Fund for the related Series of Bonds by the Trustee upon receipt thereof to the extent that such amounts exceed any losses realized by investment of deposits in such Acquisition Account or may be retained in the Acquisition Account for the Financing of additional Program Obligations, as directed by Agency Certificate.

All amounts deposited into an Acquisition Account shall be disbursed in the manner provided in the Bond Resolution or the Agency may, by Agency Certificate, direct the Trustee to transfer any amounts from the Acquisition Account to the Bond Redemption Fund to be used for the redemption of Bonds of the related Series; provided, however, that (i) the Agency Certificate shall specify the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against Sinking Fund Installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, the Agency shall file an updated Cash Flow Certificate with the Trustee.

The Agency may establish temporary subaccounts within an Acquisition Account for the collection and custody of fees paid by Lenders or other Persons in connection with the reservation or holding of funds in the Acquisition Account for use in Financing Program Obligations to be originated by such Lenders or other persons. To the extent that the Agency's agreements with such Lenders or other persons provide for the refund of any such fees (or portions thereof), amounts may be withdrawn from any such subaccount or the Acquisition Account in accordance with such agreements, and any amounts not required to be so applied may, pursuant to an Agency Certificate, be applied to any other purpose of the Acquisition Account as provided in the Bond Resolution.

Any moneys deposited in an Acquisition Account which are not used or to be used to purchase Program Securities by the end of the Delivery Period specified in such Series Resolution, or by such earlier date as may be required by the Code and specified in such Series Resolution, shall be transferred by the Trustee to the Bond Redemption Fund in accordance with the provisions of the applicable Series Resolution, and applied to redeem Bonds.

Revenue Fund

The Agency shall cause all Revenues to be deposited promptly with a Depository and to be transmitted regularly to the Trustee. Unless otherwise provided in the Bond Resolution, all such amounts shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or the Series Resolution or other resolution of the Agency.

The Trustee shall withdraw from any money in the Revenue Fund and credit to each of the following Funds and Accounts, or pay to the Person specified, the amount indicated in the following tabulation, at the times indicated in the following tabulation:

(1) on or before the applicable Interest Payment Date, to the Bond Fund Interest Account the amount needed, taking into account any balance then on deposit therein, to increase the balance therein to the Interest Requirement;

(2) on or before the applicable Principal Installment Date, to the Bond Fund Principal Account the amount, needed, taking into account any balance then on deposit therein, to increase the amount therein to the Principal Requirement;

(3) on any date, assuming any prior transfers required pursuant to subsections (1) and (2) above have been made, to the Mortgage Reserve Fund, the amount, if any, needed to increase the amount therein to the Mortgage Reserve Requirement;

(4) if expressly provided in the Series Resolution in respect of a series of Bonds to which a Hedge Agreement relates in whole or in part, on or before the applicable due dates, but only to the extent any prior transfers required pursuant to subsections (1), (2) and (3) above have been made, to any Hedge Counterparty, the Agency Hedge Payments due from time to time pursuant to a Hedge Agreement; provided, however, that if the Series Resolution provides that Agency Hedge Payments exclusive of amounts payable upon any early

termination of the Hedge Agreement are to be made on a parity with payment of principal of and interest on Outstanding Bonds, then to the Hedge Counterparty, such portion of Agency Hedge Payments when due, and if the balance in the Revenue Fund is not sufficient to make the transfers then required under subsections (1), (2) and (3) and this payment, then the balance shall be applied, pro rata, to such transfers and this payment;

(5) at any time upon the purchase of Program Obligations from the moneys on deposit in an Acquisition Account, withdraw from the Revenue Fund and pay to the applicable Servicer or other Person the accrued and unpaid interest on the Program Obligations as of the date of purchase; and

(6) to the extent not transferred pursuant to the preceding subsections, the balance shall be held in the Revenue Fund until and unless directed by Agency Certificate to be transferred and utilized as set forth elsewhere.

At such periodic intervals as the Agency, by Agency Certificate, shall direct, the Trustee shall withdraw from the Revenue Fund and transfer to the United States of America such amounts as are necessary to comply with the Code, including particularly the arbitrage rebate requirements of Section 148 thereof.

Amounts credited to the Revenue Fund shall be transferred to the Bond Redemption Fund on or before the designated Redemption Date to be used for the purchase or redemption of Bonds pursuant to the Bond Resolution and the terms of any related Series Resolution upon the filing with the Trustee of (i) an Agency Certificate specifying the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed or purchased (including any credits against Sinking Fund Installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, a Cash Flow Certificate.

Amounts credited to the Revenue Fund may be transferred to an existing Acquisition Account or a new Acquisition Account to be established to be used to acquire Program Obligations upon filing with the Trustee of (i) an Agency Certificate specifying the amount to be so transferred and either specifying the existing Acquisition Account to which the funds are to be deposited or directing the establishment of a new Acquisition Account for the deposit of the funds and providing the information relating to the new Acquisition Account required by the Bond Resolution and (ii) a Cash Flow Certificate.

Amounts credited to the Revenue Fund, as directed by an Agency Certificate, shall be released to the Agency for the payment of Program Expenses or the establishment of reserves therefor in an amount needed or required to pay reasonable and necessary Program Expenses; provided that if the amount to be released exceeds the amount assumed in the most recently filed Cash Flow Certificate, the Agency shall file a new Cash Flow Certificate with the Trustee.

Amounts credited to the Revenue Fund, except Program Expenses, may be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or the Single Family Housing Fund, upon the filing with the Trustee of (i) an Agency Certificate directing the same, (ii) a Cash Flow Certificate, and (iii) a Parity Certificate.

Any investment earnings on moneys held in the Revenue Fund shall be retained therein.

Bond Fund Interest Account and Bond Fund Principal Account

The Trustee shall withdraw from the Bond Fund Interest Account, on or immediately prior to each Interest Payment Date of the Bonds, an amount equal to the unpaid interest due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of said interest when due and is authorized to transmit the same to any Paying Agents which shall apply the same to such payment.

If the withdrawals required with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Fund Principal Account, on or immediately prior to each Principal Installment Date, an amount equal to the Principal Installments of the Outstanding Bonds, if any, payable on the Principal Installment Date and shall cause the same to be applied to the payment of the Principal Installments when due and is authorized to transmit the same to any Paying Agents which shall apply the same to such payment.

Any amount at any time held in the Bond Fund Interest Account or Bond Fund Principal Account in excess of the Interest Requirement or Principal Requirement may be transferred by the Trustee to the Revenue Fund, if so directed by Agency Certificate, and otherwise shall be retained in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be.

The interest earned or other income derived from the investment of moneys in the Bond Fund Interest Account and Bond Fund Principal Account shall be transferred by the Trustee to the Revenue Fund (unless the Trustee is directed by Agency Certificate to retain such amounts in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be).

Upon the purchase of Program Obligations from the moneys on deposit in the applicable Acquisition Account, the Trustee shall, in accordance with the provisions of the applicable Series Resolution, withdraw from the Revenue Fund or, if funds available in the Revenue Fund are not sufficient, from the applicable Bond Fund Interest Account, and pay to the applicable Servicer the then accrued and unpaid interest on such Program Obligations.

Bond Redemption Fund

Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Series Resolutions authorizing the issuance thereof, all amounts deposited in the Bond Redemption Fund shall be applied to the purchase or redemption of Bonds (other than the Single Family Housing Fund), including payment of any redemption premium, on the applicable Redemption Date; provided, however, that in the event the Agency has issued refunding obligations for the purpose of redeeming Bonds of a Series in accordance with the Bond Resolution, upon receipt of an Agency Certificate directing such transfer and confirmation by the Trustee that provisions have been made for wiring proceeds of such refunding obligations to the Trustee, the Trustee, immediately on the date of such confirmation, shall transfer moneys in the Bond Redemption Fund in an amount equal to the amount of refunding proceeds received by the Trustee to the funds or accounts specified in the refunding resolution as specified in the Agency Certificate. The Redemption Price of Bonds subject to redemption by operation of the Bond Redemption Fund in the Bond Fund shall be the price set forth in the applicable Series Resolution. Upon receipt of an Agency Certificate directing the same, the Trustee shall transfer at the time of purchase or no more than 45 calendar days prior to such redemption to the Bond Redemption Fund in the Bond Fund from the Mortgage Reserve Fund the amount stated in such direction, which amount shall be no greater than the amount by which the Mortgage Reserve Requirement will decrease due to the purchase or redemption of Bonds. Subject to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds, requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Bond Redemption Fund to the purchase or redemption of Bonds at the times and in the manner provided in the Bond Resolution. Amounts on deposit in the Bond Redemption Fund for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Series Resolution authorizing the issuance of Refunding Bonds shall be segregated and shall be identified as such on the records of the Trustee.

Any earnings derived from the investment of amounts deposited in the Bond Redemption Fund pursuant to the issuance and delivery of Refunding Bonds, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in the Resolution, be deposited in the Bond Redemption Fund. All other interest earned or other income derived from the investment of moneys in the Bond Redemption Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Mortgage Reserve Fund

There shall be deposited in the Mortgage Reserve Fund all amounts required to be deposited therein by the Bond Resolution or any Series Resolution and any other amounts available therefor and determined by the Agency to be deposited therein.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Mortgage Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Mortgage Reserve Fund shall be in excess of the Mortgage Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Mortgage Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Mortgage Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Mortgage Reserve Fund shall, to the extent the balance therein is less than the Mortgage Reserve Requirement, be retained in the Mortgage Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Single Family Housing Fund

The Trustee shall deposit in the Single Family Housing Fund any amounts authorized by an Agency Certificate to be withdrawn from the Revenue Fund and deposited therein and any other amounts provided by the Agency for deposit therein. Amounts on deposit in the Single Family Housing Fund, except as may be otherwise provided in a Series Resolution, shall be free and clear of any restrictions on the investment of funds set forth in the Bond Resolution. Amounts deposited in the Single Family Housing Fund may be used for any lawful purpose for which the Agency may from time to time use funds on deposit in its General Reserve Account in connection with (i) the Program and (ii) other programs of the Agency that facilitate the development and maintenance of a sufficient supply of safe and affordable single family residential housing in the State, including but not limited to Agency programs that finance the acquisition, construction, rehabilitation, improvement and betterment of single family residential property, upon such terms as the Agency may determine. Pending such use, such amounts may be invested in any securities or investments permissible generally for the investment of funds of the Agency as specified by Agency Certificate, subject, however, to any covenants or agreements made by the Agency in a Series Resolution. By Agency Certificate furnished to the Trustee, the Agency may at any time appropriate any funds and investments on deposit in the Single Family Housing Fund to any other Account or Fund created pursuant to the Bond Resolution or may direct that such funds and investments be transferred to the Agency's General Reserve Account or to any other fund or account established pursuant to resolution of the Agency, subject, however, to any covenants or agreements made by the Agency in a Series Resolution.

Subject to the uses permitted by the Bond Resolution, funds, securities and other investments, loans and other property held from time to time in the Single Family Housing Fund are available for, and pledged to, the payment of Debt Service on the Bonds when due and the payment of any other amounts required to be paid from time to time from the Funds and Accounts established pursuant to the Bond Resolution or any Series Resolution, including Agency Hedge Payments; provided that the Agency may from time to time pledge all or any of the assets of the Single Family Housing Fund to any other Person or Persons in connection with the programmatic uses permitted by the Bond Resolution upon such terms as the Agency may determine, which pledge may be superior to, on a parity with, or subordinate to the pledge made under the Bond Resolution to the Bondowners or any Beneficiaries, except as otherwise provided in a Series Resolution or resolution authorizing an Other Obligation. Available cash and cash equivalent funds on deposit in the Single Family Housing Fund may be used to make up deficiencies in the Bond Fund Interest Account or the Bond Fund Principal Account for such purposes and, if directed by an Authorized Officer, shall be transferred to the Bond Fund Interest Account or the Bond Fund Principal Account when required on any Bond Payment Date or other payment date. Unless otherwise specified in a Series Resolution or other resolution of the Agency, the Agency shall not be required to maintain any minimum balance in the Single Family Housing Fund and the Agency makes no covenant to Bondowners or any other Person that funds or other assets will be available in the Single Family Housing Fund in the event of a deficiency in the Bond Fund Interest Account or the Bond Fund Principal Account on a Bond Payment Date or other payment date.

The Agency, by Agency Certificate, may request the Trustee to establish one or more subaccounts in the Single Family Housing Fund to be restricted to such uses, and used in accordance with such terms, as are specified in the Agency Certificate.

Any earnings derived from the investment of amounts deposited in the Single Family Housing Fund shall be retained therein unless otherwise directed by Agency Certificate.

Investment of Moneys Held by the Trustee

Moneys held by the Trustee for the credit of any Account or Fund established under the Bond Resolution (other than the Single Family Housing Fund) shall be invested by the Trustee as directed by the Agency to the fullest extent practicable and reasonable in Investment Obligations which shall mature or be redeemable at the option of the Owner prior to the respective dates when the moneys held for the credit of such Fund or Account will be required for the purposes intended.

The Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of the Fund or Account or combination thereof, and the Trustee shall inform the Agency of the detail of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary to provide moneys to meet any payment from a Fund or Account. The Trustee shall not be liable for any depreciation of the value of any investment on the redemption, sale or maturity thereof, and, in the absence of any direction from the Agency, the Trustee shall not be required to invest such funds.

The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, any Investment Obligations. The Trustee shall advise the Agency in writing monthly, unless otherwise directed by Agency Certificate, of all investments held for the credit of each Fund and Account in its custody under the provisions of the Bond Resolution as of the end of the preceding month.

In computing the amount in any Fund or Account, (i) Investment Obligations shall be valued at par or, if purchased at a price other than par, at their Amortized Value, in either event exclusive of accrued interest and (ii) Program Obligations shall be valued at 100% of the outstanding principal balance thereof, plus accrued interest.

Except as otherwise specifically provided in the Bond Resolution or in a Series Resolution, the income or interest earned, or gain, shall be transferred by the Trustee upon receipt thereof to the appropriate subaccount in the Revenue Account.

The Trustee shall not be liable or responsible for the making of any investment authorized by the Bond Resolution in the manner provided in the Bond Resolution or for any loss resulting from any such investment so made, except for its own negligence.

Covenants Relating to Servicing Agreement and Participation Agreements

The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all obligations of a Servicer under and pursuant to a Servicing Agreement for and on behalf of the Bondowners whether or not an Event of Default under the Bond Resolution or the Series Resolutions has occurred or is continuing. The Agency shall supervise, or cause to be supervised, each Lender's compliance with the Participation Agreements. In the event the Servicing Agreement shall be terminated for any reason, the Agency shall proceed with due diligence to appoint a successor Master Servicer, subject to the provisions of the Servicing Agreement and the Participation Agreements and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain such successors, the Trustee shall, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer under the Servicing Agreement and shall be compensated therefor, in addition to the compensation payable to it under the Bond Resolution or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

Sale of Program Obligations

The Agency may at any time sell, assign or otherwise dispose of one or more Program Obligations:

(i) in order to obtain funds to provide for the redemption (whether optional or special, to the extent permitted by the terms of any applicable Series Resolution) or purchase of an amount of Bonds having a value less than or equal to the value of the Program Obligation as reasonably estimated by the Agency; or

(ii) in the event that an Agency Certificate shall be filed with the Trustee and each Rating Agency, which gives effect to the proposed sale, assignment, transfer or other disposition and the application of the proceeds thereof and states that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Agency to pay the Debt Service on the Outstanding Bonds when due and reasonable and necessary Program Expenses.

Enforcement of Program Securities

The Program Securities acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee in trust and subject to the pledge of the Bond Resolution. If the Trustee does not receive a payment on a GNMA I Security when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a GNMA II-Custom Pool Security when due by the close of business on the 22nd day of each month, the Trustee shall immediately notify, and demand payment from GNMA. If the Trustee does not receive payment or advice from the depository of payment, with respect to a Fannie Mae Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th is not a Business Day), the Trustee shall immediately demand payment from Fannie Mae in connection with the guaranty of timely payments of principal and interest by Fannie Mae. If the Trustee does not receive payment on a Freddie Mac Security when due by the close of business on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day), the Trustee shall immediately demand payment from Freddie Mac.

Modifications of Program Securities

The Agency shall not consent to the modification of the rate or rates of interest, or the amount or time of payment of any installment of interest or principal, or the security for or any of the terms or provisions of any Program Security in any manner that would result in the failure of the Program Securities, in the aggregate, to have scheduled payments of principal and interest at least sufficient, together with other expected Revenues, to pay all Debt Service when due with respect to the Bonds and Program Expenses or which would materially impair the security of the Outstanding Bonds. The Agency may otherwise consent to the modification of the security for, or any terms or provisions of, one or more Program Securities but only if the Agency reasonably determines that the modification will not be materially adverse to the security or other interests of Owners of Outstanding Bonds.

Cash Flow Certificates

The Agency is required to file a Cash Flow Certificate (i) at least once within any 12-month period and (ii) at such other times as may be required pursuant to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds of a Series then Outstanding.

Creation of Liens

Except as permitted for Hedge Agreements, the Agency shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Agency or by any Fiduciary under the Bond Resolution and shall not create or cause to be created any lien or charge on any pledged Revenues or such moneys, securities, rights or interests: provided, however, that nothing in the Bond Resolution shall prevent the Agency from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after any pledge of Revenues provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) notes or bonds of the Agency not secured under the Bond Resolution; and provided, further, that, to secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement or to secure the obligations of the Agency under a different Other Obligation, the Agency may grant to the Hedge Counterparty or other Beneficiary a pledge, on a parity with, or junior and subordinate to, the pledge granted to the Trustee to secure payment of Outstanding Bonds, in all or any of the revenues, assets or other collateral pledged to the payment of the Bonds under the Bond Resolution;

provided, however, that any Agency Hedge Payments payable upon early termination of a Hedge Agreement may be secured only by a pledge junior and subordinate to the pledge granted to the Trustee.

Defeasance of Bonds

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any one or more of the alternate Paying Agents (through deposit by the Agency of moneys for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Bond Resolution. All Outstanding Bonds of any Series shall be deemed prior to the maturity or Redemption Date thereof to have been paid within the meaning and with the effect expressed in the Bond Resolution if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds.

Events of Default

Each of the following events shall constitute an event of default under the Bond Resolution: (1) the Agency shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise, or shall fail to pay the purchase price of any Bond tendered or deemed tendered for purchase on the date established therefor; or (2) the Agency shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable; or (3) the Agency shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Bond Resolution or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than a majority in principal amount of the Bonds Outstanding; or (4) the Agency shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; or (5) the State limits or alters the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Bond Resolution, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way materially impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

Acceleration; Annulment of Acceleration

Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Bondowners of not less than a majority in aggregate principal amount of Bonds Outstanding shall, give 30 days' notice in writing to the Agency of its intention to declare all Bonds Outstanding immediately due and payable; provided, however, that the Trustee may not make any such declaration with respect to an Event of Default under clause (3) above unless (1) the Trustee has received a written request to do so from 100% of the Owners of all Outstanding Bonds or (2) there are sufficient moneys available in the Funds and Accounts to pay the principal and interest on the Outstanding Bonds upon such declaration. At the end of such 30 day period the Trustee may, and upon such written request of Bondowners of not less than a majority in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the Agency, declare all Bonds Outstanding immediately due and payable and such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Bond Resolution to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (1) moneys shall have been deposited in the Bond Fund Interest Account and the Bond Fund Principal Account sufficient to pay all matured installments of interest and principal or Redemption Price or purchase price (other than principal then due only because of such declaration) of all Outstanding Bonds; (2) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (3) all other amounts then payable by the Agency under the Bond Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (4) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

If the Agency shall fail to pay any Principal Installment, the Redemption Price, the purchase price or any installment of interest on any Bond when and as the same shall become due and payable, the Trustee shall, within 30 days, give written notice thereof by first class mail to the Bondowners, shown by the registry of Bondowners required to be maintained at the office of the Trustee.

Additional Remedies and Enforcement of Remedies

Upon the occurrence and continuation of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to: (1) suit upon all or any part of the Bonds; (2) suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners; (3) suit to enjoin any acts or things that may be unlawful or in violation of the rights of the Bondowners; (4) enforcement of any other right of the Bondowners conferred by law or by the Bond Resolution; and (5) in the event that all Outstanding Bonds are declared due and payable, by selling Program Obligations.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Bond Resolution by any acts that may be unlawful or in violation of the Bond Resolution, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Bond Resolution.

Application of Revenues Following an Event of Default

The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee (1) forthwith, all moneys and securities then held by the Agency in any Fund or Account under the Bond Resolution, and (2) as promptly as practicable after receipt thereof, any Revenues and other payments or receipts pledged under the Bond Resolution.

During the continuation of an Event of Default the Trustee shall apply such moneys, securities, Revenues, payments and receipts and the income therefrom as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Bond Resolution;

(2) To the payment of the interest and Principal Installments or Redemption Price then due and payable on the Bonds, as follows:

(a) Unless the principal of all of Outstanding Bonds shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid Principal Installments or Redemption Price of any Outstanding Bonds that shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Outstanding Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of Outstanding Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Outstanding Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference;

(3) To the payment of the amounts required for reasonable and necessary Program Expenses.

Whenever all principal amounts of and interest on all Outstanding Bonds have been paid under these provisions and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining under the Bond Resolution not segregated for the payment of Bonds shall be paid to the Agency.

The Trustee

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Bond Resolution or any Series Resolution authorizing the issuance of a Series of Bonds then Outstanding. In case an Event of Default has occurred and has not been cured, the Trustee shall exercise such of the rights and powers vested in it by the Bond Resolution and use the same degree of care and skill in their exercise as a prudent trustee would exercise or use under the circumstances.

The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of the Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Bond Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the Agency, and any Counsel's Opinion shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Bond Resolution in good faith and in accordance therewith.

The Agency shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Bond Resolution and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Bond Resolution, and each Fiduciary shall have a lien therefor on any and all Revenues, Program Obligations and Investment Obligations at any time held or received by it under the Bond Resolution (excluding money or Governmental Obligations segregated to pay outstanding Bonds).

The Trustee may resign at any time and be discharged of the duties and obligations created by the Bond Resolution by giving not less than 60 days' written notice to the Agency and mailing notice thereof, at its own expense and without reimbursement therefor, to each Bondowner and Rating Agency, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Agency or the Bondowners as provided in the Bond Resolution, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee has been appointed pursuant to the Bond Resolution.

The Trustee may be removed (i) at any time by an instrument or concurrent instruments in writing, filed with the Trustee and each Rating Agency, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Agency and (ii) by the Agency at any time except during the continuation of an Event of Default for such cause as shall be determined in the sole discretion of the Agency by filing with the Trustee and each Rating Agency notice of removal in the form of an Agency Certificate. In no event, however, shall such removal take effect until a successor Trustee has been appointed pursuant to the Bond Resolution.

Amendments

Amendments of the Resolutions may be made by a Supplemental Resolution.

For any one or more of the following purposes, and at any time or from time to time, a Supplemental Resolution of the Agency may be adopted, which, upon the filing with the Trustee of a copy thereof, shall be fully effective in accordance with its terms:

(1) To close the Bond Resolution or any Series Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution or any Series Resolution on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the Agency in the Bond Resolution or any Series Resolution, other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Bond Resolution or any Series Resolution, other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution as theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the Bond Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Bond Resolution;

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution or any Series Resolution, of Revenues or of any other securities or funds;

(6) To modify any of the provisions of the Bond Resolution or any Series Resolution in any respect whatever, provided that (a) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, or (b) the modification, in the sole judgment of the Agency, is reasonably necessary to assure that the interest on any related Series of Outstanding Bonds remains, or on any Series of Bonds thereafter issued will be, exempt from income taxation under the Code;

(7) To authorize the issuance of additional Series of Bonds in accordance with the provisions of Article II of the Bond Resolution;

(8) To amend the Bond Resolution by creating and establishing additional accounts;

(9) To amend the provisions described under "Enforcement of Program Securities" above to provide different days on which payments on the applicable Program Security are now payable;

(10) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution or any Series Resolution;

(11) To insert such provisions clarifying matters or questions arising under the Bond Resolution or any Series Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution theretofore in effect; and

(12) To waive any right reserved to the Agency, provided that the loss of such right shall not adversely impair any Revenues available to pay the Outstanding Bonds of any Series.

Supplemental Resolutions become effective upon consent of the Trustee to make any other change as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

Other Supplemental Resolutions may become effective only with consent (i) of the Bondowners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Bondowners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given.

However, no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price or purchase price thereof or in the rate of interest thereon (except as otherwise provided in a Series Resolution) without the consent of the Bondowners of all such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Bondowners of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

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

APPENDIX D

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 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 Bondowners, Owners or registered owners of the Series Bonds means Cede & Co. or any other nominee and not the Beneficial Owners (as hereinafter defined) of those 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 Beneficial Owner (as defined in Appendix B) 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 any other 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 that 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 those 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, unless the "Pro-Rata Pass-Through Distribution of Principal" method is employed, 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 any 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 (identified in a listing attached to the Omnibus Proxy).

Payment of the principal and redemption price of, and interest on, the Series Bonds will be made to Cede & Co., or any other 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 that 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 any other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of those payments to Direct Participants will be the responsibility of DTC, and disbursement of those payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the 2023/2024 Series Resolution, payments made by or on behalf of the Agency to DTC or its nominee will 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 Underwriters 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 Underwriters 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 Underwriters 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 accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) 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; (3) 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 Owners of Series Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (5) any consent given or other action taken by DTC as a Bondowner.

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 2023/2024 Series Resolution. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner's name, will become the Bondowner.

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 2023/2024 Series Resolution.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[to be dated the date of issuance of the Series Bonds]

_______________, 2023

Minnesota Housing Finance Agency
St. Paul, Minnesota 55102

Re: Minnesota Housing Finance Agency
Homeownership Finance Bonds
2023 Series A (Taxable)
(Mortgage-Backed Securities Pass-Through Program)

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 Homeownership Finance Bonds, 2023 Series A (Taxable) (Mortgage-Backed Securities Pass-Through Program), in the aggregate principal amount of $__ (the "2023 Series A Bonds"), which are issuable only as fully registered bonds.

The 2023 Series A Bonds are dated, mature on the date, bear interest at the rate and are payable as provided in the Series Resolution referenced below. The 2023 Series A Bonds are subject to optional and mandatory redemption prior to maturity, including redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined certificates as to facts, estimates and circumstances and 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 December 11, 2009, as amended and supplemented (the "Bond Resolution"), and the Series Resolution relating to the 2023 Series A Bonds adopted on December 15, 2022 (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 it is our opinion that, under state and federal laws, regulations, rulings and decisions in effect on 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 Program Obligations, Investment Obligations, Revenues, moneys and other assets held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2023 Series A 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 further secured by the pledge of the full faith and credit of the Agency, 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, or state laws appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2023 Series A Bonds are not a debt of the State; (4) the interest payable on the 2023 Series A Bonds is includable in gross income of owners thereof for federal income tax purposes, in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes and in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; and (5) the 2023 Series A Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2023 Series A Bonds. All owners of 2023 Series A Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign 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 2023 Series A Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2023 Series A Bonds and the Bond Resolution and Series Resolution are 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,

APPENDIX F
IDENTIFICATION OF 2023A PROGRAM SECURITIES

*Preliminary; subject to change.

RESOLUTION NO. MHFA 22-096

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA HOUSING FINANCE AGENCY HOMEOWNERSHIP FINANCE BONDS, 2023/2024 SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Authorization.

(A) General Provisions. By Resolution No. MHFA 09-71, adopted December 11, 2009 (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the "Bond Resolution"), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Homeownership Finance Bonds to be issued for the purpose of facilitating the Program, including, among other things, the financing of Homes for persons of low and moderate income through the purchase of Program Securities backed by pools of Program Loans made to qualified persons and families by qualified lending institutions pursuant to the Act. Terms used but not defined in this resolution have the meanings given those terms in the Bond Resolution.

This resolution (this "Series Resolution") is adopted pursuant to Section 2.5 of the Bond Resolution to authorize the issuance and sale and establish the terms and provisions of one or more Series of Bonds of the Agency in the aggregate principal amount to be determined pursuant to the terms of Section 2(D) of this Series Resolution. The first Series of Bonds may be designated as "Homeownership Finance Bonds, 2023 Series A (Mortgage-Backed Securities Pass-Through Program) (Taxable)" (the "2023 Series A Bonds"); an Authorized Officer may revise that designation as may be applicable to the final terms of the 2023 Series A Bonds. Additional Series of Bonds issued pursuant to this Series Resolution will be designated "Homeownership Finance Bonds, [2023][2024] Series (_)," adding "(Mortgage-Backed Securities Pass-Through Program)" and "(Taxable)" as applicable and completing the blank with an uppercase letter as appropriate for the order of that issuance. The maximum aggregate principal amount of all Series of Bonds issued pursuant to this Series Resolution may not exceed $250,000,000; the number of Series of Bonds and their corresponding principal amounts will be as determined by an Authorized Officer pursuant to Section 12 of this Series Resolution, and as set out in the Agency Certificate, or Agency Certificates, as the case may be, delivered pursuant to Section 8(A) of this Series Resolution. All Series of Bonds issued pursuant to this Series Resolution are the "Series Bonds"; Series Bonds may not be issued pursuant to this Series Resolution after June 30, 2024.

(B) Certain Definitions. In addition to terms otherwise defined in the Bond Resolution or elsewhere in this Series Resolution, for purposes of this Series Resolution, unless a different meaning clearly appears from the context, the following terms have the following respective meanings:

"*Business Day*" means any day other than a Saturday, Sunday or legal holiday in the State (a) on which banks in the City of New York, New York and in the cities in which the respective principal offices of the Trustee and any Paying Agent are located are not required or authorized by law to be closed, (b) on which the New York Stock Exchange is open, and (c) on which DTC or any successor Bond Depository for the Series Bonds is open.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*DTC*" means The Depository Trust Company, of New York, New York.

"*New Money Tax-Exempt Series Bonds*" means any Tax-Exempt Series Bonds the sale proceeds of which are intended for the purpose of purchasing Program Securities.

"*Regulations*" means the Income Tax Regulations of the United States Department of Treasury.

"*Tax-Exempt Series Bonds*" means any Series Bonds intended to be bonds the interest on which is excludable from gross income for federal income tax purposes.

Section 2. Authorization of Series Bonds.

(A) Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds for the purpose of providing funds to be used, along with certain additional funds of the Agency, for the purpose of (i) the purchase of Program Securities, or participations therein, backed by pools of Program Loans that constitute qualified Program Loans in accordance with the provisions of Sections 10 and 11 of this Series Resolution, the Series Program Determinations made for the Series Bonds in Section 7 of this Series Resolution, and, in the case of any Series Bond Program Securities relating to Tax-Exempt Series Bonds, Section 143 of the Code and (ii) refunding, on the date or dates to be determined by the Agency, certain outstanding obligations of the Agency to be listed in the Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution (the "Refunded Bonds"), and the deposit of certain transferred assets and transferred Program Securities (or participations therein) (the "Transferred Program Securities"), and certain "transferred," "replacement" and sale proceeds, that will become allocable to the Series Bonds upon the refunding of the Refunded Bonds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 9 of this Series Resolution to be expended for the Program.

(B) Single Issue. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the "Regulations"), the Agency will treat any Tax-Exempt Series Bonds sold by the Agency less than fifteen days apart from the sale date of any other Tax-Exempt Series Bonds as a single issue of bonds.

(C) Pledge. The pledge made in the Bond Resolution with respect to all Revenues, Program Obligations, money, securities and Funds and Accounts therein defined and created, and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Owners of all Bonds issued and to be issued thereunder, including the Series Bonds, without preference, priority or distinction of one Bond over any other of any Series, as fully as though set out at length and resolved herein, except as otherwise expressly provided therein or in a Series Resolution.

(D) Approval of Contract of Purchase. The Agency will negotiate for the sale of each Series of the Series Bonds to the team of underwriters approved by motion at the Agency's December 15, 2022 board meeting (collectively, the "Underwriters"). Any Authorized Officer is hereby authorized to approve the final terms of each Series of the Series Bonds, subject to the following parameters:

(i) the principal amount of each Series of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of $250,000,000;

(ii) the date of issuance and the maturity schedule of each Series of the Series Bonds (including any Sinking Fund Installment schedule); provided that each Series of the Series Bonds (a) are issued by June 30, 2024, and (b) mature at any time or times in the amount or amounts not later than 32 years from the date of issuance thereof;

(iii) the interest rates borne by each Series of the Series Bonds; provided that the yield on each Series of the Series Bonds does not exceed 7.50 percent per annum; and

(iv) the fee or other compensation payable to the Underwriters; provided that the fee or other compensation for each Series of the Series Bonds does not exceed 1.00 percent of the principal amount of that Series of Series Bonds.

That approval will be conclusively evidenced by the execution of one or more contracts of purchase (each a "Purchase Contract") with the Underwriters by an Authorized Officer. The Agency has received and examined the general form of the Purchase Contract which will set forth the terms and conditions upon which the Underwriters will purchase the Series Bonds from the Agency. The Purchase Contract is hereby approved substantially in the form submitted and an Authorized Officer is authorized and directed to execute Purchase Contracts on behalf of the Agency with those revisions, consistent with the foregoing parameters, as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. The final terms of the related Series of the Series Bonds, including any redemption provisions and the purchase price of that Series of the Series Bonds, will be set forth in the Agency Certificate(s) delivered pursuant to Section 8(A)(5) of this Series Resolution.

(E) Official Statement. The Agency has also received and examined a draft of the Preliminary Official Statement relating to the 2023 Series A Bonds, to be dated the date of distribution thereof, containing information relating to the Agency and the 2023 Series A Bonds, and hereby approves and ratifies the use thereof by the Underwriters. An Authorized Officer is hereby authorized to approve any Preliminary Official Statements in substantially similar form to be used by the Underwriters in connection with any additional Series of the Series Bonds authorized by this Series Resolution. Final Official Statements, substantially in the form of the related Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer, and insertion of the terms of the related Series Bonds as provided in the related Purchase Contract, are approved and authorized to be signed by an Authorized Officer, and furnished to the Underwriters for distribution to investors.

(F) Approval of Continuing Disclosure Undertaking. The Agency has also received and examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the Owners and 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 a Continuing Disclosure Undertaking is authorized to be signed on behalf of the Agency by an Authorized Officer for each Series of Series Bonds, with those revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same.

Section 3. Form of Series Bonds. Each Series of the Series Bonds will be prepared in substantially the form appearing as Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with those additions, deletions or modifications as are permitted or required by the Bond Resolution or this Series Resolution.

Section 4. Terms.

(A) Issue and Interest Payment Dates; Denominations; Manner of Payment; Execution and Delivery. The Series Bonds will be dated, as originally issued, as of the date of original delivery thereof. The Series Bonds will be issued as fully registered Bonds in denominations as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution. Interest will accrue on the outstanding principal amount of the Series Bonds in the manner as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution, and be paid on the dates as set forth in that Agency Certificate (the Interest Payment Dates for those Series Bonds). Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series Bonds will be paid by check or draft mailed to the Owners as shown on the registration books of the Agency maintained by the Trustee on the 15th day of the calendar month immediately preceding the Interest Payment Date (the "Record Date") or, upon the written request of an Owner of Series Bonds of a Series in an aggregate principal amount of at least $100,000, in form satisfactory to the Trustee, by wire transfer on each Interest Payment Date from the Trustee to a domestic bank or trust company designated by the Owner; provided, however, that so long as all of the outstanding Series Bonds are registered in the name of DTC or its designee, or other Bond Depository, payment will be made in accordance with the operational arrangements of DTC or its designee, or other Bond Depository, as agreed to by the Agency. The principal of and any redemption premium on the Series Bonds will be payable at the Corporate Trust Office of the Trustee upon presentation and surrender of the Series Bonds on or after the date of maturity or redemption thereof; provided, however, that so long as all outstanding Series Bonds are registered in the name of DTC or its designee, or other Bond Depository, DTC or that other Bond Depository may, in its discretion, make a notation on any Series Bond indicating the date and amount of any reduction of principal except in the case of final maturity or payment in full, in which case the Series Bonds must be surrendered to the Trustee for payment. The Series Bonds will be executed in the manner provided in Article III of the Bond Resolution by the facsimile signatures of the Chair and Commissioner of the Agency. Each Series Bond will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each Series Bond, attesting that it is delivered pursuant to the Bond Resolution and this Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 8 of this Series Resolution.

(B) Maturities, Interest Rates and Redemption. The Series Bonds will mature on the date or dates and in the principal amounts and will bear interest at the rate or rates per annum as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A)(5) of this Series Resolution, all subject to the limitations in Section 2(D) of this Series Resolution.

The Series Bonds may be subject to mandatory and optional redemption, if any, as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A)(5) of this Series Resolution.

(C) Manner of Redemption.

(i) Mandatory Redemption. Notice of the date or amount of any mandatory redemption of any Series Bond redemption will be given to any Bondowner as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

If Series Bonds are to be redeemed in part upon any mandatory redemption, each of the Series Bonds then outstanding will be redeemed as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

(ii) Optional Redemption. Notice of any optional redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the Owners of those Series Bonds, or, if all Outstanding Series Bonds are registered in the name of DTC or its designee, or other Bond Depository, the Trustee must give notice to the Bond Depository in accordance with its operational arrangements, in each case not less than 30 days before the optional redemption date. Upon an optional redemption of the Series Bonds, the principal amount of the Series Bonds to be redeemed will be selected by an Authorized Officer and certified to the Trustee on behalf of the Agency in accordance with the provisions of Article V of the Bond Resolution and this Series Resolution. Upon redemption of any of the Series Bonds that are Term Bonds (other than through sinking fund installments), an Authorized Officer will also determine and certify to the Trustee the years in which and the amounts by which the Sinking Fund Installments, if any, referred to in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution are to be reduced, in the manner that the aggregate reduction equals the aggregate principal amount of the Series Bonds so redeemed.

If less than all Series Bonds are to be optionally redeemed, the Series Bonds to be optionally redeemed will be selected (i) as DTC determines under DTC's current operational arrangements, or (ii) if the Series Bonds are held under the name of another Bond Depository, under the operational arrangements of that Bond Depository. All actions of the Agency and the Trustee in the redemption of Series Bonds must conform to the provisions of Article V of the Bond Resolution and this Series Resolution.

Section 5. [Reserved].

Section 6. Bond Depository.

(A) Definitions. For purposes of this Section 6, the following terms have the following meanings:

"*Beneficial Owner*" means, whenever used with respect to a Series Bond, the Person in whose name that Series Bond is recorded as the beneficial owner of that Series Bond by a Participant on the records of that Participant, or that Person's subrogee.

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

"*Participant*" means any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as Bond Depository.

(B) General Provisions. The Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one Series Bond will be issued in the principal amount of each Series and stated maturity of those Series Bonds. Upon initial issuance, the ownership of those Series Bonds will 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 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 will be affected by any notice to the contrary. Neither the Trustee nor the Agency will have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other Person that is not shown on the bond register as being an 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 that 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 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 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 will pay all principal of, premium, if any, and interest on that Series Bond, and will give all notices with respect to that Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all those payments will be valid and effective to fully satisfy and discharge the Agency's obligations with respect thereto 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 that new nominee in accordance with Subsection (D) of this Section 6.

(C) Discontinuation of Book-Entry System. In the event the Agency determines to discontinue the book-entry system for the Series Bonds or any Series thereof, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Series Bonds in the form of certificates. In that event, unless a new Bond Depository is appointed by the Agency, the Series Bonds of that Series will be transferable in accordance with Subsection (D) of this Section 6. DTC may determine to discontinue providing its services with respect to the Series Bonds or one or more Series thereof at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In that event, unless a new Bond Depository is appointed by the Agency, the Series Bonds of that Series will be transferable in accordance with Subsection (D) of this Section 6.

(D) Transfer and Exchange. In the event that any transfer or exchange of Series Bonds is permitted under Subsection (B) or (C) of this Section 6, that transfer or exchange will 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 of a Series in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all those Series Bonds, or another Bond Depository as Owner of all those Series Bonds, the provisions of the Bond Resolution and this Series Resolution will apply to all matters relating thereto, including, without limitation, the preparation of those Series Bonds in the form of bond certificates, the method of payment of principal of, redemption premium, if any, and interest on those Series Bonds and the method of giving notice of redemption and other events.

Section 7. Series Program Determinations for the Series Bonds; Covenants.

(A) Definitions. As used in this Section 7 and in Sections 9 and 11 of this Series Resolution, the following terms have the following respective meanings:

Delivery Period: If all Program Securities allocable to a Series of Bonds will not be purchased on the date of issuance of that Series of Bonds, the period of time identified for the purchase of Program Securities from the Master Servicer. The entire Delivery Period, if any, will be as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, unless extended by the Agency pursuant to Section 7(C) of the Series Resolution; provided the Delivery Period may not be extended beyond the date named in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the date is not greater than 42 months from the date of issue of the Series Bonds.

Master Servicer: The Person designated as servicer under the Master Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Master Servicing Agreement.

Master Servicing Agreement: The Servicing Agreement, dated as of October 17, 2013, between the Agency and U.S. Bank National Association, as Master Servicer, as the same has been or may be amended from time to time, or any agreement executed by the Agency replacing that agreement.

Mortgagor: The obligor or joint obligors on a Program Loan backing a Transferred Program Security or a Series Bond Program Security.

Participation Agreements: One or more of the Participation Agreements, as amended or supplemented from time to time, applicable to the origination of Program Loans under the Program between the Lender and the Agency or the Master Servicer.

Series Bond Program Security: Program Securities, or a participation interest in a Program Security, financed by and relating to a particular Series of Series Bonds, including UMBS.

Transferred Program Security: A Program Security, or participation interest in a Program Security, allocable to a particular Series of Series Bonds after the refunding of certain Refunded Bonds financed with amounts on deposit in the related Acquisition Account, and bearing interest at a rate equal to the stated interest rate on the corresponding pooled Program Loans less the applicable servicing fee and guaranty fee.

UMBS: The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

(B) Requirements for Transferred Program Securities and Series Bond Program Securities. The Series Bonds that are not Tax-Exempt Series Bonds are not intended to be bonds the interest on which is excludable from gross income for federal income tax purposes.

The Agency represents that the Transferred Program Securities, or the participations therein, relating to any Series Bonds (l) are backed by Program Loans that are in compliance with the Act and the Program, (2) comply with the requirements set forth in the Master Servicing Agreement as in effect at the time the Transferred Program Securities were purchased by the Agency, which provisions will constitute the Series Program Determinations with respect to those Transferred Program Securities, and (3) in the case of Transferred Program Securities allocated to Tax-Exempt Series Bonds, are backed by Program Loans that are in compliance with the Code.

The Agency further represents that the Series Bond Program Securities, or the participations therein, (l) are backed by Program Loans that are in compliance with the Act and the Program, (2) comply with the requirements of the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement, (3) in the case of Series Bond Program Securities relating to Tax-Exempt Series Bonds, meet the requirements set forth in Sections 10(B) and 11(B-J and L) hereof and (4) are backed by Program Loans that are in compliance with the Code.

A Transferred Program Security or a Series Bond Program Security may include a participation in a Program Security financed from different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the Transferred Program Security or Series Bond Program Security secured, but those interests need not be equal as to interest rate.

(C) Acquisition of Series Bond Program Securities. Prior to and/or during the Delivery Period for each issuance of a Series or Series of Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2023/2024 Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the related Series Bond Acquisition Account for the acquisition of Series Bond Program Securities pursuant to the Master Servicing Agreement and this Subsection (C). The Trustee will pay the Master Servicer an amount equal to the percentage of the principal amount of each Series Bond Program Security acquired from the Master Servicer that is approved by an Authorized Officer, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

For any Series Bonds with a Delivery Period, the Agency may at any time transfer any proceeds of the Series Bonds in the related Series Bond Acquisition Account to the Series Bond Account in the Bond Redemption Fund to be applied to the redemption of Series Bonds. In addition, the Agency will transfer any remaining proceeds of the Series Bonds in the related Series Bond Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds at the end of the Delivery Period; provided that the Agency may (instead of redeeming Series Bonds from unexpended proceeds) extend the Delivery Period with respect to all or any portion of the unexpended amounts remaining in the Series Bond Acquisition Account, for the period or periods as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the Business Day next preceding the date 30 days prior to the date of expiration of the then-current Delivery Period an Agency Certificate (i) designating the new ending dates for the Delivery Period, (ii) certifying that the Agency has received a Cash Flow Certificate and a Parity Certificate from an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash-flow analysis of qualified mortgage bonds, that shows that that extension will not adversely affect the availability of Revenues sufficient to make timely payment of principal of and interest on the Outstanding Bonds in the current and each subsequent Fiscal Year, and that at all times the assets of the Program will equal or exceed the liabilities of the

Program, which Cash Flow Certificate and Parity Certificate must accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the Series Bond Acquisition Account to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolution in connection with that extension, which deposits will be made on or before the date of expiration of the then-current Delivery Period and will be made only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that that extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date or dates subsequent to any extension of the Delivery Period, the Agency may transfer any unexpended proceeds remaining in the Series Bond Acquisition Account to the related Series Bond Account in the Bond Redemption Fund to be applied to redemption of Series Bonds. At the end of the Delivery Period, including any extension thereof as provided in this Subsection (C), the Trustee will transfer all amounts remaining in the Series Bond Acquisition Account to the related Series Bond Account in the Bond Redemption Fund to be applied to the redemption of Series Bonds. The Delivery Period may not be extended pursuant to this Subsection (C) beyond the dates set forth in the definition in Subsection (A) of this Section 7.

(D) Information To Be Furnished. The Trustee will furnish information concerning the Series Bonds and the Program to each Rating Agency upon reasonable request thereof.

Section 8. Conditions Precedent to Issuance.

(A) Documents Furnished to Trustee. Prior to each delivery of Series Bonds an Authorized Officer will cause to be furnished to the Trustee, unless previously furnished, the following items as required by Sections 2.5 and 2.6 of the Bond Resolution:

(1) Certified copies of the Bond Resolution and this Series Resolution.

(2) An Opinion of Counsel to the Agency required by Section 2.5(3) of the Bond Resolution.

(3) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(4) The Counsel's Opinion required by Section 2.5(4) of the Bond Resolution.

(5) An Agency Certificate (i) setting forth the final terms of the Series Bonds not expressly specified herein, including maturity dates, interest rates, Sinking Fund Installments, if any, other redemption provisions, the initial interest payment date and volume cap allocation, (ii) requesting the Trustee to authenticate the Series Bonds, and deliver them to the Underwriters upon payment of the purchase price set forth in the Certificate, (iii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iv) setting forth the amount of the proceeds of the Series Bonds and other funds to be

deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds and Accounts into which deposits should be made, (v) stating that the issuance of the Series Bonds will have no adverse material effect on the ability of the Agency to pay the Debt Service on the Bonds then Outstanding and (vi) setting forth the Refunded Bonds, if any, to be refunded with proceeds of the Series Bonds.

(6) An Agency Certificate, including a Cash Flow Certificate, as required by Section 2.5(6) of the Bond Resolution and any information required to be filed with the Trustee upon deposit of amounts in an Acquisition Account pursuant to Section 4.4 of the Bond Resolution.

(7) Written confirmation from each Rating Agency then rating the Bonds that the issuance of the Series Bonds will not impair the then-existing Rating on the Bonds.

(8) Evidence that the Agency has given irrevocable instructions of the redemption of all the Refunded Bonds and the redemption dates, if any, upon which those Refunded Bonds are to be redeemed, to the Trustee or to the owners of those Refunded Bonds, or the trustee for those owners, as applicable.

(9) Evidence that money in an amount sufficient to effect payment of the applicable redemption price or amount payable upon maturity of the Refunded Bonds has been deposited with the Trustee in accordance with the Bond Resolution, or has been received by the owners of those Refunded Bonds, or the trustee for those owners, in accordance with the resolution of the Agency whereby those Refunded Bonds were issued, as applicable.

(10) An Opinion of Bond Counsel to the effect that issuance of the Series Bonds will not result in interest on the Refunded Bonds being included in gross income for federal income tax purposes.

(B) Certification by Trustee. Prior to each delivery of Series Bonds, the Agency will also receive from the Trustee a certificate stating that it has received the documents listed in Subsection (A).

(C) Program Securities. For any Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, Transferred Program Securities and/or Series Bond Program Securities in an aggregate principal amount equal to or greater than the original aggregate principal amount of those Series Bonds and to constitute the Transferred Program Securities or Series Bond Program Securities, as applicable, for those Series of Bonds must be identified by the Agency in a manner acceptable to the Trustee.

(D) Documents Required by the Purchase Contract. Prior to each delivery of Series Bonds, an Authorized Officer is authorized to furnish to the Underwriters each of the certificates, opinions and other documents required by the related Purchase Contract.

(E) Certification Under Applicable Federal Tax Law. In connection with the issuance of any Tax-Exempt Series Bonds, an Authorized Officer is also authorized and directed, on the date of delivery of those Tax-Exempt Series Bonds, to prepare and execute a certificate on behalf of the Agency, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Agency reasonably expects that the proceeds of those

Tax-Exempt Series Bonds will be used in a manner that would not cause those Tax-Exempt Series Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which those Tax-Exempt Series Bonds will be "qualified mortgage bonds" under the provisions of applicable federal tax law.

(F) Delivery. Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the Series Bonds as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under that Purchase Contract.

Section 9. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

(A) Series Bond Accounts. Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account and the Bond Redemption Fund, as applicable, the Trustee will maintain Accounts for each Series of Series Bonds, as directed in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution, for the purpose of receiving the proceeds of the related Series Bonds and other amounts directed by this Series Resolution to be deposited therein and the related Transferred Program Securities, Series Bond Program Securities or Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from those Transferred Program Securities, Series Bond Program Securities and Investment Obligations, and the Revenues received with respect thereto. In addition, the Trustee will establish Cost of Issuance Accounts for the Series Bonds.

(B) Deposits of Funds. The proceeds of the Series Bonds and the funds of the Agency will be deposited by the Trustee into the Accounts established pursuant to Section 9(A), as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

(C) Investment Agreements. If deemed advantageous, an Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds and other funds of the Agency related thereto.

(D) Application of Series Bond Accounts in the Bond Fund Interest Account. Moneys on deposit in the Account for each Series of the Series Bonds in the Bond Fund Interest Account will be applied to pay interest on the related Series Bonds on the initial Interest Payment Date, and, as applicable, each Interest Payment Date through and including the first Interest Payment Date after the end of the Delivery Period, for those Series Bonds to the extent sufficient moneys are not available in the Account for those Series Bonds in the Revenue Fund to enable the Trustee to make the transfers from the Account for that Series of Series Bonds in the Revenue Fund as provided in Sections 4.5(B) of the Bond Resolution and, if necessary, to pay accrued interest on the related Series Bond Program Securities.

Any amounts remaining in the Account in the Bond Fund Interest Account relating to a particular Series of Series Bonds after the payment of interest on the related Series Bonds on the related initial Interest Payment Date, or, as applicable, the first Interest Payment Date after the end of the Delivery Period, will be transferred as provided in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

Section 10. Tax Covenant and Restrictions Relating to Tax-Exempt Series Bonds.

(A) General Tax Covenant. The Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on any Tax-Exempt Series Bonds will remain excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of those Tax-Exempt Series Bonds will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of those Tax-Exempt Series Bonds, would have caused those Tax-Exempt Series Bonds to be arbitrage bonds, unless that acquisition is at the time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency will at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of those Tax-Exempt Series Bonds and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal tax law so that the interest on those Tax-Exempt Series Bonds will be excludable from gross income for federal income tax purposes.

(B) Qualified Program Loans. The covenants and restrictions set forth in Section 11 of this Series Resolution will apply to each Program Loan purchased by the Master Servicer for inclusion in a Series Bond Program Security financed in whole or in part from the proceeds of any Tax-Exempt Series Bonds. The Agency retains the right to impose covenants with respect to Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

(C) Amendments. Any particular covenant or restriction set forth in Sections 10 and 11 of this Series Resolution, other than the covenant in Subsection (A) of this Section 10, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Tax-Exempt Series Bonds will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 10 and 11 of this Series Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

Section 11. Compliance with Applicable Federal Tax Law Relating to Tax-Exempt Series Bonds.

(A) Code Provisions. The Agency determines that Section 143 of the Code is applicable to any Tax-Exempt Series Bonds as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and which meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

(B) Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of applicable federal tax law relating to the Tax-Exempt Series Bonds are set forth in Subsections (C) through (L) of this Section 11. As to the mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each

Mortgage is executed, and to assure that 95 percent or more of the proceeds of any Tax-Exempt Series Bonds devoted, directly or indirectly, to owner financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. Certifications and warranties of Mortgagors, Lenders and the Master Servicer and provisions of the Mortgages and related promissory notes designed for this purpose are set forth in the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement. As to the arbitrage and recapture requirements of Sections 143 and 148 of the Code, the Agency and its staff will in good faith attempt to meet all those requirements for any Tax-Exempt Series Bonds and will take all reasonable steps to avoid failure due to inadvertent error.

(C) Residence. As provided in the Participation Agreements and the Master Servicing Agreement, each Program Loan purchased by the Master Servicer for inclusion in a Program Security to be financed in whole or in part from the proceeds of, or allocated to, any Tax-Exempt Series Bonds will have been made or will be made to finance the cost of construction of a new Home, or to finance the cost of acquisition, with or without rehabilitation or improvement, of an existing Home, or to finance the cost of rehabilitation or improvement of an existing Home owned by the Mortgagor located in Minnesota and containing not more than four dwelling units, which is or can reasonably be expected to become the principal residence of the Mortgagor as established by an affidavit secured by the Lender from the Mortgagor stating his or her intent so to occupy the Home not later than 60 days after final closing and thereafter to maintain it as his or her principal residence, and that no use will be made of the Home (or of the area occupied by the Mortgagor in the case of a two to four family Home) that would cause any Tax-Exempt Series Bond to meet the private business use tests of Section 141(b) of the Code, and that the Home is not to be used as an investment property or a recreational home.

(D) Three Year Prior Ownership. No Program Loan to be pooled in a Series Bond Program Security to be financed in whole or in part from the proceeds of, or allocated to, any Tax-Exempt Series Bonds will be purchased by the Master Servicer unless the originating Lender secures, or has secured, and retains an affidavit of the Mortgagor stating that he or she has not had a present ownership interest in a principal residence at any time during the three year period ending on the date when the Mortgage is executed, unless the Program Loan is made for a residence within a "targeted area," as defined in Section 143(h) of the Code and Section 6a.103A 2(b)(3) of the Regulations, or the Program Loan is made to a "veteran" borrower (as defined in 38 U.S.C. Section 101) who has not previously obtained mortgage loans financed by single family mortgage revenue bonds utilizing the veteran exception. In addition, except for Program Loans in targeted areas or to "veteran" borrowers, the Lender must secure, or must have secured, from the Mortgagor either (i) copies of the Mortgagor's federal tax returns that were filed with the Internal Revenue Service for the preceding three years (if due for these years), in order to ascertain and certify to the Agency whether the Mortgagor claimed a deduction for taxes on property that was the Mortgagor's principal residence or for interest on a mortgage secured by that property, or (ii) a credit report of the Mortgagor provided by a reputable credit reporting agency, in order for the Agency whether the Mortgagor had debt on a property that was the Mortgagor's principal residence in the preceding three years. The Program Loan may not be purchased if either the Lender or the Master Servicer has reason to believe the affidavit to be false. Notwithstanding the preceding provisions of this Subsection (D) of Section 11, a Program Loan may be made or purchased from the proceeds of, or allocated to, any Tax-Exempt Series Bonds, including by the Master Servicer to be pooled in a Series Bond Program Security, financing the rehabilitation of a Home owned by the Mortgagor, or the purchase of a Home rehabilitated by the seller, of which the Mortgagor is the first resident after the rehabilitation work is completed, provided that the Program Loan is or has been provided in connection with a "qualified rehabilitation" as defined in Section 143(k)(5) of the Code.

(E) Purchase Price. No Program Loan to be pooled in a Series Bond Program Security financed in whole or in part from the proceeds of, or allocated to, any Tax-Exempt Series Bonds will be purchased by the Master Servicer if the acquisition cost of the Home for which it is made exceeds 90 percent, or 110 percent if located in a targeted area as defined in Subsection (D) above, of the average area purchase price applicable to the Home as of the date of purchase or the date of financing commitment by the Lender, whichever is earlier, as established by average area purchase price limitations published by the Treasury Department for the statistical area in which the Home is located, or as established by the Agency pursuant to more accurate and comprehensive data available to the Agency. Acquisition cost will be determined in accordance with Section 6a.103A 2(b)(8) of the Regulations, including all cash and non-cash items deemed therein to be included under particular circumstances as a cost of acquiring a residence from the seller as a completed residential unit. The Lender must secure and retain, or file with the Master Servicer, affidavits from both the seller and the Mortgagor, establishing facts showing that the acquisition cost requirement has been met.

(F) Income Requirements. All Program Loans purchased by the Master Servicer to be pooled in a Series Bond Program Security financed in whole or in part from the proceeds of any Tax-Exempt Series Bonds must be made, or must have been made, to Mortgagors whose family income is 115 percent or less of the applicable median family income, except as otherwise permitted for targeted areas pursuant to Section 143(f)(3) of the Code or high housing cost areas pursuant to Section 143(f)(5) of the Code. The Lender must secure, or must have secured, and retain, or file with the Master Servicer, income information from available loan documents, as specified in Rev. Rul. 86-124, and an affidavit of the Mortgagor that the family income restrictions have been met. The family income limits will be adjusted for families of fewer than three individuals in accordance with Section 143(f)(6) of the Code.

(G) Volume Cap. The unused volume cap of the Agency for the issuance of qualified mortgage bonds is in excess of the principal amount of any New Money Tax-Exempt Series Bonds, together with the amount, if any, by which the issue price of those New Money Tax-Exempt Series Bonds exceeds the principal amount thereof. The Agency will apply the principal amount, and that portion of the issue price, of any New Money Tax-Exempt Series Bonds against that unused volume cap as set forth in the Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

(H) Placement in Targeted Areas. To the extent that at least 20 percent of the principal amount of the Series Bond Program Securities delivered on the date of issuance of and relating to any New Money Tax-Exempt Series Bonds does not represent Program Loans for Homes located in the "targeted areas" (as defined in Section 143(j) of the Code), the Agency will make available other funds of the Agency for the purchase of Program Loans in targeted areas upon substantially the same terms as the Program Loans backing the Series Bond Program Securities for a period of one year subsequent to the date of issuance of any New Money Tax-Exempt Series Bonds.

(I) Recapture of Federal Subsidy. The Agency will take all action necessary to comply with the requirements of Section 143(m) applicable to it, including particularly the requirements of Section 143(m)(7) and applicable Regulations, as well as the provisions of Rev. Rul. 91-3 and Revenue Procedure 91-8.

(J) Arbitrage. The Agency will take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service applicable to any Tax Exempt Series Bonds to assure that the Tax Exempt Series Bonds will meet the requirements of Section 143(g) of the Code and Section 148 of the Code relating to arbitrage, to wit:

(1) The effective rate of interest on the portions of the Transferred Program Securities and Series Bond Program Securities allocated to the proceeds of any Tax Exempt Series Bonds may not exceed the yield of the related Tax Exempt Series Bonds, computed in accordance with Section 143(g)(2) of the Code and the Regulations, by more than one and one eighth percentage points.

(2) The Agency will pay or cause to be paid the rebate amount required by Section 148(f) of the Code and applicable Regulations, as provided in the Arbitrage Rebate Certificate to be executed by the Trustee and the Agency in conjunction with the issuance and delivery of any Tax Exempt Series Bonds.

(K) Special Requirements Relating to Use of Certain Amounts on Deposit in the Related Tax Exempt Series Bond Account in the Revenue Fund. The Agency will take all necessary action pursuant to Section 143(a)(2)(A) of the Code to ensure that scheduled repayments and prepayments of principal of Transferred Program Securities and Series Bond Program Securities relating to Tax Exempt Series Bonds are used to pay and redeem those Series Bonds in the amounts and within the time periods mandated by said Section 143(a)(2)(A); provided that the provisions of this Subsection (K) will not generally be applicable if (i) there is a change in the Code or Regulations, or notice or other announcement from the Treasury Department or Internal Revenue Service, that has the effect of removing the requirement for those redemptions of Tax Exempt Series Bonds or (ii) there is delivered to the Trustee an opinion of nationally recognized bond or tax counsel that failure to make those redemptions will not adversely affect the exclusion from federal gross income of interest on the Tax Exempt Series Bonds.

(L) New Mortgage and Assumption Requirements. None of the proceeds of any Tax-Exempt Series Bonds will be used, and none of the proceeds of the Refunded Bonds were used, to acquire or replace an existing mortgage, and all of the lendable proceeds of any Tax-Exempt Series Bonds will be used, and all of the lendable proceeds of the Refunded Bonds were used, to purchase Series Bond Program Securities backed by Program Loans made to persons who did not have a mortgage (whether or not paid off) on the Home securing the Program Loan at any time prior to the execution of the Mortgage, except in the cases of (i) a mortgage securing a construction period loan, (ii) a mortgage securing a bridge loan, or similar initial temporary financing having a term of 24 months or less, (iii) an existing mortgage in the case of a Program Loan for a qualified rehabilitation as described in Section 143(k)(5) of the Code and (iv) certain contract for deed arrangements as set forth in Section 143(i)(1) of the Code. The relevant instruments relating to each Program Loan and Mortgage purchased in whole or in part from the proceeds of any Tax-Exempt Series Bonds will contain a clause to the effect that the Program Loan will be due on sale of the Home unless assumption by the purchaser is consented to by the Agency, which consent will be given only if the Agency has determined that the requirements of Subsections (C), (D), (E) and (F) of this Section 11 are met with respect to that assumption. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Subsection (B).

Section 12. Discretion of Authorized Officer. An Authorized Officer will determine the number and aggregate principal amount of each Series of the Series Bonds, subject to the limitations in Section 2(D) of this Series Resolution. 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 any of the Series Bonds authorized pursuant to this Series Resolution (subject to any applicable provisions of any purchase contract theretofore executed), then those Series Bonds will 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 15th day of
December, 2022.

By: ______________________________
Chair

Attest: ___________________________
Commissioner

[Signature page to Resolution No. MHFA 22-096]

EXHIBIT A

FORM OF SERIES BONDS

No. $

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

HOMEOWNERSHIP FINANCE BOND, [2023][2024] SERIES [___]

[(MORTGAGE-BACKED SECURITIES PASS-THROUGH PROGRAM)]
[(TAXABLE)]

Rate	Maturity Date	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, 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 of Original Issue set forth above at the annual rate specified above, computed on the basis of a 360-day year composed of twelve 30-day months, payable on [each January 1 and July 1][the first calendar day of each calendar month], commencing [__________ ____, ____] (the "Interest Payment Dates") to the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined) on the 15th day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity. Interest initially will accrue from the Date of Original Issue set forth above to, but excluding, the first Interest Payment Date and thereafter will accrue from each Interest Payment Date to but excluding, the next succeeding Interest Payment Date. 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 by check or draft, or other agreed means of payment, by Computershare Trust Company, National Association, in Minneapolis, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). 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, or state or federal laws 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 Homeownership Finance Bonds, [2023][2024] Series [__] [(Mortgage-Backed Securities Pass-Through Program)] [(Taxable)], in the original principal amount of $[________] (the "Series Bonds"), issued to provide funds needed for the Agency's Program of making or purchasing Program Securities, or participations therein (the "[2023][2024] [__] Program Securities"), to facilitate the purchase, development or rehabilitation of a sufficient supply of residential housing in Minnesota at prices that persons and families of low and moderate income can afford. The Series Bonds are issued under and pursuant to the Agency's Homeownership Finance Bond Resolution, adopted December 11, 2009, as heretofore or hereafter amended and supplemented (the "Bond Resolution"), and the Agency's series resolution[s], adopted December 15, 2022 (the "Series Resolution"), to which Bond Resolution and Series Resolution, including all supplemental resolutions that have been or may be adopted pursuant to the provisions thereof, reference is made for a description of the revenues, moneys, securities, funds and accounts pledged to the Trustee for the security of the Owners of the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the Series Bonds, and the terms upon which the Series Bonds are issued, delivered and secured. [The Series Bonds are being issued contemporaneously with the Agency's Homeownership Finance Bonds, [2023][2024] Series [_] [(Mortgage-Backed Securities Pass-Through Program)].] Capitalized terms not defined herein have the meaning given to those terms in the Series Resolution.

The Series Bonds are issuable in fully registered form. The Series Bonds are issued in denominations of $[____] principal amount or any integral multiple thereof [of a single stated maturity] [not exceeding the principal amount maturing on any Principal Installment Date]. [The Series Bonds that are Term Bonds are required to be redeemed (unless previously redeemed of canceled) by the application of sinking fund installments on the dates and in the amounts specified pursuant to the Series Resolution, at a redemption price equal to the principal amount thereof plus accrued interest, without premium.]

[All Series Bonds are subject to mandatory redemption on each Interest Payment Date, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium, in a principal amount equal to all principal repayments, including Prepayments, on the [2023][2024] [__] Program Securities purchased with proceeds of the Series Bonds on deposit in the Revenue Fund received during the immediately preceding calendar month, as further provided in the Series Resolution.]

[All Series Bonds are subject to (i) special redemption at any time, in whole or in part, at a price of par plus accrued interest, without premium, from unexpended proceeds of the Series Bonds not used to purchase Program Obligations, and (ii) special redemption at any time, in whole or in part, at a price of par plus accrued interest, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund, as further provided in the Series Resolution. "Excess Revenues," for this purpose, means Revenues, including Prepayments, on deposit in the Revenue Fund received in excess of (i) the Principal Installments and interest from time to time due and payable on Bonds Outstanding under the Bond Resolution, (ii) amounts required by the provisions of series resolutions heretofore or hereafter adopted to be used for the mandatory redemption of certain Outstanding Bonds as specified in said series resolutions, (iii) amounts payable to a Hedge Counterparty, and (iv) amounts required to pay fees and other costs of the Agency in connection with the Program.]

All Series Bonds [with stated maturities on or after _________] are also subject to redemption at the option of the Agency, in whole or in part, from any amounts available to the Agency for that purpose, on ________ and any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date of redemption, without premium.

If less than all Series Bonds are to be redeemed, the Trustee will select Series Bonds to be redeemed in accordance with the Series Resolution.

Notice of any [optional] redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of the Series Bond, not less than 30 days before the redemption date. Notice having been so given, the Series Bonds or portions of Series Bonds therein specified will be due and payable at the specified redemption date and price, with accrued interest, and funds for that payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon will cease to accrue, and those Series Bonds or portions thereof will no longer be considered Outstanding under the Bond Resolution. Any failure to give that mailed notice, or defect therein, will not impair the validity of redemption of any Series Bond not affected by that defect or failure.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively with the Series Bonds, the "Bonds"), all of which will be secured by the pledge made, regardless of the times of issue or maturity, are of equal rank without preference, priority or distinction of any Bond of any Series over any other except as expressly provided or permitted in the Bond Resolution and the Series Resolution; subject to conditions specified in the Bond Resolution, including conditions that upon the issuance of each Series of Bonds (a) the amount held by the Trustee in the Mortgage Reserve Fund, if any, will be increased to an amount not less than its requirement effective after the issuance of the Bonds, and (b) each Rating Agency will confirm that issuance of a Series of Bonds will not impair the then existing rating on the Outstanding Bonds.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Owners of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Owners of at least a majority in principal amount of the Bonds Outstanding or affected by the amendment at the time the consent is given. That resolution will be binding upon the Agency and all Fiduciaries and Owners of Bonds at the expiration of thirty days after filing with the Trustee of proof of the 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, making provisions affecting only Bonds not yet issued or reasonably necessary to assure that interest on an applicable Series of Bonds will be, or remains, excludable from gross income under the Code; curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with, the Bond Resolution or clarifying matters or questions arising under it, and may also be adopted for any other purpose as will not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. Every Owner hereof is deemed by its 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 Owner of any Series 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 affects or impairs the right of any Owner to enforce the payment of the principal of and interest on any Series Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the Series Bonds.

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 the Series Bonds 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 Agency at the designated corporate trust office of the Trustee, 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 and may also be surrendered in exchange for Series Bonds of other authorized denominations. Upon that transfer or exchange the Agency will cause to be issued in the name of the transferee or owner a new Series Bond or Series Bonds of the same aggregate principal amount, maturity, interest rate and terms 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 that transfer.

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 Bond Depository, the Trustee will pay all principal of, premium, if any, and interest on this Series Bond, and will 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 Bond Depository as agreed to by the Agency.

The Agency and the Trustee 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 those payments so made to the registered owner or upon the owner's order will 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 will be affected by any notice to the contrary.

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

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: ___________

Trustee's Certificate

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

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION,
as successor Trustee

By ________________________________
Authorized Representative

MINNESOTA HOUSING FINANCE AGENCY

____
By: (Facsimile Signature)
Chairperson

____
Attest: (Facsimile signature)
Commissioner

ASSIGNMENT

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

____

(please print or type name and address of transferee)

the within Series Bond and all rights thereunder and does hereby irrevocably constitute and appoint ___________________________ attorney to transfer the within Series 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 Series Bond in every particular, without alteration or enlargement or any change whatever.

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:

____

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Board Agenda Item: 7.B
Date: 12/15/2022

Item: Approval, Selection of firms to serve on the Investment Banking/Underwriting Team for years 2023 – 2025, with possible extensions through 2027

Staff Contact(s):
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Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
This item is for the approval of the Agency's investment banking team providing underwriting and other services related to bond issuance under various bond indentures. In November, the Agency issued a Request for Proposals for investment banking/underwriting services and for selling group services. Further context on the current composition of the team and team member performance was provided by CSG, the Agency's Financial Advisor and is included as Attachment 1 to this item.

The Agency received 18 responses with firms proposing various roles on the Agency's Investment Banking and Underwriting Team. Staff reviewed the proposals, including input from CSG, and moved 8 firms forward to interviews. Interviews were conducted and firms were ranked and selected for roles on this team. Further detail on the RFP process and the final Investment Banking team selection is described on the "RFP Background and Selections" attachment.

The RFP proposed an initial term of 3 years with the option for the Agency to continue using the team for two additional 1-year periods. Agency staff would anticipate returning to the board after year 3 with recommendations on continuing with the existing team or undertaking another RFP process.

Fiscal Impact:
The Agency will negotiate fees with selected managers to realize cost of issuance savings for this 3-year period as part of the RFP process.

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

Attachment(s):
- CSG Underwriter Review 2018-2022
- RFP Background and Selections

MINNESOTA HOUSING FINANCE AGENCY

Underwriter Performance Review:

January 2018 through November 2022

As financial advisor to Minnesota Housing Finance Agency, we have prepared this review of the Agency's underwriters' performance. The purpose is to help the Agency evaluate the performance of the members of the current underwriting team in advance of selection of underwriters for new four-year appointments.

1. CURRENT UNDERWRITING TEAM

Members

MHFA selected its current underwriting team in December 2017. The appointment was for 4 years, which the agency then continued for another year.

The team consists of: RBC (Royal Bank of Canada) as senior manager and three co-managers, J.P. Morgan, Piper Sandler and Wells Fargo.

In addition to these managers, MHFA also has a selling group of three firms (currently Baird, Morgan Stanley, and UBS) that may submit orders from retail customers. The selling group can help maximize orders, especially from Minnesota retail customers, and broaden retail distribution of the bonds.

As background, prior to 2017, MHFA had used RBC as senior manager, with two regular co-managers, and a large selling gro up of up to dozen firms. As a third rotating co-manager it would elevate the selling group member who had provided the most orders for bonds allotted to retail investors on its prior issue. This approach provided an incentive for members of the selling group to submit retail orders and meaningfully support each bond sale.

The decision to go from two to three regular co-managers reflected the agency's desire to have a wider set of co-managers with strong Minnesota retail sales capacity, credit facilities, and national housing expertise who could, if necessary, assume the role of senior manager.

Roles

The different members of the underwriting team perform, and are expected to perform, distinct functions:

Senior Manager. RBC:

a) Serves as the lead underwriting manager between bond sales, helping to provide numerous services in evaluating the market, keeping track of MHFA's ongoing bond yield compliance requirements on past issues (both single family and multifamily), participating in and providing analyses at annual finance team meetings, and making suggestions and recommendations as to potential financing alternatives.

b) Represents the underwriting team in pricing the bonds, accepting orders, allotting bonds to orders, and committing the managers to underwrite unsold bonds;

c) As the 'book-running' manager on each bond sale, leads the marketing campaign for the bonds and typically receives most institutional investor orders (and generally receives the largest share of sales compensation, or "takedown," from each institutional order); and

d) Receives the largest share of the management fee on each bond issue while also assuming the largest share of the risk on any bonds that are underwritten but not purchased by the public on the date of sale.

Regular Co-Managers. J.P. Morgan, Piper Sandler and Wells Fargo are expected to:

a) Actively assist the Agency between bond sales in evaluating the market, participating in annual finance team meetings, and makings suggestions and recommendations as to potential financings.

b) At each bond sale, provide input as to potential bond pricing levels, and actively solicit both retail and institutional orders.

c) Receive a share of the management fee and take on a share of the risk on any unsold bonds; and

d) If for any reason the senior manager is unable to perform its functions (as happened in 2008 when the prior senior manager, UBS, abruptly closed its public finance offices) or is removed by the Agency, be able to immediately step into the role of senior manager and perform it quickly and well. Regular co-managers need to be thoroughly familiar with Agency financial needs and concerns, bond issues, and loan production.

Selling Group Members. These firms are included in the team solely to expand the distribution network for bond sales. They do not provide input into bond pricing, receive any management fee, or take risk on unsold bonds. Their salespeople receive a sales commission ("takedown") on orders they submit and for which bonds are allotted.

Team Structure Compared to Other State HFAs

This team structure is different from that used by the majority of state housing finance agencies. Many housing finance agencies use a team of rotating co-senior managers; a different regular co-manager becomes the book-running on each transaction. Over the course of a year this approach spreads the work and compensation among those selected as co-senior managers. In practice, however, this also means that no one firm takes on the primary ongoing responsibility between issues to keep track of bond yield compliance or agency financing needs and opportunities. Some agencies feel that using rotating managers may encourage more firms to present financing ideas, but this is usually at the expense of continuity in working relationships and of in-depth understanding of the HFA's needs.

In practice, rotation is either simply automatic regardless of performance or, in the case of some agencies, the HFA creates a 'jump ball' for each new bond issue by asking for competing proposed structures from all the co-managers and then selecting whoever has the best ideas or has performed best or might be best suited to a structure that the HFA has already decided on (or, frequently, who hasn't recently had a chance to be the senior manager).

Minnesota Housing's approach places more responsibility on the senior manager and in return expects a very high level of ongoing service and a long-term perspective on the needs of the Agency – as opposed to the best outcome for the underwriter on one particular bond sale.

In 2017, MHFA continued this same structure of a single senior manager that it has used since the agency's inception and that it has found – and CSG believes from our active participation with MHFA and other HFAs – serves it well in meeting the Agency's objectives.

Key Reasons for Selection of Firms

In late 2017, MHFA received written proposals to its RFP from approximately a dozen firms to serve as a senior or co-manager. After review, the selection committee, composed of several board members and senior staff, narrowed these to 5 firms that it interviewed: Bank of America, J.P. Morgan, Piper Jaffray (now Piper Sandler), RBC and Wells Fargo. Upon conclusion of the interview process, the committee recommended the particular composition and membership of the managers to the full board for its review and approval.

It is worth reviewing the reasons indicated at the committee and board for selection of each manager, since performance of managers is best measured against the objectives and expectations under which they were selected.

Expectations for Senior Manager. RBC was selected as senior manager on the expectation that it would provide a very high level of ongoing services, including both yield and cash flow analyses as well as ideas and market feedback, and provide excellent management of bond sales. RBC and its predecessor entities, going back to Dain Bosworth, had prior to 2008 served as co-managers to MHFA for many decades. Upon UBS' abrupt departure from the public finance business, RBC hired several of the key employees previously assigned to the MHFA account who had extensive knowledge of Agency financings. In 2008, with the public finance underwriting business in flux and several firms having closed or been merged, RBC was asked by the Agency to serve as interim senior manager until the underwriting firms stabilized and an orderly selection could be conducted at the beginning of 2010. RBC offered both an extensive retail presence in Minnesota, a national ranking among the most active housing underwriters, and key staff long-familiar with the agency. In 2013 and again in 2017 the agency re-selected RBC as senior manager based on its performance in meeting the agency's expectations.

Expectations for Co-Managers. Piper Sandler (previously Piper Jaffray) has served as co-manager for many years for the Agency, had engaged several personnel (one of whom has since retired) who had previously served as financial advisor to MHFA, had an extensive retail presence in Minnesota, and had experience as advisor to several HFAs across the country.

Wells Fargo has served as co-manager since 2013. It has an extremely strong retail sales network in Minnesota, a strong national housing group that works with many HFAs either as a senior or co-manager, and as a major rated bank the ability to provide credit, liquidity or other financial facilities to MHFA.

J.P. Morgan was added as a third co-manager in 2017. It was included because, as part of J.P. Morgan Chase, it has a strong retail sales network in Minnesota, a strong national housing group with some of the longest-standing roles and assigned lead personnel who had served as senior manager to many HFAs, and as a major bank could potentially provide liquidity or other financial facilities.

The aim was that each of the co-managers would provide through key assigned individuals, extensive experience and familiarity with MHFA's types of financings, and each was expected to play an active role in understanding the Agency's needs and in selling bonds at attractive rates.

Expectations for Selling Group Members. In 2017, it did not initially re-select a formal panel of selling group members for retail sales. In part, this reflected the fact that a large share of the agency's financings had become single-family pass-through bonds which are sold only to institutions, not retail, and that it would now have three co-managers (as well as the senior manager) with extensive Minnesota retail sales capability. As the agency began selling more structured issues with significant retail components, at their request a few firms were included as selling group members: Baird, Morgan Stanley, and UBS.

Established Fee Levels. Upon completion of the interviews and the selection of the new team, the Agency established each manager's share of management fees and liability for unsold balances on bond issues and reconfirmed the rules for allocation of sales compensation among the managers.

2. BOND SALES

Sales Performance

Retail Sales. Table 1 shows each firm's total retail orders received on all RHFB and Housing Infrastructure Bond transactions. (There are no retail orders on HFB bonds or received by anyone other than RBC on Rental Housing Bonds). It also shows the actual allotments of bonds, based on subscription levels for particular maturities and rules giving higher priority to Minnesota retail than national retail orders. Allotments thus measure how important the orders were to Minnesota Housing being to able to fully sell bonds in particular maturities.

Table 1. 2018-2022 Retail Sales Summary (in $000's)
Firms Ranked by Retail Orders
(RHFB and Housing Infrastructure Bonds)

Firm	Role	Orders	As %	Allotments	As %
RBC Capital Markets	Senior Manager	571,805	66.9%	278,385	69.9%
Wells Fargo	Co-Manager	129,700	15.2%	51,770	13.0%
Piper Sandler	Co-Manager	82,585	9.7%	33,035	8.3%
J.P. Morgan	Co-Manager	27,405	3.2%	13,025	3.3%
Morgan Stanley	Selling Group	21,020	2.5%	11,170	2.8%
UBS	Selling Group	15,510	1.8%	11,170	2.8%
Baird	Selling Group	6,250	0.7%	2,190	0.6%
All Firms		**854,275**	**100%**	**398,260**	**100%**

RBC. As expected, as the senior manager, RBC received the largest number of retail orders – approximately two-thirds. Their significant retail strength in Minnesota also contributed to this performance.

Wells Fargo. With a strong retail network, Wells Fargo out-performed other co-managers and selling group members. Its $129.7 million of total orders was impressive.

Piper Sandler. As a firm with a strong retail presence in Minnesota, they were expected to and did contribute substantially to retail sales – approximately 10% – often with much of their contribution on earlier serial maturities.

J.P. Morgan. The firm brought in the least retail orders of the co-manager, approximately 3%.

Morgan Stanley. Morgan Stanley significantly out-performed other selling group members, with 2.5% of total retail. Its retail orders, as a selling group member, were only slightly less than J.P. Morgan as a co-manager.

UBS. They brought in about 1.8% of orders, often on maturities that would have otherwise been undersubscribed; thus, their allotment percentage of 2.8% was significantly higher than their % of orders themselves.

Baird. They had somewhat less than 1% of orders and allotments.

Institutional Sales. Although orders from institutional buyers can be brought in by any manager (and are then allocated among multiple firms), institutional orders have historically been just received by the senior manager on most housing bond transactions. In recent years, however, both with MHFA and other housing issuers, co-managers have sometimes been bringing in institutional orders, which can contribute to a successful bond sale.

During the last 3 years, since Jan. 1, 2020, the following amount of institutional orders have been brought in by the different managers (many of the J.P. Morgan orders were on HFB bonds in 2020).

RBC, senior manager:	7,632,868,000
J.P. Morgan, co-manager:	424,100,000
Wells Fargo, co-manager:	214,980,000
Piper Sandler, co-manager:	194,700,000

Bond Pricing

As the agency's financial advisor, we both participate actively in each bond pricing and provide post-sale memo's including charts comparting pricing levels to that of bond issues of other HFAs during the same period. As described in the post-sale memo's, the bond pricings for Minnesota Housing have been highly competitive, with the agency's RHFB AA-rated bonds often comparing favorably with AAA rated issues from other agencies.

3. PERFORMANCE BETWEEN ISSUES

RBC. Active investment banking contributions between bond sales is a key role for the senior manager and to a lesser extent for the regular co-managers. From our participation in and review of those efforts, our view is that RBC has played as strong and valuable a role as any senior manager for any of our state HFA clients. The significant depth of assigned personnel, range of expertise (including rental housing issuance and lending), timely provision of arbitrage yield and maintenance of bond volume genealogy, experience with and knowledge of MHFA's indentures and balance sheet, and input from their trading desk between sales were all extremely strong. As MHFA had sought, they helped provide significant continuity and brought a long-range perspective to the Agency's financing needs.

In addition, RBC's innovation of pass-through bonds backed by mortgage backed securities and their leadership in developing the market for these bonds was uniquely valuable for Minnesota Housing's ability to continue to finance its production at attractive rates when traditional financing structures were uneconomic.

RBC has provided numerous financing facilities for the agency. One of the most important has been the recycling line of credit for preserving private activity bond volume cap, described below. In addition, RBC has provided highly competitive standby bond purchase contracts, often at the same or lower rates for extended facilities than the Federal Home Loan Bank, who has been the other major provider for Minnesota Housing. RBC is also one of the three swap providers, along with Bank of New York Mellon and Wells Fargo, with whom they have a standard ISDA.

Co-Managers. Co-manager roles and participations vary between HFAs. From our experience, each of the co-managers were cooperative and informed.

An important vehicle for mutual sharing between the entire finance team, including co-managers, and the agency has been the annual meetings. These were postponed during the pandemic and reduced some of the interaction it will be important to provide going forward.

In addition, with respect to J.P. Morgan, the head of its housing group, and Minnesota Housing's lead contact there, left J.P. Morgan at the end of 2021.

In terms of financing facilities, Wells Fargo has provided and bids on swaps of the agency, and can provide standby bond purchase contracts. J.P. Morgan's standby bond purchase contract charges are generally significantly higher than other major banks and have therefore not recently been used by Minnesota Housing or other HFAs.

4. PERFORMANCE OF THE UNDERWRITING TEAM IN MEETING MINNESOTA HOUSING OBJECTIVES

The most important measure of the underwriting team's performance is how well they helped Minnesota Housing achieve its particular financing objectives on both a long-term as well as short-term basis. We have looked at this in terms of structuring approaches and consequences as well as bond sales, since all are essential to Minnesota Housing achieving its goals.

Single Family Financing

The underwriters help MHFA find effective ways to finance single-family production that meets Agency objectives. Specifically, the underwriters have been asked to meet two Agency criteria:

- assure that financing new production is (a) at least as profitable for the Agency as selling loans directly in the secondary market and (b) crucially, helps stabilize future Agency income, by being at least at the equivalent of full spread (1.125%);

- leverage and minimize the use of new volume cap, which is needed for rental housing projects including to help qualify for 4% low income housing tax credits.

The underwriting team has helped address these criteria in four key ways:

Innovating and Marketing Single-Family Pass-Through Bonds. The agency's underwriters helped the Agency issue the first pass-through bonds in the country and have since continued to develop and expand the market for such bonds. Minnesota Housing has been by far the national leader in such issues.

All the HFB issues are monthly-pass through bonds. The key has been finding investors who are willing to accept a lower yield on single-family bonds if they are structured like the underlying GNMA and Fannie Mae mortgage-backed securities, rather than more traditional tax-exempt bonds. This includes monthly payments, exact dollar amounts, pass-through of all principal received, and an easy ability to track prepayments on Bloomberg.

Depending on the market, the underwriters have often achieved significant basis points savings for Minnesota Housing compared to more traditional bond structures. Most of the pass-through issues in recent years have been all taxable, thus saving volume cap.

Most important, the pass-through approach provides alternative executions in often-challenging markets, in meeting the dual criteria for adding future spread income while stretching volume cap.

Recycling Bond Volume Cap. Recognizing that the carryforward volume cap from past years is gradually being utilized and the increasing pressures on new cap, the underwriters created in 2016 and have continued the recycling bond line of credit. At the end of each month, the principal on existing loans that would otherwise be used to call old bonds is refunded instead into the drawdown facility. The underwriter provides the short-term financing for the Agency to preserve and recycle this bond cap until several months later when the Agency can efficiently issue long-term bonds to make new loans. Since its implementation, the Agency has provided well over $1 billion for preserving volume cap, including over $840 million since Jan. 1, 2020.

Managing Zero Participations. ero participations help the Agency be able to earn full spread on each transaction. The underwriters monitor and manage these zero participations. This includes helping design RHFB bond issues with refundings to generate additional zeros and then using these zeros efficiently on RHFB and HFB issues to assure full spread. These zeros played a critical role when bond interest rates spiked up dramatically during the course of pipeline production, such as in 2022.

Utilization off Taxable Debt. The key single-family achievement by the underwriters over the past five years has been increasing the amount of taxable debt used to finance single-family production. This has enabled the agency to finance record amounts of production (over $1 billion in FY 22) with a limited amount of volume cap. The tools for doing this have been taxable pass-through bonds, taxable variable rate bonds with interest rate swaps, and taxable fixed rate debt.

Rental Housing and State Appropriation Bondss

The underwriters have performed well in structuring and marketing these bonds which help provide funding for affordable multi-family developments in the State.

Rental Housing Bonds. These financings have consisted of small short-term issues for individual multi-family loans, that are then taken out with permanent loans from Pool 2. The most important role of the underwriter on each issue has been managing the transaction to help assure the bond amounts, sources and uses, and timing work for the project as it goes through numerous changes in finalizing its details. Many of the financings involve multiple sources of subsidy and public approvals.

State Appropriation Bonds. The State Appropriation (or Housing Infrastructure) Bonds are issued by Minnesota Housing but are backed by annual appropriations by the State of Minnesota. The most important innovation on these issues has been to design these issues so that the soft gap loans made from these funds can help projects meet the requirements for other funding sources, including in many cases 4% tax credits. The key role of the underwriters is helping structure these issues so that they meet the needs of the underlying projects to be assisted while using the limited amount of annual State appropriation as efficiently as possible so the Agency can assist the most projects. The in-state retail orders on these issues have been modest but the overall issues have been well-received.

Summary

The underwriting team has played a very effective role in helping Minnesota Housing meet its financing needs in each of these areas.

Investment Banking and Underwriting Team RFP Background and Selections

Background:
As outlined in the Debt Management Policy, every four years the Agency selects a group of firms to serve as our investment banking/underwriting team. Of the firms selected for the team, traditionally the Agency also has designated a single firm to serve as our senior manager for our financings. In addition, a group of co-managers are named, and an initial selling group is determined. Because these selections are appointments, (i.e., no contract is entered into that evidences these selections), the Agency has the right at any time during the duration of the appointments to make any changes it desires in the composition of the investment banking team. The RFP, released in November, proposed an initial term of 3 years, 2023-2025, with the option for the Agency to continue using the team for two additional 1-year periods. Agency staff would anticipate returning to the board after year 3 with recommendations on continuing with the existing team or undertaking another RFP process.

Eighteen firms responded to the RFP seeking various roles and after review of the responses to the RFP by Agency staff and CSG the Agency's Financial Advisor the following eight qualified firms were invited to interview for a position on the investment banking team:

- Bank of America Securities
- Citigroup Global Markets, Inc.
- JP Morgan
- Morgan Stanley
- Piper Sandler
- Raymond James
- RBC Capital Markets
- Wells Fargo

Selections:
The Agency selection team was comprised of the Michael Solomon, Debbi Larson, Matt Dieveney and Tresa Larkin representing the Agency's day to day Financial operations, Secondary Markets trading and Multifamily financing areas. Gene Slater from CSG provided national perspective and hands on experience with many of the firms. Based upon a review of the responses and interview process by this group the following recommendation of the Finance team is being provided to the Board:

RBC - Sole Senior Manager
Morgan Stanley – Co-Manager
Piper Sandler – Co-Manager
Wells Fargo – Co-Manager and Eligible Senior Manager

Agency staff, in consultation with its Financial Advisor intends to select which Senior and co-managers from this list will serve on the team for each issuance under the Agency's current bond resolutions; Homeownership Finance Bonds (HFB), Residential Housing Finance Bonds (RHFB), Rental Housing Bonds (RHB) and Housing Infrastructure Bonds (HIB). As a result of this RFP process, the members of the selection team are recommending that the board select RBC as the sole senior manager of the investment banking/underwriting team, and appoint Morgan Stanley, Piper Sandler and Wells Fargo as co-managers on the team. Wells Fargo would additionally be eligible to be a Senior Manager for multifamily financings.

It is possible that not all co-managers will be asked to participate as co-managers for each resolution or issuance. Another outcome of this process is that the Agency would like to include a rotating position in the co-manager group by elevating the best performing Selling Group member to the co-manager position for a subsequent transaction. All qualified respondents to the RFP will be invited to join the initial selling group which includes:

- AmeriVet Securities
- Bank of America Securities
- Barclay's
- Citigroup Global Markets, Inc.
- Huntington Capital Markets
- JP Morgan
- Loop Capital Markets
- Northland Securities
- Raymond James
- Robert W. Baird & Co., Inc.
- Samuel A. Ramirez & Co., Inc
- TD Securities, LLC
- UBS Financial Services, Inc.

The selection team feels the proposed investment banking team brings a diverse set of strengths allowing the best marketing, pricing and distribution for the Agency's bonds to investors in Minnesota and across the nation. The approach and structure allows for the sharing of new ideas, bringing the experience of co-managers to the table and should incentivize selling group members to perform and join the team for future transactions.

MINNESOTA HOUSING

Board Agenda Item:7.C
Date: 12/15/2022

Item: Funding Modification, Housing Infrastructure Bond (HIB) Program
- Silver Linings Apartments, D8336, Moorhead, MN

Staff Contact(s):
Adam Himmel, 651.284.3171, adam.himmel@state.mn.us
Susan Thompson, 651.296.9838, susan.thompson@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
At the March 25, 2021, board meeting, the proposed development was selected for a commitment of deferred funding under the Housing Infrastructure Bond (HIB) program under Resolution No. MHFA 21-013 in the amount of $6,700,000. Agency staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution modifying the loan under the Housing Infrastructure Bond (HIB) program by $2,885,000 to a maximum of $9,585,000.

The development was also selected for deferred funding up to $575,000 under the Flexible Financing for Capital Costs (FFCC) program under Resolution No. MHFA 21-013. There are no changes to the FFCC loan amount, and that loan is not subject to additional board action.

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

Fiscal Impact:
Minnesota Housing will not earn interest revenue of the HIB loan. As the debt service on the HIBs to be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency.

Minnesota Housing will earn additional fee income from originating the loans for this project.

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

Background:
At its March 25, 2021, meeting, the Minnesota Housing board approved the selection of Silver Linings Apartments for loan commitments under the Housing Infrastructure Bond (HIB) program in the amount of $6,700,000 and the FFCC program in the amount of $575,000.

The project involves the new construction of 36 one-bedroom units in a three-story elevator building located in Moorhead, MN. The development will provide permanent supportive housing for seniors aged 55+ experiencing homelessness. Twenty units will serve households that meet the definition of high priority homelessness (HPH). Twenty units will benefit from Housing Support and five units will benefit from U.S. Department of Housing and Urban Development - Veterans Affairs Supportive Housing (HUD-VASH) project-based voucher (PBV) rental assistance.

Since selection, total development costs (TDC) have increased over $3.2 million, primarily attributable to higher construction costs caused by ongoing supply chain disruptions, labor shortages and increased prevailing wages in Clay County. A portion of cost increases were offset by grants from Clay County and the City of Moorhead using American Rescue Plan Act funds. The general partner, Churches United for the Homeless, is also contributing $47,757 to fund an operating reserve for the development. To close the remaining gap, staff recommends an increase to the HIB loan of $2,885,000 for a total HIB loan of $9,585,000.

Summary of project cost changes since selection:

Description	Amount at Selection	Amount Current	Amount Change	% Change
Acquisition or Refinance	$ 532,000	$ 346,000	($ 186,000)	-35%
Construction Costs	$ 5,406,549	$ 8,784,150	$ 3,377,601	62%
Environmental Abatement	$ 0	$ 0	$ 0	0%
Professional Fees	$ 686,000	$ 690,308	$ 4,308	1%
Developer Fee	$ 845,000	$ 845,000	$0	0%
Financing Costs	$ 207,958	$ 175,131	($ 32,827)	-16%
Total Mortgageable Costs	$ 7,677,507	$10,840,589	$ 3,163,082	**10%**
Reserves	$ 0	$ 47,757	$ 47,757	New
Total Development Cost	$ 7,677,507	$10,888,346	$ 3,210,839	**42%**

Despite construction cost increases, TDC per unit is $302,454 or approximately 9% over the predictive cost model estimate of $276,880 per unit. This is within the allowable threshold of 25% permitted in Board Policy 15 and does not require a board waiver.

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

RESOLUTION NO. MHFA 22-XXX
Modifying Resolution No. MHFA 21-013

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION
HOUSING INFRASTRUCTURE BOND (HIB) PROGRAM

WHEREAS, the Board has previously authorized a commitment of deferred funding under the Housing Infrastructure Bond (HIB) program in the amount of $6,700,000 for Silver Linings Apartments development by its Resolution No. MHFA 21-013; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations, and policies, and;

WHEREAS, Agency staff has determined that there are increased development costs.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to modify the commitment for the indicated development, subject to the revisions noted:

1. The HIB loan shall be increased by $2,885,000 to a maximum of $9,585,000..

2. All other terms and conditions of Minnesota Housing Resolution No. MHFA 21-013 remain in effect.

Adopted this 15th day of December 2022

____
CHAIRMAN

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MINNESOTA HOUSING

400 Wabasha Street North, Suite 400 St. Paul, MN 55102
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www.mnhousing.gov

November 16, 2022

Pastor Sue Koesterman
Chief Executive Officer
Churches United for the Homeless
1901 1st Avenue North
Moorhead, MN 56560

RE: Term Letter
Silver Linings Apartments, Moorhead
Development #8336, Project #18536

Dear Pastor Sue Koesterman:

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: Silver Linings Apartments LLC

General Partner(s) Managing Member(s): Churches United for the Homeless

Development Description/Purpose: New construction of a 36-unit affordable housing development located in Moorhead, Minnesota

Program	Housing Infrastructure Bonds (HIB)	Flexible Financing Capital Costs (FFCC)
Loan Amount	$ 9,585,000	$ 575,000
Interest Rate	0%	0%
Mortgage Insurance Premium (%)	Not Applicable	Not Applicable
Term	Approx. 14 months (construction) + 30 years	Approx. 14 months (construction) + 30 years
Amortization / Repayment	Loan forgivable after construction period + 30 years	Deferred lump sum payment due in construction period + 30 years.

Prepayment Provision	No prepayment first 10 years from date of the HIB Note.	Prepay at any time without penalty
Nonrecourse or Recourse	Nonrecourse	Nonrecourse
Construction to Permanent Loan, Construction Bridge Loan or End Loan	Construction to Permanent Loan	Construction to Permanent Loan
Lien Priority	First	Second

Origination Fee: HIB Loan: $72,925
(payable at the earlier of loan commitment or loan closing)

Inspection Fee: $12,873 (payable at the earlier of loan commitment or loan closing)

Guaranty / Guarantor(s): N/A

Operating Cost Reserve Account: Capitalized operating reserve in the amount of $47,757 funded at closing anticipated from sponsor (CUFH) loan. The reserve will be held by Minnesota Housing.

Replacement Reserve Account: Monthly replacement reserve deposits will be required in the amount of $1,050. The replacement reserve will be held by Minnesota Housing.

Escrows: Not applicable

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:

- HIB – Senior
  - 36 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
  - Commitment to 14 months (construction) plus 30 years of affordability from the date of loan closing.
- FFCC
  - 36 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
  - Commitment to affordability in effect while the loan is outstanding.

HAP or Other Subsidy Agreement: Commitment to construction period plus 30 years of affordability from the date of loan closing under the HUD-VASH program for 5 units and 20 units under Housing Support program.

Other Occupancy Requirements: The development must qualify as Senior Housing for the term of HIB loan. ;

Other Requirements: The HIB and FFCC loans are subject to the terms in the attached Deferred Selection Criteria.

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 six months from the date of this letter or loan closing/end loan commitment.

Additional Terms: None

Other Conditions: None

Board Approval: Commitment of all loans are 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 Adam Himmel at adam.himmel@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 Ted Tulashie at ted.tulashie@state.mn.us.

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

November 16, 2022
Page 4

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

SILVER LININGS APARTMENTS LLC

By: ____
Pastor Sue Koesterman, Chief Executive Officer, Churches United for the Homeless

Date Accepted: 11/17/2022

Selection Criteria Related to 2020 RFP/2021 HTC Round 1

Project Name: Silver Linings
Project City: Moorhead

Property Number (D#): D8336
Project Number: M18536

Permanent Supportive Housing for High Priority Homeless

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)	
☑ 50% to 100%	☑ 50% to 100%	Single Adults	20

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. The Owner agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and HTC documents. The Owner agrees units will be set aside and rented to High Priority Homeless who are a household prioritized for permanent supportive housing by Coordinated Entry System (HPH units) and targeted to the populations indicated. Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Permanent Supportive Housing for High Priority Homeless – CoC Priority 1

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Continuum of Care Household Type Priority One	☐ Continuum of Care Household Type Priority One	

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units that the Owner agrees the project will target to Continuum of Care Household Type Priority One.

Serves Lowest Income Tenants/Rent Reduction

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)	
☑ 100% of the restricted unit rents at 50% HUD MTSP	☐ 100% of the restricted unit rents at 50% HUD MTSP	Number of Units	0

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion. The project must not exceed the gross rent levels for the term of the Loan/LURA. The period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date. Units that have selected the rental assistance criterion cannot be used as a Serves Lowest Income Unit. The owner will be required to certify on an annual basis that the rent and income restrictions comply.

Rental Assistance

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)	
☑ 51.1% to 99.9% of the total units	☑ 51.1% to 99.9% of the total units	Number of Units	25

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion. The owner will be required to continue renewals of project based housing subsidy payments for a minimum of 10 years. The owner must continue renewals of existing project based housing subsidy payment contract(s). The owner agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if rental assistance is not available for the full period. The 10 year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date. For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be no greater than 30% of household income except as approved by Minnesota Housing. The project must comply with the requirements in the Self-Scoring Worksheet and Deferred Loan Priority Checklist. Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. Units that have selected the rental assistance criterion cannot be used as a Serves Lowest Income Unit. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Rental Assistance – Further Restricted Rental Assisted Units (FRRA)

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)	
☑ 50.1% to 75% of units	☑ 50.1% to 75% of units	Number of Units	19

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will include the number of units required to meet this criterion for the term of the loan/LURA. Specific performance requirement relief provisions are available for projects that meet the selection criterion and will be incorporated into the loan and HTC documents. Owner agrees to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period. The 10 year period begins for HTC developments at the time of Placed in Service (PIS) or for deferred only loan transactions, the closing date.

Long Term Affordability

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Long-term affordability for a minimum of 40 years	☑ Long-term affordability for a minimum of 40 years	

Loan/HTC Commitment and Compliance Monitoring

Owner agrees to extend the term of the LURA and/or waive their right to Qualified Contract for the applicable term.

Workforce Housing Communities

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Top Job Center or Net Five Year Job Growth Community	☑ Top Job Center or Net Five Year Job Growth Community	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Location Efficiency – Access to Transit

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ One half mile of designated stop with service every 60 minutes OR one half mile of commuter rail station OR demand response/dial-a-ride same day service	☑ One half mile of designated stop with service every 60 minutes OR one half mile of commuter rail station OR demand response/dial-a-ride same day service	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Location Efficiency – Walkability

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Walk Score of 50 or more	☑ Walk Score of 50 or more	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Community Development Initiative

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Contributes to Community Development Initiative efforts	☑ Contributes to Community Development Initiative efforts	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Rural/Tribal

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Rural/Tribal Designate Area	☑ Rural/Tribal Designate Area	

Loan/HTC Commitment and Compliance Monitoring

Eligibility was determined at the time of selection.

Minority Owned/Women Owned Business

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ A MBE/WBE	☑ A MBE/WBE	

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.

Other Contributions

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Other Contributions 3.5% to 6%	☐ Other Contributions 3.5% to 6%	

Loan/HTC Commitment and Compliance Monitoring

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

Intermediary Costs

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ 15.1 to 20%	☑ 15.1 to 20%	

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	Agency Confirmed Criteria	Number of Units (Agency Validated)	
☑ Elevator Building	☑ Elevator Building	Number of Units	36

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	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Smoke Free Buildings	☑ Smoke Free Buildings	

Loan/HTC Commitment and Compliance Monitoring

The deferred loan and HTC document(s) will 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 loan/LURA. The owner will be required to certify on an annual basis that the development complies with this criterion for the term of the loan/LURA.

Minnesota Overlay to Enterprise Green Communities Criteria

Developer Claimed Criteria	Agency Confirmed Criteria	Number of Units (Agency Validated)
☑ Green Communities 2 times optional criteria	☐ Green Communities 2 times optional criteria	

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.

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MINNESOTA HOUSING

Board Agenda Item:7.D
Date: 12/15/2022

Item: Commitment Low and Moderate Income Rental Loan (LMIR)
– Many Rivers West, D2867, Minneapolis, MN

Staff Contact(s):
Anne Heitlinger, 651.296.9841, anne.heitlinger@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff completed the underwriting and technical review of the proposed development and recommends the development for selection and adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $1,290,000.

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

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the end loan without incurring financing expenses.

Minnesota Housing will earn additional fee income from originating the loans for this project.

Meeting Agency Priorities:

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

Attachments:

- Development Summary
- Resolution
- Resolution Attachment: Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Many Rivers West		**D#2867**	**M#19026**
Address	1400 East Franklin Avenue			
City	Minneapolis	**County**	Hennepin	
Date of Selection	NA	**Region**	Metro	

A. Project Description and Population Served

- The development involves the refinance of 28 units in a four-story elevator building with units ranging from one to three bedrooms.
- The development provides general occupancy and workforce housing for single and family households.
- The development serves households with incomes at or below 50% and 60% Minimum Tax Subsidy Projects (MTSP).
- Three units benefit from project-based Section 8 rental assistance through Minneapolis Public Housing Authority, making them deeply affordable to households at 30% MTSP.
- The property was built in 2006. Original funding sources include equity from 4% housing tax credits, City of Minneapolis long-term tax-exempt bonds via a US Bank first mortgage, a Hennepin County Affordable Housing Investment Fund (AHIF) loan, and City of Minneapolis loans from the following programs: Empowerment Zone, Local Housing Incentives Account (LHIA) and Affordable Housing Trust Fund/HOME.
- The new LMIR loan will facilitate the ability of the American Indian Community Development Corporation (AICDC) to pay off the existing US Bank first mortgage with a 5.43% interest rate. AICDC will pay-off the US Bank loan with a bridge loan, which will then be replaced with a new LMIR with HUD Risk-Sharing loan that has a 3.50% interest rate.
- The property has approximately 5,400 square feet of commercial space. Consistent with Minnesota Housing Underwriting Standards, the commercial revenue is excluded from underwriting. The current tenant, the Mille Lacs Band of Ojibwe, has extended their lease agreement with AICDC for the space.

B. Mortgagor Information

Ownership Entity:	Many Rivers West Limited Partnership
Sponsor:	American Indian Community Development Corporation (AICDC)
General Partner(s)/ Principal(s):	American Indian MRW GP LLC
Guarantor(s):	American Indian Community Development Corporation (AICDC)

C. Development Team Capacity Review

The sponsor, AICDC, has the experience and capacity to complete the project. The developer has utilized other Agency first mortgages, housing tax credits, and deferred funding.

The property manager, Perennial Management, was established in 2005 and currently has eight developments with 250 units. Their portfolio includes other properties of similar size and type. The property manager has the capacity to manage this development.

The sponsor, AICDC, represents a Black, Indigenous, People of Color-owned/ Women-owned Business Enterprise, more specifically an Indigenous organization.

The property management company represents a women-owned business enterprise.

There is no rehabilitation as part of the refinance; therefore, a general contractor and architect are not required.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction /End Loan
Permanent Amortizing	LMIR	Pool 2	$1,290,000	3.50%	.125%	35	Amort	End

- The LMIR loan will be insured under the United States Department of Housing and Urban Development (HUD) Risk-Sharing program.
- The LMIR loan may be securitized with the United States Department of the Treasury's Federal Financing Bank (FFB) via their partnership with HUD.
- The transaction will extend the term of the existing $450,000 deferred Minnesota Families Affordable Rental Investment Fund (MARIF) loan to be coterminous with the LMIR loan.

Permanent Mortgage Loan to Value: 31%

E. Significant Changes Since Date of Selection
None

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$ 1,290,000	$ 46,071
Construction Costs	$ 0	$ 0
Environmental Abatement	$ 0	$ 0
Professional Fees	$ 24,936	$ 891
Developer Fee	$ 0	$ 0
Financing Costs	$ 40,113	$ 1,433
Total Mortgageable Costs	$ 0	$ 0
Reserves	$ 296,500	$ 10,589
Total Development Cost	**$ 1,651,549**	**$ 58,984**

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Permanent Mortgage	$ 1,290,000	$ 46,071
Operating Reserve	$ 54,925	$ 1,962
AICDC Loan	$ 306,624	$ 10,951
Total Permanent Financing	**$ 1,651,549**	**$ 58,984**

C. Financing Structure

The permanent LMIR first mortgage will have a 3.50% interest rate with a 35-year term and amortization. The loan will be insured under the HUD Risk-Sharing program and the borrower will pay .125% mortgage insurance premium (MIP) on the permanent loan.

The operating reserve is controlled by AICDC and will be transferred into the project.

A new sponsor loan from AICDC will be at a 0% interest rate and a 35-year term.

Although not listed in the permanent capital sources above, the other existing loans will be resubordinated and extended to be at least co-terminus with the LMIR. These include:

- Minnesota Housing MARIF Loan
- Minneapolis Empowerment Zone Loan
- Minneapolis LHIA Loan

- Minneapolis HOME Loan
- Hennepin County AHIF Loan (1)
- Hennepin County AHIF Loan (2)

D. Cost Reasonableness
Not applicable to refinance projects.

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
1 BR	5	$ 950	50%	50%	N/A
1 BR	1	$ 1,240	Market	100%	N/A
1 BR	2	$ 1,240	Market	None	N/A
2 BR	2	$ 1,108	50%	50%	N/A
2 BR	2	$ 1,225	60%	60%	N/A
2 BR	2	$ 1,525	Market	None	N/A
3 BR	3	$ 1,500	MARIF	MARIF	Section 8 vouchers
3 BR	8	$ 1,525	60%	60%	N/A
3 BR	3	$ 2,135	Market	None	N/A

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

- LMIR restrictions (new)
  - Twelve (12) units with rents and incomes at or below 60% MTSP
  - Up to seven (7) units unrestricted
  - Nine (9) units with incomes at or below 100% of the greater of statewide or area median income

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.

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.01.
- The project was underwritten at 3% vacancy, with 2% income and 3% expense inflators.
- Three (3) three-bedroom units in the project benefit from a project-based voucher contract with Minneapolis Public Housing Authority. The current contract expires in 2026.

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

RESOLUTION NO. MHFA 22-XXX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM

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

Name of Development:	Many Rivers West
Sponsors:	American Indian Community Development Corporation (AICDC)
Guarantors:	American Indian Community Development Corporation (AICDC)
Location of Development:	Minneapolis, MN
Number of Units:	28
Amount of LMIR Mortgage: (not to exceed)	$1,290,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the refinance 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 permanent mortgage loan to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on June 15, 2023; and
2. The amount of the LMIR amortizing loan shall not exceed $1,290,000; and
3. The interest rate on the permanent LMIR loan shall be 3.5% per annum (subject to change, as set forth in the attached Agency term letter dated November 30, 2022), plus .125% per

annum HUD Risk-Sharing Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and

4. The term of the permanent LMIR loan shall be 35 years; and
5. 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
6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
7. The sponsor shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
8. The sponsor shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; 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 loans, 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 15th day of December 2022

____

CHAIRMAN

MINNESOTA HOUSING

400 Wabasha Street North, Suite 400 St. Paul, MN 55102
800.657.3769
651.296.8139 |
651.297.2361
www.mnhousing.gov

November 30, 2022

Michael Goze
Many Rivers West Limited Partnership
American Indian Community Development Corporation
1508 E Franklin Ave
Minneapolis, MN 55404

RE: Term Letter
Many Rivers West, Minneapolis
Development #D2867, Project #M19026

Dear Mr. Goze:

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: Many Rivers West Limited Partnership

General Partner: American Indian MRW GP LLC

Development Description/Purpose: Refinancing of a 28-unit affordable housing development located in Minneapolis, Minnesota

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk-Share)
Loan Amount	$ 1,290,000
Interest Rate	3.50%*
Mortgage Insurance Premium (%)	.125% *(first year premium is paid in advance)*
Term	35 years
Amortization / Repayment	35 years
Prepayment Provision	No prepayment first 10 years from date of the Note.
Nonrecourse or Recourse	Nonrecourse

Construction to Permanent Loan, Construction Bridge Loan or End Loan	End Loan
Lien Priority	First

*Subject to change. Notwithstanding the Interest Rate Lock Extension Fee, the Loan closing must occur by May 30, 2023 for the quoted interest rate to be valid; interest rate may be subject to adjustment after this date at Minnesota Housing's sole discretion.

Origination Fee: LMIR HUD Risk Share Loan: $25,800
(payable at the earlier of loan commitment or loan closing)

Interest Rate Lock Extension Fee: A fee of $3,225 per 90 day extension beyond 11/30/22, with a maximum of two 90 day extensions.

Guaranty / Guarantor(s): Operations guaranty to be provided by: American Indian Community Development Corporation (AICDC)

Operating Deficit Escrow Reserve Account: Waived

Replacement Reserve Account: Capitalized replacement reserve in the amount of $296,500 funded at initial loan closing. Monthly replacement reserve deposits will be required in the amount of $1,050. The replacement reserve will be held by Minnesota Housing.

Escrows: Real estate tax escrow and property insurance escrow to be established on the day of closing of the loan (outside of the development budget) and will be held by Minnesota Housing.

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:

- 12 units with rents and incomes at or below 60% MTSP
- Up to 7 units unrestricted
- 9 units with incomes at or below 100% of the greater of statewide or area median income as determined by HUD

- Commitment to affordability in effect while the loan is outstanding.

HAP or Other Subsidy Agreement:	Not applicable.
Other Requirements:	NA
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	The Terms will expire six months from the date of this letter.
Additional Terms:	Existing loans must be subordinated to the LMIR HUD Risk-Share loan and must be extended to be at least co-terminus.
Other Conditions:	None
Board Approval:	Commitment of all loans under the LMIR program are 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 Maggie Nadeau at Maggie.Nadeau@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 Anne Heitlinger at Anne.Heitlinger@state.mn.us.

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

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

Nov 30, 2022
Page 4

AGREED AND ACCEPTED BY:

MANY RIVERS WEST LIMITED PARTNERSHIP

By: ______________________________
Michael Goze, Chief Executive Officer

Date Accepted: 12-3-22

Board Agenda Item: 7.E
Date: 12/15/2022

Item: Manufactured Home Community Redevelopment Program 2022 RFP Selections

Staff Contact(s):
Annie Reierson, 651.296.3495, annie.reierson@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests Board approval of the 2022 Manufactured Home Community Redevelopment Program Request for Proposals (RFP) and Selection 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 (HIB) proceeds, which are awarded as grants that do not earn interest for the Agency.

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

Attachment(s):
- Background and Funding Recommendations
- Map of Manufactured Home Community Proposals
- Proposal Summaries
- Resolution

Background

The Manufactured Home Community Redevelopment Program was created in 2020 when the State Legislature allocated $2 million in state appropriations to the statute governing the program to address the needs of aging manufactured home communities around the state. The Minnesota Legislature has funded the program with $3.75 million in state appropriations for the current biennium, with an additional $15 million in Housing Infrastructure Bond (HIB) proceeds set aside for the program until January 16, 2024. After funds were committed in the 2021 Request for Proposals (RFP), $1,856,830 in appropriated funds and $9,599,660 in HIB proceeds remain for the 2022 RFP. 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 community as a whole. 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 Parks, with priority given to Cooperative ownership models.

Grantees will be expected to meet the terms of an affordability period of up to 25 years, and lot rent increase restrictions of no more than 5% per year, unless approved by Minnesota Housing. Statute also requires that park 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

Proposal applications were accepted through a competitive RFP process. Minnesota Housing received 25 proposals for infrastructure redevelopment from manufactured home communities totaling $25,727,065. Four of the 25 proposals included acquisition activities.

Fourteen 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 financial health of the applicant and ability to implement the project. Scored proposals were then reviewed and prioritized by a selection committee, consisting of six Agency leadership and staff members.

Funding Recommendations

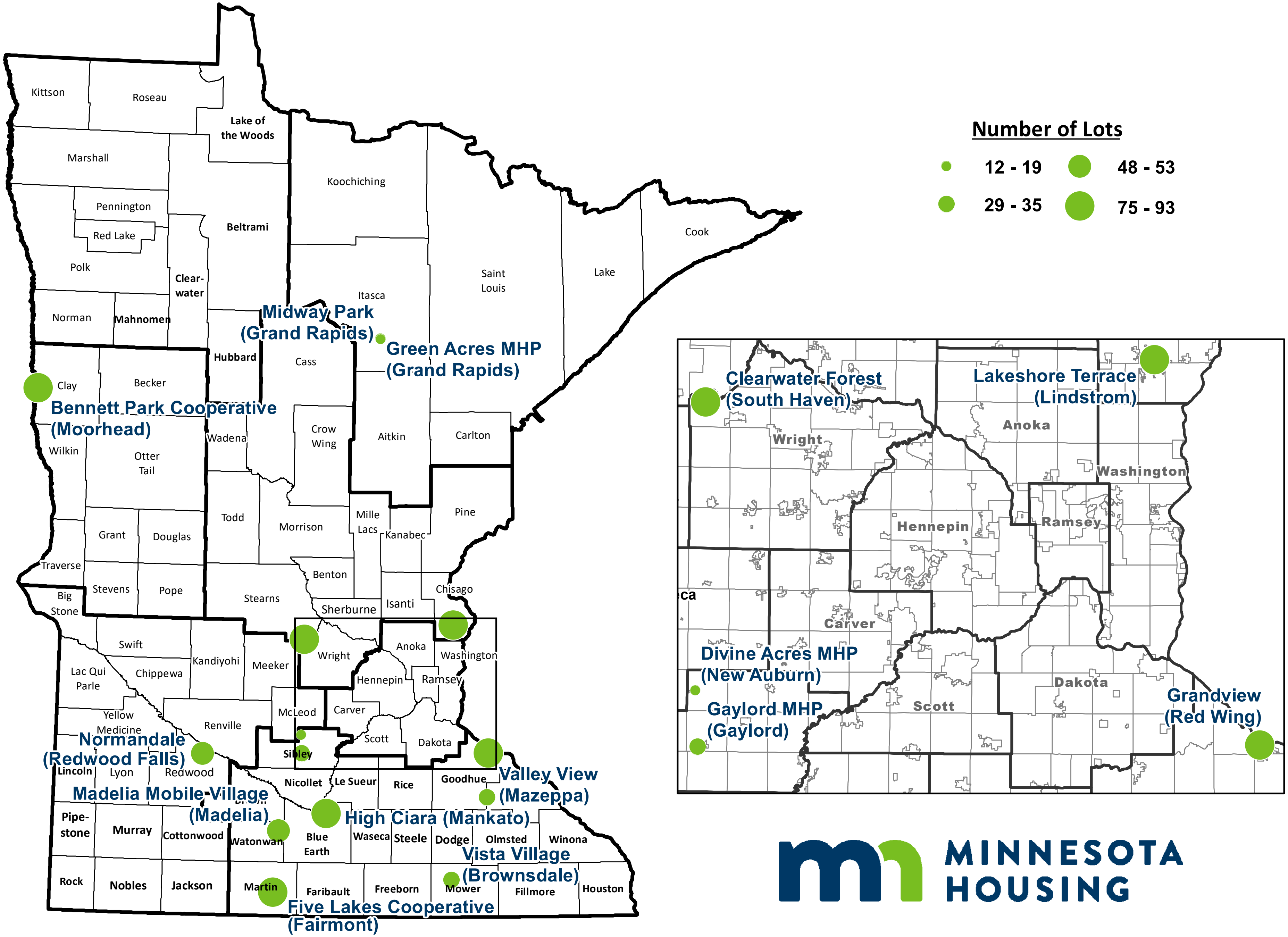
Staff recommends funding 14 Manufactured Home Community Redevelopment proposals, totaling $9,529,411. State appropriations of $1,813,502 will support seven of the proposals. HIB proceeds in the amount of $7,715,909 will support the other seven proposals. Eleven proposals did not meet the minimum scoring threshold and are not recommended for funding. Proposal summaries are found on the pages attached to this report.

Funding selection letters will be sent to the approved applicants in December 2022. 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 debriefing meeting and technical assistance.

Manufactured Home Community Redevelopment Program 2022 Request For Proposals Funding Recommendations					
Community Name	**Location**	**Proposal Activity**	**Funding Request**	**State Appropriation Recommendation**	**HIB Proceeds Recommendation**
Five Lakes Cooperative	Fairmont	Infrastructure Redevelopment	$ 2,759,366	--	$ 2,200,000
Bennett Park Cooperative	Moorhead	Infrastructure Redevelopment	$ 3,457,394	--	$ 2,600,000
Normandale Mobile Park	Redwood Falls	Infrastructure Redevelopment	$ 314,000	--	$ 200,000
Clearwater Forest	South Haven	Infrastructure Redevelopment	$ 1,398,500	--	$ 1,000,000
High Ciara MHP	Mankato	Infrastructure Redevelopment	$ 196,200	$ 196,200	--
Green Acres MHP	Grand Rapids	Infrastructure Redevelopment	$ 127,595	$ 127,595	--
Madelia Mobile Village	Madelia	Infrastructure Redevelopment	$ 1,611,254	--	$ 500,000
Valley View	Mazeppa	Infrastructure Redevelopment	$ 239,253	$ 239,253	--
Grandview MHP	Red Wing	Infrastructure Redevelopment	$ 1,000,000	--	$ 300,000
Lakeshore Terrace	Lindstrom	Infrastructure Redevelopment	$ 915,909	--	$ 915,909
Vista Village	Brownsdale	Infrastructure Redevelopment	$ 341,454	$ 341,454	--
Divine Acres MHP	New Auburn	Infrastructure Redevelopment	$ 115,675	$ 89,000	--
Midway Park	Grand Rapids	Infrastructure Redevelopment	$ 239,169	$ 220,000	--
Gaylord MHP	Gaylord	Acquisition & Infrastructure Redevelopment	$ 887,650	$ 600,000	--
Croix Estates	Chisago	Infrastructure Redevelopment	$ 273,000	--	--
Country Acres MHP	Grand Rapids	Infrastructure Redevelopment	$ 709,151	--	--
Tower View	Ogilvie	Infrastructure Redevelopment	$ 750,000	--	--
Broadmoor Valley	Marshall	Infrastructure Redevelopment	$ 5,210,220	--	--

Bonnevista Terrace	Shakopee	Infrastructure Redevelopment	$ 2,372,000	--	--
Cedar Terrace	Stillwater	Infrastructure Redevelopment	$ 403,546	--	--
Pine Cone Park	Perham	Acquisition & Infrastructure Redevelopment	$ 425,000	--	--
Sherwood Forest	Barnum	Infrastructure Redevelopment	$ 669,450	--	--
Grass Lake	Bemidji	Acquisition & Infrastructure Redevelopment	$ 701,279	--	--
Fulda	Fulda	Acquisition & Infrastructure Redevelopment	$ 574,000	--	--
Julia Lee's PCA	Blaine	Infrastructure Redevelopment	$ 5,000	--	--
Totals:			**$ 25,727,065**	**$ 1,813,502**	**$ 7,715,909**
Combined Total:					**$ 9,529,411**

2022 Manufactured Home Community Redevelopment Program Selections



Five Lakes Cooperative				
Ownership Model:	Resident Owned Cooperative			
# of Lots:	87			
Activity Type:	Infrastructure Redevelopment			
Location:	Greater MN: Fairmont, MN (Martin County)			
Project Funding Details				
Funds Requested:	**$2,759,366**		**Recommended Funds:**	**$2,200,000**
Total Project Cost:	$2,779,366		Grant (Appropriations):	n/a
Funds per Lot:	$31,716.85		Grant (HIB proceeds):	$2,200,000
Project Cost per Lot:	$31,946.74			
Total Leverage $:	$20,000			
Total Leverage %	1%		Previous MHCR funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Five Lakes Cooperative is a resident-owned, year-round cooperative community with 87 home sites. It is located in Fairmont, a small city in rural Martin County with an aging population. It is the largest of the city's two remaining park communities, which provide the city's most affordable housing.

The community's roads and storm shelter have deteriorated. They plan a complete street reconstruction, new storm water infrastructure to preserve the roads, and a new storm shelter that is accessible to all residents and can double as a community center, providing laundry facilities and internet access.

Lot rents are very affordable at $230 per month. 55% of households in the community have household incomes that are 30-50% of the city's area median incomes, 27% are 50-80% of that amount. 15% of the community are Hispanic, with several non-English speaking households, and there is a technical assistance provider who is fluent in Spanish.

The city has indicated support for this project but is not providing a financial contribution. The community is a resident-owned cooperative with a democratically elected board of directors. The community is the largest manufactured home park in Fairmont and provides an important source of affordable and workforce housing.

The application describes the licensing and experience of the design and consulting firm and the project engineer. The applicant conducted a bidding process, and the contractor was selected based on their familiarity with similar projects and experience with manufactured home communities. Northcountry Cooperative Foundation will oversee the management of the project.

Bennett Park Cooperative

Ownership Model:	Resident Owned Cooperative
# of Lots:	75
Activity Type:	Infrastructure Redevelopment
Location:	Greater MN: Moorhead, MN (Clay County)

Project Funding Details

Funds Requested:	**$3,377,394**		**Recommended Funds:**	**$2,600,000**
Total Project Cost:	$3,427,394		Grant (Appropriations):	n/a
Funds per Lot:	$45,031.92		Grant (HIB proceeds):	$2,600,000
Project Cost per Lot:	$45.698.58			
Total Leverage $:	$50,000			
Total Leverage %	1%		Previous MHCR funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Bennett Park Cooperative is a residential, year-round community that is one of the oldest cooperative manufactured home communities in the state. The park was established in 2005. Today, the community has a functioning resident led board of directors that identified the activities within the proposal. The community's board will partner with Northcountry Cooperative Foundation (NCF) through a special services contract where NCF will provide support to BPC to administer the grant by assisting with contractor selection, procurement and project management, including payment processing to third parties. NCF will ensure the board and resident owners are at the center of every decision made about their community and the infrastructure improvements.

Funds will be used for infrastructure redevelopment projects to improve the water and sewer system, and to replace the park's roads and sidewalks. Residents have democratically decided to replace the five water meters throughout the community. The storm sewer system will be improved by adding new storm sewer facilities and adding catch basins to existing facilities to better accommodate drainage. Currently, large puddles form throughout the park and obscure deep potholes in the road, causing accessibility issues and posing hazards to residents. The existing road is deteriorating and creating hazardous conditions for residents, especially those with mobility issues.

Lot rents are $420 per month. The resident community at Bennett Park Cooperative is low income and self identifies as somewhat racially and ethnically diverse. Based on prior surveys, applicant estimates that: 40% of households are white, 35% are Latino, 10% are American Indian, 5% are Asian, 10% are unreported.

City of Moorhead is in support of moving the project forward and has earmarked CDBG funding in the amount of $30,000. The Coop community is contributing $20,000 of their own maintenance reserve funds.

Normandale Mobile Park				
Ownership Model:	Privately owned			
# of Lots:	48			
Activity Type:	Infrastructure Redevelopment			
Location:	Greater MN: Redwood Falls (Redwood County)			
Project Funding Details				
Funds Requested:	**$314,000**		**Recommended Funds:**	**$200,000**
Total Project Cost:	$314,259		Grant (Appropriations):	n/a
Funds per Lot:	$6,541.67		Grant (HIB proceeds):	$200,000
Project Cost per Lot:	$6,547.06			
Total Leverage $:	$114,259			
Total Leverage %	36.4%		Previous MHCR Funding (2021)	$333,345
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Normandale is year-around park located in the rural city of Redwood Falls, MN. Redwood Falls has a population of approximately 5,000 people and is the primary business, medical and governmental hub for those within 30 miles of the city. The park is licensed for 48 homes, but the owner has been intentionally removing blighted and undesirable homes as they have been vacated by residents. The setting of Normandale is park-like and sits on the south edge of town and the population is very diverse with Hispanic, white and Indigenous households, young and old, singles, couples, and families. The owner received funds for this project in 2021. These funds are for Phase 2 of the project.

The owner's intent is to make improvements to the park that will enhance its appeal to the modest income residents and workforce of Redwood Falls. They are seeking to replace roads and sidewalks, along with moving and replacing an inadequate storm sewer system that is contributing to road failure issues and removing and replacing parking pads that are broken and uneven.

Lot rents are at $300 per month and include mowing, water and sewer. All other utilities are the responsibility of the tenant. This is the lowest rent in Redwood Falls. Rents have increased an average of 4.7% annually. 30% of residents are very low income. 38% of residents are households occupied by Indigenous and Hispanic residents.

The owners are in talks with the city to take over maintenance of the new roads, but no plan is in place from the city for that piece. The City of Redwood Falls is eager to see improvements and is committed to working with the owner to advance the project.

36.4% of the project funds will be provided by the applicant from their lender, Franklin State Bank. The applicant states they can move forward with the project if they receive less funds than requested. Costs are assessed by ISG engineering firm, the report is comprehensive and detailed. The project timeline is reasonable. Staff recommend partial funding.

Clearwater Forest

Ownership Model:	Privately Owned
# of Lots:	81
Activity Type:	Infrastructure Redevelopment
Location:	Greater MN: South Haven (Stearns County)

Project Funding Details

Funds Requested:	**$1,398,500**		**Recommended Funds:**	**$1,000,000**
Total Project Cost:	$1,598,500		Grant (Appropriations):	n/a
Funds per Lot:	$17,265.43		Grant (HIB proceeds):	$1,000,000
Project Cost per Lot:	$19,734.57			
Total Leverage $:	$100,000			
Total Leverage %	6%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Clearwater Forest is a year-round community with 69 home sites, licensed for 81 lots. The community includes a marina, swimming pool, community room, as well as a seasonal campground. The community is in rural Stearns County in Fairview township near Clearwater Lake. Clearwater Forest is one of few non-subsidized affordable housing options in the immediate area. Most of the residents are long-term homeowners. This has been in existence for more than 70 years and under current ownership since 1993. The owner applied for funds in 2021, but was not selected for funding.

The park is subdivided and has a campground with 89 seasonal campers. The campground does not have sewer or water services and does not affect the project for the 69 other lots. The project is designed to address a health and safety issue. An environmental study from Natural Systems Utilities and a message from Fairhaven Township both identify this as a potential hazard. The community owner was notified the current wastewater treatment system is considered failed by several measures. The system has gotten much worse since their application in 2021 and is in need of immediate replacement.

Lot rents range from $465-$530 per month, including garbage, and rents have not increased significantly. The community owner indicates the majority of residents reported incomes ranging from $25,000 to $49,999. A survey was used to collect demographic data which indicted 50% are retired on a fixed income and 10% are disabled or not able to work. 10% of residents report having disabilities.

Fairhaven Township and Stearns County both indicated support with letters, but there is no financial support being provided from either. The community is located in a rural area that does not have access to city water and sewer systems. The park owners have $70,000 in committed leverage and a commitment letter for loan up to $100,000. The project is well planned and the contractors are experienced in this type of work. Staff recommend funding the water treatment system replacement.

High Ciara MHP	
Ownership Model:	Private Ownership
# of Lots:	81
Activity Type:	Infrastructure Redevelopment
Location:	Greater MN: Mankato (Blue Earth County)

Project Funding Details

Funds Requested:	**$196,200**		**Recommended Funds:**	**$196,200**
Total Project Cost:	$218,000		Grant (Appropriations):	$196,200
Funds per Lot:	$2,422.22		Grant (HIB proceeds):	n/a
Project Cost per Lot:	$2,691.36			
Total Leverage $:	$21,800			
Total Leverage %	10%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

The High Ciara community is year-round for all tenants. The community is located in a portion of the city that is close to shopping and other retail outlets, making it a desirable location for tenants. The community has a high percentage of tenants on social security, it is close to local businesses and medical facilities. This allows for tenants in the community to walk or bus to local retail businesses and easily access establishments for their medical needs. There are also young families in the community. The owner purchased the park in 2018 and has been slowly making improvements since.

The roads in the community are in poor shape and need improvements. Replacement of roads will improve safety by removing potholes and placement of speedbumps so those driving the roads stay at a lower speed.

Lot rents are $310 per month and include trash services. The application describes the average resident household income is $27,354. Applicant uses census data to show 24% of households in park represent underserved communities, primarily Hispanic, while the Hispanic population in the Mankato area in general is 3.8%.

The city of Mankato is not involved in this project but is supportive of the role the park plays in providing affordable housing.

The estimated costs of the project are low compared to other projects involving street improvements. The owners are contributing 10% of the costs from their own funds. Staff recommends fully funding the project on a reimbursement basis.

Green Acres MHP	
Ownership Model:	Privately Owned
# of Lots:	12
Activity Type:	Infrastructure Redevelopment
Location:	Greater MN: Grand Rapids (Itasca County)

Project Funding Details

Funds Requested:	**$127,595**		**Recommended Funds:**	**$127,595**
Total Project Cost:	$142,595		Grant (Appropriations):	$127,595
Funds per Lot:	$10,632.92		Grant (HIB proceeds):	n/a
Project Cost per Lot:	$11,882.92			
Total Leverage $:	$15,000			
Total Leverage %	11%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Green Acres is a small, fully occupied manufactured housing community in Grand Rapids, MN. This community is privately owned with year-round residential lots.

The water lines lifespan has expired and could start to malfunction and provide no water source to residents. Funds would be used to replace water system and private well for the park.

Lot rents are affordable at $285 per month, including utilities and rents have not increased over the past several years. Household incomes range from $25,000-41,000 and several tenants are on disability income.

No community support was documented in the application, however the owner describes a lack of affordable housing options in the Grand Rapids area and preserving this community would contribute to needed affordable housing units

The park owners have $15,000 to contribute to the project. The project is well-designed, there are reasonable and complete contractor bids, and the applicant appears to be an experienced community owner. Costs appear very reasonable for this type of work. Staff recommend fully funding this project on a reimbursement basis.

Madelia Mobile Village

Ownership Model:	Resident Owned Cooperative
# of Lots:	53
Activity Type:	Infrastructure
Location:	Greater MN: Madelia, MN (Watonwan County)

Project Funding Details

Funds Requested:	**$1,611,254**		**Recommended Funds:**	**$500,000**
Total Project Cost:	$1,611,254		Grant (Appropriations):	n/a
Funds per Lot:	$30,401.02		Grant (HIB proceeds):	$500,000
Project Cost per Lot:	$30,401.02			
Total Leverage $:	$0			
Total Leverage %	0%		Previous MHCR Funding (2020):	$700,000
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Madelia Mobile Village is a resident-owned cooperative, formed in 2008, in Watonwan County with 30 of 52 lots occupied by homeowners. The application was submitted by North Country Foundation (NCF), who would act as a project manager. The City of Madelia offered the basement of their fire hall for inclement weather when the community first converted to resident ownership. Due to the condition and not being ADA compliant, the City decided to move their Fire/Police and City Hall services to another location. The current structure is being sold for redevelopment and the community is now in need of a storm shelter. The community received $700,000 from this program in 2020 for water and sewer system upgrades.

The application is for the construction of ADA compliant, above ground storm shelter with hardened construction, dual use as a community room space. In addition to the storm shelter, the project includes outdoor amenities, greenspace, playground and basketball court.

Lot rents are affordable to low-income households with rents at $260 per month (plus water). Household income ranges are reported as $14,760-$39,360. 78% of the households are Latinx, many being first generation immigrants and Spanish-speaking households.

The city of Madelia is not involved in the project. The community is owned and run by a resident run board. There are no public utilities in the community, but all utilities are privately owned by the cooperative.

The project costs are high for a storm shelter. Based on the estimates provided, this is because there are expansive plans for outdoor green space and playground area. Though it would be nice for the community to have such a great outdoor space, staff recommend a smaller budget for a storm shelter that could still double as a community space, due to limited funds and the high number of requests.

Valley View Mobile Home Park	
Ownership Model:	Privately Owned
# of Lots:	35
Activity Type:	Infrastructure Redevelopment
Location:	Greater MN: Mazeppa (Wabasha County)

Project Funding Details				
Funds Requested:	**$239,235**		**Recommended Funds:**	**$239,235**
Total Project Cost:	$269,235		Grant (Appropriations):	$239,235
Funds per Lot:	$6,835.80		Grant (HIB proceeds):	n/a
Project Cost per Lot:	$7,692.94			
Total Leverage $:	$30,000			
Total Leverage %	11%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Valley View Mobile Home Park is a privately owned community, located in the city of Mazeppa, approximately 20 miles north of the city of Rochester. Valley View MHP is a year-round residential park with 35 mobile home lots and one rental house. The park was built in the early 1970's. The land was originally a small farm inside the city limits. It still has a small barn, farmhouse and pole shed along with the mobile homes. The project includes road improvements and tree removal.

The proposal would repair four park-owned asphalt streets that have no curb or gutter. The asphalt is approximately 30 years old. Two of the streets are completely broken up into a mixture of loose gravel and bits of asphalt. As the asphalt deteriorates, it breaks up into different size pieces and leaves uneven surfaces, which pose a safety hazard and also makes snow removal more difficult. Additionally, the property has six massive soft maple trees that are growing in between the mobile homes. The residents are asking to have the trees removed as these pose a risk to the destruction of property and/or the life of the residents.

Lot rents are affordable to low-income households with rents at $300 per month, which includes water and sewer. Household income ranges are reported as $20,000-$70,000. Valley View Mobile Home Park has a mix of residents, from working class of all ages and the park is predominantly occupied by lower income residents. The city of Mazeppa is not involved in the project. The community is owned and run by a private owner.

This project is relatively small, however will benefit the members of the community and has the potential to create nine additional affordable housing units. The park owner has committed $30,000 of his own funds to the project. The project timeline is reasonable and anticipates the project will be completed in a 12-month timeframe. Staff recommends fully funding this project.

Grandview Mobile Home Park

Ownership Model:	Private Ownership
# of Lots:	93
Activity Type:	Infrastructure
Location:	Greater MN: Red Wing (Goodhue County)

Project Funding Details

Funds Requested:	**$1,000,000**		**Recommended Funds:**	**$300,000**
Total Project Cost:	$1,831,500		Grant (Appropriations):	n/a
Funds per Lot:	$10,752.69		Grant (HIB proceeds):	$300,000
Project Cost per Lot:	$19,693.55			
Total Leverage $:	$41,075			
Total Leverage %	4.1%		Previous MHCR Funding (2021):	$700,000
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Grandview is a manufactured housing community that was built in at least 2 phases, the oldest of which is believed to be about 60 years old with no major infrastructure upgrades since the original construction. It is set in the scenic bluffs of Red Wing MN with mature woods and hilly terrain. Grandview is set amidst a middle-income residential neighborhood to the west and a city park with community gardens to the south. The park operates fully as a year around park with no seasonal tenants. 79 of the 93 lots are occupied.

The project includes a complete redesign and replacement of the roads and storm sewer and to control the surface water evacuation and keep it away from residents' homes. Additional benefits to the community include an end to yard erosion, better looking and longer lasting asphalt, the elimination of pooling on the road and in resident yards, resulting in the reduction of insects, rodents, mold, and rot that occurs from moisture present under and around homes. These are both health and quality of life improvements.

Lot rents are $345 per month which includes lawn mowing. All utilities are metered and billed direct to the tenant by the utility provider which encourages conservation. The city of Red Wing provides the water and sewer utilities. Forty percent of the households occupied by residents who are Black, Indigenous or people of color.

The city and local leaders are in support of making these improvements. The owner has been in dialog with the City of Red Wing regarding Tax Abatement and other options for city contribution, including waiving certain fees, but no commitments have been made to date.

The owner has bids from WSE Engineering firm and a professional partner at Solomon Real Estate Group that is assisting with the project. Costs are well documented. Staff recommend partially funding the project for the repairs in Area B of the community.

Lakeshore Terrace MHP	
Ownership Model:	Privately Owned
# of Lots:	78
Activity Type:	Infrastructure Redevelopment
Location:	11-County Metro: Lindstrom (Chisago Country)

Project Funding Details

Funds Requested:	**$915,900**		**Recommended Funds:**	**$915,900**
Total Project Cost:	$1,144,887		Grant (Appropriations):	n/a
Funds per Lot:	$11,742,43		Grant (HIB proceeds):	$915,900
Project Cost per Lot:	$14,678.04			
Total Leverage $:	$228,977			
Total Leverage %	20%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Lakeshore Terrace is a privately owned, residential, year-round park with 77 lots, but is licensed for 78. Lakeshore Terrace is located 35 miles NE of the Twin Cities metro area. Lakeshore Terrace is a senior community that serves 117 residents ages 55+.

The grant would be used to fund the replacement of deteriorating roads and driveways, and to build a dual purpose, onsite, one-level, storm shelter/community room that would be accessible to persons with disabilities, including a mail station and private office for the safety and well-being of the residents. The current storm shelter and community spaces are not accessible for any person who utilizes a mobility device or who struggles to navigate narrow, steep stairs.

Lot rents are $430-480, including rent of the home. Rent includes garbage, sewer, and water. Lakeshore Terrace sent a paper survey to all households in Lakeshore Terraces and researched data about the city to document residents' income. Over half of the households residing at Lakeshore Terrace report an income below $59,100.00.

The owners also have some interest in partnering with local services to support residents aging in place.

The applicant will utilize money earned from rent toward 20% of the projects costs as leverage. Owner funds are documented. The storm shelter architects are well established and experienced with designing dual purpose storm shelter/community room for parks. They designed the storm shelter at Park Plaza, which was previously funding with Minnesota Housing dollars through a different program. Staff recommends full funding for the project.

Vista Village				
Ownership Model:	Privately Owned			
# of Lots:	29			
Activity Type:	Infrastructure			
Location:	Greater MN: Brownsdale (Mower County)			
Project Funding Details				
Funds Requested:	**$341,455**		**Recommended Funds:**	**$341,455**
Total Project Cost:	$471,455		Grant (Appropriations):	n/a
Funds per Lot:	$11,774.27		Grant (HIB proceeds):	$341,455
Project Cost per Lot:	$12,808.75			
Total Leverage $:	$30,000			
Total Leverage %	8%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Vista Village is a privately owned park which the applicant purchased in 2022, located six miles outside of Austin, MN. There are 19 vacant lots. Ten lots are occupied by low-income households, mostly renters.

The applicant would like to upgrade the electrical system, replace outdated hydrants and water lines, and remove diseased trees from the community.
The project includes replacements of the roads and curbs, which will be funded by the city. The park owner will utilize their own funds alongside this grant to repair the water and sewer system and remove several diseased trees in the community. There are some needs that impact the health and safety of the community, particularly the electrical upgrades and hydrant replacements.

There is a high vacancy rate in the community. Lot rents are very affordable at $225 per month. The park currently has 10 homes occupied. There are 29 lots with 28 homes. Application states household income ranges for tenants are $12,000 to $50,000.

The city provided a letter of support and would be involved in paving of the roadways as a contribution of community support.

The applicant is providing $30,000 in leverage and the costs seem reasonable. Costs were assessed based on contractors the applicant has worked with in the past. Contractors appear to have many years of experience in their fields. Additional bids may be required, if possible. Staff recommends fully funding this project.

Divine Acres				
Ownership Model:	Privately Owned			
# of Lots:	19			
Activity Type:	Infrastructure Redevelopment			
Location:	Greater MN: New Auburn (Sibley County)			
Project Funding Details				
Funds Requested:	**$115,675**		**Recommended Funds:**	**$89,000**
Total Project Cost:	$125,675		Grant (Appropriations):	$89,000
Funds per Lot:	$6,088.16		Grant (HIB proceeds):	n/a
Project Cost per Lot:	$6,614.47			
Total Leverage $:	$10,000			
Total Leverage %	8%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Green Acres is a small, fully occupied manufactured housing community in Grand Rapids, MN. This community is privately owned with year-round residential lots.

The community is in need of a safe place to shelter during inclement weather. The funds would be used for a 15 x 36 foot pre-cast storm shelter.

Lot rents are affordable at $285 a month, including utilities, and rents have not increased over the past several years. Household incomes range from $25,000-41,000 and several tenants are on disability income.

No community support was documented in the application, however the owner describes a lack of affordable housing options in the Grand Rapids area and preserving this community would contribute to needed affordable housing units.

The park owners have $10,000 to contribute to the project. The project is well-designed, reasonable and includes complete contractor bids. The owner appears to be an experienced community owner. Costs appear very reasonable for this type of work. The only costs documented for the project were $89,000. Staff recommends funding the documented costs on a reimbursement basis.

Midway Park	
Ownership Model:	Private Ownership
# of Lots:	13
Activity Type:	Infrastructure
Location:	Greater MN: Grand Rapids (Itasca)

Project Funding Details

Funds Requested:	**$239,169**		**Recommended Funds:**	**$220,000**
Total Project Cost:	$239,169		Grant (Appropriations):	$220,000
Funds per Lot:	$18,397.65		Grant (HIB proceeds):	n/a
Project Cost per Lot:	$18,397.65			
Total Leverage $:	$0			
Total Leverage %	0%		Previous MHCR Funding:	$0
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Midway Park is a privately owned, year-round park in Grand Rapids. The community is occupied by both renters (10 units) and homeowners (2 units), with one lot vacant at time of application. The community identifies itself as a “felon friendly” and provides safe, stable and affordable housing to many individuals who have been previously involved with the criminal justice system.

Funds will be used to replace the water and sewer system, install a privacy fence around the perimeter of the park, and to install park signage at both park entrances.

An inspection completed by Minnesota Department of Health (MDH), showed that the current sewer and water system is overburdened, unable to be repaired and must be replaced. The current septic system requires a new tank and mound system. If the improvements are not made, MDH will remove existing water meters and cut water access to all lots in the park. With no water access the community may face potential closure.
The privacy fence will help to foster a safer and more private living environment for the tenants. The project also includes bids for extensive signage throughout the park.

The community is deeply affordable to low-income households. Rental homes are $250-$500 per month and lot rent for homeowners is $200 per month. The tight knit community is made up of individuals returning from the criminal justice system, individuals with disabilities, families and individuals living on social security.

A cost estimate from an experienced contractor was provided but the applicant was unable to gather detailed bids from experienced contractors prior to application submission. All work is planned to begin in during spring 2023.The project has no secured leverage.
Staff recommend funding this project, with the exception of the signage, on a reimbursement basis.

Gaylord Mobile Home Park

Ownership Model:	Privately Owned with plans for cooperative conversion
# of Lots:	30
Activity Type:	Acquisition: Cooperative Ownership Model
Location:	Greater MN: Gaylord (Sibley County)

Project Funding Details

Funds Requested:	**$887,650**		**Recommended Funds:**	**$600,000**
Total Project Cost:	$887,650		Grant (Appropriations):	$600,000
Funds per Lot:	$29,588.33		Grant (HIB proceeds):	n/a
Project Cost per Lot:	$29,588.33			
Total Leverage $:	$0			
Total Leverage %	0%			
MHFA Leverage:	$0			

Manufactured Home Park Description and Project Activities:

Gaylord Mobile Home Park is a year-round residential park. There are no seasonal residents. It is located on the shores of Lake Titlow in Gaylord, MN. This is the only manufactured home community in the town of Gaylord and supplies much needed, deeply affordable housing to the surrounding community. NCF will purchase the community as an interim owner, lease up the vacant lots with new manufactured homes, and work with existing homeowners to improve their homes. The infrastructure portion of the project includes site prep for bringing in new lots.

Gaylord is home to Michael's Foods, which is a large employer in the town. Michael's is looking to expand its workforce and is exploring opportunities to partner with the City of Gaylord or organizations to expand the affordable housing options for its employees.
Lot rents are $369, includes water, sewer, natural gas and trash, with a plan to increase rents to $376. Now and into the future, the cooperative corporation will be in charge of determining their lot rent increases. Based on conversations with the seller of the property and analysis of the rent roll, they estimate that nearly 100% of the community's existing homeowners are Latinx households.

The City of Gaylord has expressed interest in seeing this project move forward and making a connection between NCF and Michael's Foods. The local HRA is the seller, so they are intimately involved in the sale process.

The remaining funds that are not funded through the MHCRP will be covered by a loan from Minnesota Housing, a private lender, or another mission-driven lender.
Staff recommending funding the acquisition portion with addition $200,000 to apply toward infrastructure redevelopment.

Agenda Item: 7.E
Resolution

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

RESOLUTION NO. MHFA 22-XX

RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANT FUNDS FOR THE MANUFACTURED HOME COMMUNITY REDEVELOPMENT PROGRAM AND HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS

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 Minn. Stat. ch. 462A.

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:

2022 Manufactured Home Community Name	Program Activity	Funding Source	Funding Amount
Five Lakes Cooperative	Infrastructure Redevelopment	HIB Proceeds	$ 2,200,000
Bennett Park Cooperative	Infrastructure Redevelopment	HIB Proceeds	$ 2,600,000
Normandale Mobile Park	Infrastructure Redevelopment	HIB Proceeds	$ 200,000
Clearwater Forest	Infrastructure Redevelopment	HIB Proceeds	$ 1,000,000
High Ciara MHP	Infrastructure Redevelopment	State Appropriations	$ 196,200
Green Acres MHP	Infrastructure Redevelopment	State Appropriations	$ 127,595
Madelia Mobile Village Cooperative	Infrastructure Redevelopment	HIB Proceeds	$ 500,000
Valley View	Infrastructure Redevelopment	State Appropriations	$ 239,253
Grandview MHP	Infrastructure Redevelopment	HIB Proceeds	$ 300,000
Lakeshore Terrace	Infrastructure Redevelopment	HIB Proceeds	$ 915,909
Vista Village	Infrastructure Redevelopment	State Appropriations	$ 341,454
Divine Acres MHP	Infrastructure Redevelopment	State Appropriations	$ 89,000

Midway Park	Infrastructure Redevelopment	States Appropriations	$ 220,000
Gaylord MHP	Acquisition & Infrastructure Redevelopment	State Appropriations	$ 600,000
Total			**$ 9,529,411**

2. With respect to grants funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; 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, terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 15th day of December 2022

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MINNESOTA HOUSING

Board Agenda Item: 7.F
Date: 12/15/2022

Item: Single Family Selections, Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development

Staff Contact(s):
Song Lee, 651.296.2291, song.lee.mhfa@state.mn.us
Leighann McKenzie, 651.296.8147, leighann.mckenzie@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval of funding recommendations for proposals submitted to the Community Homeownership Impact Fund (Impact Fund) through the Single Family Consolidated Request for Proposals (RFP).

Fiscal Impact:
The Impact Fund includes Economic Development and Housing Challenge (EDHC) funds, Housing Infrastructure Bond (HIB) proceeds, Workforce and Affordable Homeownership Development funds, and Pool 2 resources. EDHC funds are state-appropriated resources provided in the form of grants or deferred loans that do not earn interest for the Agency. HIB proceeds are provided in the form of deferred, forgivable loans that do not earn interest for the Agency. Interim Construction loans made from Pool 2 are repayable and earn interest for the Agency. Workforce and Affordable Homeownership Development funds are state-appropriated resources provided in the form of grants that do not earn interest for the Agency.

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

Attachment(s):
- Background and Funding Recommendations
- Map of Impact Fund Recommended Projects
- Project Summaries
- 2022 Single Family Consolidated RFP Summary Spreadsheet
- 2022 Single Family Consolidated RFP Non-Recommended Applications
- Resolution

BACKGROUND

Minnesota Housing and its funding partners, the Greater Minnesota Housing Fund (GMHF) and the Metropolitan Council, accepted proposals under the Single Family Consolidated Request for Proposals (RFP). The Single Family RFP is a mix of Pool 2, state appropriated resources, and Housing Infrastructure Bond proceeds. The Single Family RFP used a common application form and procedure, with applications due July 14, 2022. Projects selected for funding through the Single Family RFP are implemented under the Community Homeownership Impact Fund program (Impact Fund). Staff are recommending approval of selections of projects for Minnesota Housing resources under the Impact Fund.

The Agency received 41 single family proposals totaling $31,009,479. Of the funds requested from the Agency, $10,746,280, or 35 percent of total requests, proposed to serve communities in Greater Minnesota. Applicants requested $20,263,199, or 65 percent of total requests, to serve the seven-county Twin Cities metropolitan area.

Proposal Review and Selection Process

All proposals were reviewed, scored, and ranked based on the 2022 Single Family Request for Proposals Scoring Criteria approved by the Agency's Board on March 24, 2022.

First, staff assessed the extent to which a proposal meets the Selection Standards threshold that includes organizational capacity, project feasibility and community need. The organizational capacity assessment includes a consideration of an applicant's financial health and ability to implement the proposed project. The project feasibility assessment includes a consideration of the economic viability of a project and the proposed project costs as compared to Impact Fund's historical cost thresholds, which are based on an analysis of typical project costs under past Impact Fund awards. The community need assessment considers the identified need based on local demographics, housing needs of the local workforce, and economic factors in the community and how the proposal meets the identified need.

If a proposal meets the Selection Standards threshold, then it will be assessed for alignment with the Funding Priorities. The Funding Priorities include workforce housing, efficient land use, location efficiency, community recovery, increase housing choice, rural and tribal designation, leverage, regulatory incentive, long term affordability, equitable access to homeownership, serve housing needs within a community, homeownership or financial education and counseling, cooperatively-developed plan, workforce training programs, business entities owned or led by Black, Indigenous or People of Color (BIPOC) individuals and/or women, and advancement of housing innovation and technology.

Impact Fund Eligible Activities

The Impact Fund is available statewide. The program offers significant flexibility in the type of funds available and the type of eligible activities. The types of funds available include grants, deferred loans, and interim construction loans. The types of eligible activities include the following:

- Acquisition, rehabilitation and resale of housing units.
- Downpayment or affordability gap assistance programs that effectively serve homebuyers who may have difficulty accessing existing programs. Affordability gap assistance is the difference between the purchase price of a home and the mortgage financing a buyer can secure.
- Owner-occupied rehabilitation programs that effectively serve borrowers who are unable to obtain financing through other single-family home improvement programs.
- New construction of homes.

- Tribal Indian Housing Program to provide first mortgage financing, downpayment assistance, and owner-occupied rehabilitation for tribally-enrolled members.

The Agency provides value gap and interim construction financing for acquisition, rehabilitation, resale and new construction projects. Value gap is the difference between the total development cost of a unit and the after-improved appraised value.

Although interim construction loans are unsecured, by requiring monthly payments of interest due, as well as including covenants requiring the Borrower to maintain, on an ongoing quarterly basis, certain financial ratios, these loans may be viewed as investment quality and appropriate to be funded from Pool 2.

FUNDING RECOMMENDATIONS

Staff recommends funding 37 proposals for a total of $20,017,914. Fifteen selections, or 41 percent of total projects selected, with funding totaling $7,823,314 will serve communities in Greater Minnesota. Twenty-two selections, or 59 percent of total projects selected, with funding totaling $12,194,600 will serve the seven-county Twin Cities metropolitan area. Four of the proposals received are not recommended for funding and several of the proposals are recommended to be funded for less than the amount requested based on funding availability and organizational capacity.

State-appropriated Economic Development Housing Challenge (EDHC) funds will support 34 of these proposals, totaling $13,295,779. Staff also recommends interim construction financing in the total amount of $1,770,000 for four applicants to support the construction of 31 units. Housing Infrastructure Bond proceeds in the amount of $4,491,135 are recommended for 14 proposals to support 63 community land trust units. State-appropriated Workforce and Affordable Homeownership Development Program funds in the amount of $461,000 will support two of these proposals. GMHF intends to provide $153,000 to support proposals in Greater Minnesota and the Metropolitan Council intends to provide $290,000 to support proposals in the seven-county Twin Cities metropolitan area. These allocations are contingent upon approval from the board of directors for each funding partner.

Improve the Housing System

Although all recommended selections market to the people most impacted by housing instability, such as Black, Indigenous, or people of color households, large families, seniors and households with a person with a disability, 21 projects will focus their outreach specifically to people most impacted within their target area. Twelve projects will serve the seven-county Twin Cities metropolitan area and nine will serve Greater Minnesota.

Thirty-three projects will serve households at or below 80 percent area median income (AMI) for a total of 379 units.

Statewide, in 2022, 60 percent of households served under the Impact Fund were Black, Indigenous or people of color. Ninety-nine percent of households served had a household income below 80 percent area median income (AMI). The high percent of lower income households served was true for both Greater Minnesota and the Twin Cities metropolitan area.

Eight projects intend to create homes with four or more bedrooms to serve larger and multigenerational families. Sixty-three percent of recommended applicants are entities that are owned or led by Black, Indigenous, or people of color, and/or women.

Preserve and Create Housing Opportunities
Five projects will result in preservation of 50 existing homes by acquiring, rehabilitating and reselling homes. Twenty-five of these homes will be placed into a community land trust (CLT), preserving the long-term affordability of the homes.

Eight projects will provide owner-occupied rehabilitation for a total of 128 units to preserve existing housing and allow current homeowners to remain in their homes.

Sixteen projects will create 91 new construction units in areas where there is an increasing need for workforce housing. Thirty-five percent of these homes will be in Greater Minnesota and 65 percent in the seven-county Twin Cities metropolitan area.

Make Homeownership More Accessible
Eight projects will provide stand-alone affordability gap/downpayment assistance for 145 households to purchase an existing home. Eighteen percent of homes will be in Greater Minnesota and 82 percent in the seven-county Twin Cities metropolitan area.

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

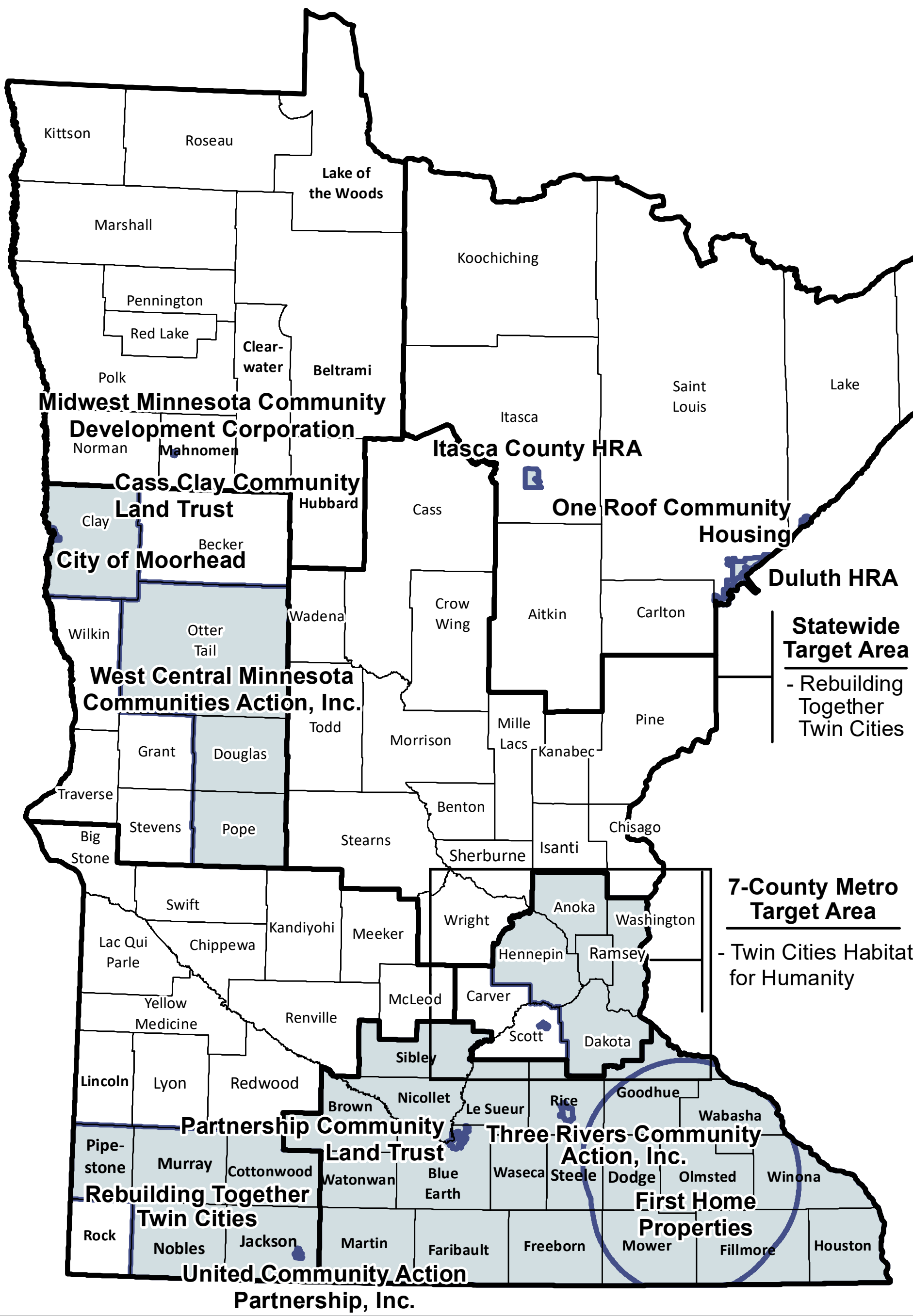
Strengthen Communities
The City of Moorhead, Housing and Redevelopment Authority of Itasca County and Partnership Community Land Trust are first time applicants or have not received an award in the past five years. These projects will create or preserve 16 homeownership housing units.

Four 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 18 homeownership housing units.

NEXT STEPS

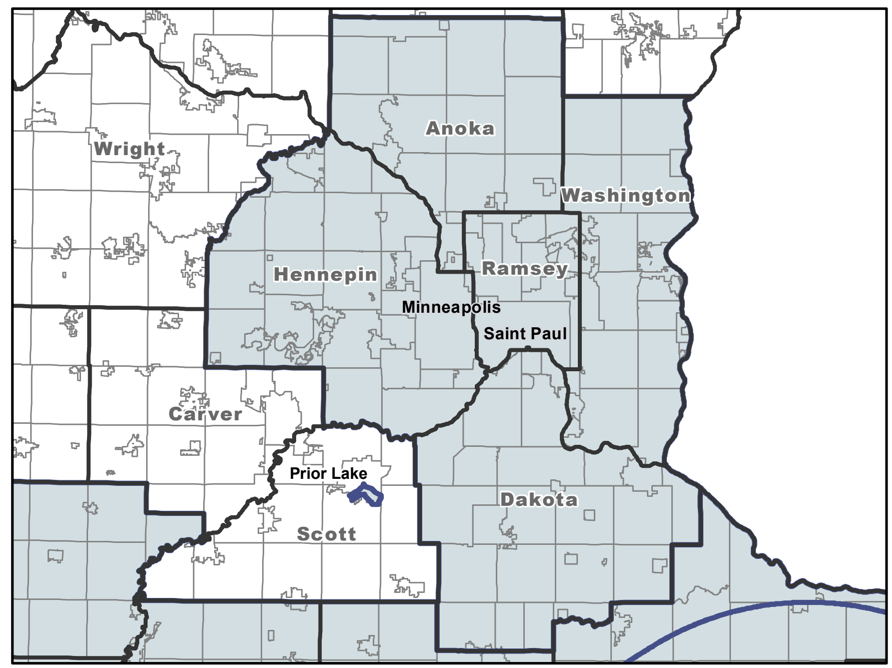
Funding Agreements
Final funding selection letters will be sent to the organizations if Minnesota Housing selections are approved by the Agency Board. Selections are subject to the program requirements as outlined in each individual Grant Contract Agreement or Loan Contract. Grant Contract Agreements or Loan Contracts will be sent to all recipients in late February 2023.

2022 Impact Fund Recommended Applications



2022 Recommended Target Coverage Areas

Program Target Areas



MINNESOTA HOUSING

Cass Clay Community Land Trust	
Project	With All, For All
Location	Clay County
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	6 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	7		**# of units:**	2
Funding Requested:	$2,490,000		**Funding Recommended:**	$704,000
			EDHC - Grant	$318,000
			Housing Infrastructure Bond Proceeds Loan	$386,000

Organization Information

Cass Clay Community Land Trust is a nonprofit organization with the goal to produce and preserve the quality, availability, and affordability of owner-occupied homes in Cass and Clay Counties. The homes are made and kept affordable to households at 80 percent AMI.

Over the past two years, CCCLT has partnered with builders to developer six units. It is currently developing an additional four single family units in 2022 with the goal to the complete the units by the end of 2022.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance in the construction of new homes in Clay County, most likely the City of Moorhead. Additionally, funds are requested to provide affordability gap assistance to the homebuyers of the newly constructed homes. The applicant will serve households at or below 80 percent area median income (AMI).

Despite the high project costs and high subsidy needed from the Agency, the Cass Clay Community Land Trust (CCCLT) is currently one of the few entities developing affordable homes in the Moorhead area. Staff recommends funding two of the large family units because of the need for affordable homes but also concern about high costs and subsidy. Staff recommends funding two large family units instead of the accessible homes because the lot upon which CCCLT had intended to develop the accessible homes is no longer on the market.

The CCCLT intends to construct two types of homes that will be placed into CCCLT's community land trust. One type of home will be physically accessible, one-story slab on grade homes with the intent to serve senior populations and individuals with a disability. CCCLT will provide ongoing lawn care and snow removal services as a part of the CLT ground lease terms. While CCCLT has intended to build these homes on a lot in Moorhead, property tax records show that the property was recently sold in September 2022. CCCLT stated that if the lots are not available for development it will explore other locations.

Additionally, it will construct large family homes with six bedrooms to accommodate the growing population of multigenerational households. These homes will be built on vacant lots.

The project meets the Agency strategic objective to improve the housing system through focusing on people most impacted by housing stability, in particular, seniors, individuals with disabilities, and large, multigenerational households. Additionally, it furthers the Agency's strategic objective to create new housing opportunities through constructing new single family homes that will be placed in CCCLT's community land trust to ensure long term affordability for the initial homebuyer and future homebuyers.

Costs and Subsidy

Typical Development Cost Per Unit: $573,000
Historical High Cost Threshold: $416,750
Percent Above Historical High Cost Threshold: 37%

The anticipated per-unit construction cost of $425,000 is above the industry average of $414,936 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $193,000
Historical High Subsidy Threshold: $123,837
Percent Above Historical High Subsidy Threshold: 56%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $159,000
Historical High Subsidy Threshold: $123,837
Percent Above Historical High Subsidy Threshold: 28%

City of Lakes Community Land Trust	
Project	City of Lakes Community Land Trust (CLCLT) New Construction
Location	City of Minneapolis
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	1
Funding Requested:	$380,000		**Funding Recommended:**	$95,000
			EDHC - Grant	$25,000
			Housing Infrastructure Bond Proceeds Loan	$70,000

Organization Information

The City of Lakes Community Land Trust (CLCLT) is a nonprofit whose mission is to create community ownership that preserves affordability and inclusivity. The mission is realized through several key homebuyer, development, and homeowner support services that are provided through the organization.

Over the past seven years, the CLCLT has completed and sold eight new construction projects with an additional project completed and ready for sale. The projects completed to-date include four multi-generational homes (single family homes with accessory dwelling unit attached); two 2-story, 3 bedroom/1.5 bath homes; and two 1.5-story, 2 bedroom/1 bath homes built on slab. All homes constructed to date have a detached one- or two-car garage. The proposed projects will be similar in design and scope. Presently, there is not an intention to build any of the proposed projects on slab unless additional soil testing reveals a need to adjust the designs.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance in the construction of a home. The applicant will serve households at or below 80 percent area median income (AMI).

The CLCLT's new construction proposal is a component of the organization's ongoing efforts to create and preserve affordable homeownership in Minneapolis. New construction provides the CLCLT an opportunity to offer different housing types to low- and moderate-income buyers, including single-family homes with attached accessory dwelling units (CLCLT multi-generational homes) and a smaller square footage home built on slab because of soil-related issues and to support deeper affordability in a higher market value area of Minneapolis.

The affordability gap funds enable the initial Community Land Trust (CLT) homebuyer to purchase an affordable new construction home and the funds will remain with the home in indefinitely, creating long-term affordability that is designed to provide affordability to multiple households over time.

Even though the CLCLT's maximum income level is at or below 80 percent AMI, the organization works diligently to keep new construction homes at a price point affordable to households between 60-70 percent AMI and ideally lower. This improves the housing system by ensuring there are some long-term affordable homeownership opportunities for lower-income households. Another improvement to the housing system is providing an opportunity for lower-income households to pursue a home without having to participate in bidding. Lower income buyers lose out on homes routinely because they are usually unable to compete in a bidding situation.

The new construction project will create new housing opportunities, and the CLCLT's strategy of long-term affordability and resale restrictions preserves affordability created at time of initial purchase. Building new homes also provides the organization with the ability to try and meet different needs of possible buyers, which could include accessory dwelling units for multi-generational living, passive designs to reduce overall cost of homeownership, or visitability features to support individuals with disabilities or aging in place.

Costs and Subsidy

Typical Development Cost Per Unit: $465,000
Historical High Cost Threshold: $501,137
Percent Below Historical High Cost Threshold: 7%

The anticipated per-unit construction cost of $340,000 is above the industry average of $250,766 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $70,000
Historical High Subsidy Threshold: $86,613
Percent Below Historical High Subsidy Threshold: 19%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $86,613
Percent Below Historical High Subsidy Threshold: 71%

City of Lakes Community Land Trust

Project	City of Lakes Community Land Trust Homebuyer Initiated Program
Location	City of Minneapolis
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details

Requested			**Recommended**	
# of units:	20		**# of units:**	10
Funding Requested:	$1,425,000		**Funding Recommended:**	$712,500
			EDHC - Grant	$512,500
			Housing Infrastructure Bond Proceeds Loan	$200,000

Organization Information

The City of Lakes Community Land Trust (CLCLT) is a nonprofit whose mission is to create community ownership that preserves affordability and inclusivity. The mission is realized through several key homebuyer, development, and homeowner support services provided through the organization.

Through 2021, of the 340 homes in the CLCLT portfolio, 179 homes have been acquired through the Homebuyer Initiated Program (HIP). In 2022, six HIP homes have closed, five buyers are out looking for a home and 50 applications are in process.

Project Description

The funds will be used for affordability gap/downpayment assistance for borrowers to purchase homes through the CLCLT’s HIP program in the City of Minneapolis. Grant funds in the amount of $12,500 ($1,250 per unit) are recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI).

CLCLT HIP program is a scattered-site, buyer-initiated program in which low- and moderate-income households choose a home in Minneapolis to purchase. There is also an owner-occupied rehabilitation component to the HIP program, which CLCLT is also applying for Impact Funds for owner-occupied rehabilitation. CLCLT HIP funding is invested primarily in single-family homes, however some may be invested in owner-occupied duplexes.

To promote long-term affordability, the CLCLT's Ground Lease agreement signed by buyers and the organization at time of closing is for 99 years and renewable. When a CLCLT home is sold, the existing homeowner's Ground Lease is terminated and a new Ground Lease is executed with the new buyer, restarting the 99 year lease.

The proposed project furthers Minnesota Housing's strategic objectives to improve the housing system and make homeownership more accessible. The HIP program has demonstrated an ability to contribute towards making a more inclusive and equitable housing system. In 2021, 58 percent of HIP homeowners were households of color. The average AMI of HIP households in 2021 was 52.3 percent. The affordability investment through the CLCLT enhances a buyer(s) purchasing power, increases homes that are available to them, and provides an opportunity for a buyer to compete in the market. Being able to keep the home affordable with each resale provides the opportunity to continue to serve individuals and families, as well as the community with a single public investment while simultaneously removing barriers to homeownership for generations.

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $70,000

City of Lakes Community Land Trust

Project	City of Lakes Community Land Trust Homebuyer Initiated Program
Location	City of Minneapolis
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details

Requested			**Recommended**	
# of units:	20		**# of units:**	10
Funding Requested:	$725,000		**Funding Recommended:**	$362,500
			EDHC - Grants	$12,500
			Housing Infrastructure Bond Proceeds Loan	$350,000

Organization Information

The City of Lakes Community Land Trust (CLCLT) is a nonprofit whose mission is to create community ownership that preserves affordability and inclusivity. The mission is realized through several key homebuyer, development, and homeowner support services provided through the organization.

Over the past five years, CLCLT buyers have purchased 90 homes through HIP. Post-purchase, owner-occupied rehabilitation was completed on 50 of those homes and work is in progress on 40 additional homes. In February 2021, the CLCLT added a staff position to focus on HIP owner-occupied rehabilitation projects. With the additional staff capacity, the CLCLT has been able to improve internal processes and timing for owner-occupied rehabilitation. The CLCLT continues to experience construction labor and supply chain issues with most projects.

CLCLT will partner with their network of general contractors, ARCXIS (formerly DPIS Builder Services) to perform initial and post-rehabilitation Home Energy Rating System (HERS) audits and Angstrom Analytical to perform asbestos analysis.

Project Description

The funds will be used for owner-occupied rehabilitation for homeowners in the City of Minneapolis. Grant funds in the amount of $12,500 ($1,250 per unit) is recommended for administration of the program. The applicant will serve households at or below 80 percent of the area median income (AMI).

The CLCLT’s Homebuyer Inititated Program (HIP) is a scattered-site, buyer-initiated program in which low- and moderate-income households choose a home in Minneapolis to purchase that includes an affordability gap/downpayment assistance component to the program. CLCLT is also applying for affordability gap funds for HIP. The funds under this proposed project would be available to the homebuyers to rehabilitate the homes that they purchase through the HIP program.

The CLCLT HIP program furthers Minnesota Housing's strategic objectives to improve the housing system and make homeownership more accessible. HIP has demonstrated an ability to contribute towards making a more inclusive and equitable housing system. In 2021, 58 percent of HIP homeowners were households of color. The average AMI of HIP households in 2021 was 52.3 percent. Depending on the specific ethnicity, the CLCLT has been able to demonstrate serving households of color at rates of two to six times the rate of homeownership for the respective ethnicity in Minneapolis.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $35,000

City of Minneapolis Community Planning and Economic Development	
Project	Minneapolis Homes: Financing
Location	City of Minneapolis
Activity	Acquisition, Rehabilitation, and Resale
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	5		**# of units:**	5
Funding Requested:	$375,000		**Funding Recommended:**	$375,000
			EDHC - Grant	$375,000

Organization Information

The City of Minneapolis Community Planning and Economic Development's (Minneapolis CPED) mission is to grow a vibrant, livable, safely built city for everyone. Their purpose of the Minneapolis CPED is to create healthy, mixed income housing markets in the City of Minneapolis by developing opportunities to purchase or sustain a home and responsibly manage City development properties.

Between the Green Homes North and Minneapolis Homes programs, City of Minneapolis CPED has partnered with developers to finance more than 300 new construction homes since 2013. The City's previous Build Rehab and HOW programs (now part of MH: Financing) traditionally resulted in the completion of 15 rehabilitated units per year. As City staff have worked to expand developer capacity and participation in the program, the number of annual projects financed have continually increased. In 2021, 105 units of housing were approved for financing and so far in 2022, 86 units have been approved for financing in the most recent funding round. Additionally, through the Neighborhood Stabilization Program (NSP) 429 units of housing were developed from 2008-2014. A significant portion of the NSP properties were rehabilitation.

Program consolidation into the MH: Financing umbrella from various City housing programs is also leading to improved efficiency for staff in implementation, which supports a higher unit development.

Project Description

The funds will be used to for value gap for the acquisition, rehabilitation, and resale of units in several targeted neighborhoods throughout Minneapolis. The applicant will serve households at or below 80 percent area median income (AMI).

The Minneapolis CPED's Minneapolis Homes: Financing program is one component of the Minneapolis Homes' suite of programs that focus on providing financing and education to homebuyers, developers, and homeowners. MH: Financing is offered through an application process to award project gap and affordability gap funding to developers who are rehabilitating vacant or tax forfeited homes and reselling the property at affordable rates. City staff have conducted six rounds of funding with the fifth and sixth rounds receiving substantially more applications for funding as they expanded their application to include a Missing Middle Pilot Program. They recently collapsed several of their housing development financing programs (Development Assistance, Home Ownership Works, Missing Middle) into one program that finances 1–20 unit homeownership development in

Minneapolis. The application also included a city-sponsored permanent affordable homeownership (PAH) model administered by the City. Impact Funds are proposed to support owners of 1-20 unit developments awarded through the Notice of Funding Opportunities (NOFA).

MH: Financing builds off the framework of the Green Homes North and the Minneapolis Homes Development Assistance programs that were funded several times by Minnesota Housing. These programs included capacity-building training for new developers, emphasis on workforce development partnerships, and encouragement of sustainable and diverse home designs. The City recently undertook a study to determine how to incorporate higher levels of sustainable design (i.e., Department of Energy Zero Energy Ready and Passive Housing) in homes they finance. Their most recent Round 6 NOFA included funding for 20 units that meet an ultra-efficient design standard because of this work.

The City of Minneapolis will partner with developers by conducting a Request for Proposal (RFP) to award development funding to acquisition, rehabilitation, and resale of projects. A team of City staff, including project coordinators and construction managers will work with the awarded developer on each project from the point of application to construction, marketing, sale, and final reconciliation of all costs. City staff are involved through the development process and work with developers to ensure compliance with the Impact Fund program and the City's programmatic goals.

MH: Financing places considerable emphasis on addressing the racial disparity in homeownership. The communities in which the City owns the most land are also the communities most impacted by discriminatory housing practices. To acknowledge the disparities that exist from discrimination, the City Council made eliminating disparities a goal of the 2040 Comprehensive Plan. The program works toward this goal by evaluating development proposals by historic rate of service to Black, Indigenous, people of color, or immigrant households and methods, both marketing homes to underserved households, as well as ensuring construction contracting maximizes the use of underutilized and businesses owned by people of color. Additionally, the City provides funding for financial coaching to help households attain sustainable homeownership.

When evaluating incomes of Black, Indigenous, people of color, or immigrant households, as well as the members of the communities in which the homes are built, the City realized that they need to build more deeply affordable housing. As a result, the City initiated the creation of its perpetually affordable housing program that keeps homes deeply affordable through an equity-sharing model. As housing costs have increased, it's essential to create housing opportunities through the development of new affordable housing types that are less frequently available in Minneapolis. As a result, the scope of Minneapolis Homes was expanded through the Missing Middle Housing Pilot to address a funding barrier for missing middle housing. By financing missing middle housing, they help to provide a variety of housing options that allow people to remain in their communities. Missing Middle Housing will help the city meet the changing needs of residents in terms of unit sizes, housing types, different levels of affordability, and the ability to find a home that meets their needs throughout the City. It will also help the City achieve the goal of increasing housing available to City residents, thus impacting the current housing shortage

Costs and Subsidy
Typical Development Cost Per Unit: $345,000 Historical High Cost Threshold: $409,722 Percent Below Historical High Cost Threshold: 16% Typical Impact Fund Value Gap Subsidy Per Unit: $75,000 Historical High Subsidy Threshold: $58,418 Percent Above Historical High Subsidy Threshold: 28%

City of Minneapolis Community Planning and Economic Development	
Project	Minneapolis Homes: Financing
Location	City of Minneapolis
Activity	New Construction
Typical # of Bedrooms	3 and 4 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	26		**# of units:**	16
Funding Requested:	$1,950,000		**Funding Recommended:**	$1,200,000
			EDHC - Grant	$1,200,000

Organization Information

The City of Minneapolis Community Planning and Economic Development's (Minneapolis CPED) mission is to grow a vibrant, livable, safely built city for everyone. The purpose of the Minneapolis CPED is to create healthy, mixed income housing markets in the City of Minneapolis by developing opportunities to purchase or sustain a home, and responsibly managing City development properties.

Between the Green Homes North and Minneapolis Homes programs, City of Minneapolis CPED has partnered with developers to finance more than 300 new construction homes since 2013 and the City's previous Build Rehab and HOW programs (now part of MH: Financing) traditionally resulted in the completion of 15 rehabilitated units per year. As City staff have worked to expand developer capacity and participation in the program, the number of annual projects financed have continually increased. In 2021, 105 units of housing were approved for financing and so far in 2022, 86 units have been approved for financing in the most recent funding round. Additionally, through the Neighborhood Stabilization Program (NSP), 429 units of housing were developed from 2008-2014. A significant portion of the NSP properties were rehabilitation.

Program consolidation into the MH: Financing umbrella from various City housing programs is also leading to improved efficiency for staff in implementation, which supports a higher unit development.

Project Description

The funds will be used for value gap for the new construction of single-family homes, including multi-unit (1-4 units) homes in several targeted neighborhoods throughout Minneapolis. The applicant will serve households at or below 80 percent of the area median income (AMI).

Minneapolis CPED's Minneapolis Homes: Financing program is one component of the Minneapolis Homes suite of programs that focus on providing financing and education to homebuyers, developers, and homeowners. MH: Financing is offered through an application process to award project gap and affordability gap funding to developers who are building affordable homeownership units in Minneapolis. City staff have conducted six rounds of funding with the fifth and sixth rounds receiving substantially more applications for funding as they expanded their application to include a Missing Middle Pilot Program. They recently collapsed several of their housing development financing programs (Development Assistance, Home Ownership Works, Missing Middle) into one program that finances 1–20 unit homeownership development in Minneapolis. The application also included a city-sponsored permanent affordable homeownership (PAH) model administered by the city. Impact Funds are proposed to support 1–20 unit ownership developments awarded through the Notice of Funding Opportunities (NOFA).

MH: Financing builds off the framework of the Green Homes North and the Minneapolis Homes Development Assistance programs that were funded several times by Minnesota Housing. These programs included capacity building training for new developers, emphasis on workforce development partnerships, and encouragement of sustainable and diverse home designs. The City recently undertook a study to determine how to incorporate higher levels of sustainable design (i.e., Department of Energy Zero Energy Ready and Passive Housing) in homes they finance. Their most recent Round 6 NOFA included funding for 20 units that meet an ultra-efficient design standard because of this work.

MH: Financing places considerable emphasis on addressing the racial disparity in homeownership. The communities in which the City owns the most land are also the communities most impacted by discriminatory housing practices. To acknowledge the disparities that exist from discrimination, the City Council made eliminating disparities a goal of the 2040 Comprehensive Plan. The program works toward this goal by evaluating development proposals by historic rate of service to Black, Indigenous, people of color, or immigrant households and methods, both marketing homes to underserved households, as well as ensuring construction contracting maximizes the use of underutilized and businesses owned by people of color. Additionally, the City provides funding for financial coaching to help households attain sustainable homeownership.

When evaluating incomes of Black, Indigenous, people of color, or immigrant households, as well as the members of the communities in which the homes are built, the City realized that they need to build more deeply affordable housing. As a result, the City initiated the creation of its perpetually affordable housing program that keeps homes deeply affordable through an equity sharing model. As housing costs have increased, it’s essential to create housing opportunities through the development of new affordable housing types that are less frequently available in Minneapolis. As a result, the scope of Minneapolis Homes was expanded through the Missing Middle Housing Pilot to address a funding barrier for missing middle housing. By financing missing middle housing, they help to provide a variety of housing options that allow people to remain in their communities. Missing Middle Housing will help the city meet the changing needs of residents in terms of unit sizes, housing types, different levels of affordability, and the ability to find a home that meets their needs throughout the City. It will also help the City achieve the goal of increasing housing available to City residents, thus impacting the current housing shortage.

Costs and Subsidy

Single Unit
Typical Development Cost Per Unit: $458,500
Historical High Cost Threshold: $472,757
Percent Below Historical High Cost Threshold: 3%

The anticipated per-unit construction cost of $365,000 is above the industry average of $305,098 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $75,000
Historical High Subsidy Threshold: $61,942
Percent Above Historical High Subsidy Threshold: 21%

Multi-Unit (2-4 units)
Typical Development Cost Per Unit: $358,750
Historical High Cost Threshold: $472,757
Percent Below Historical High Cost Threshold: 24%

The anticipated per-unit construction cost of $292,500 is above the industry average of $279,719 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $75,000
Historical High Subsidy Threshold: $61,942
Percent Above Historical High Subsidy Threshold: 21%

City of Moorhead	
Project	Maple Court Homeownership Development Program
Location	City of Moorhead
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	5		**# of units:**	5
Funding Requested:	$102,500		**Funding Recommended:**	$102,500
			EDHC - Grant	$102,500

Organization Information

The City of Moorhead mission with The Maple Court Homeownership Development Project is to provide affordable homeownership opportunities for families well below the area median income (AMI). This program will provide affordable housing stock and will also provide affordable homeownership that will result in successful ownership as the tenants that purchase their units will not be cost burdened by having a mortgage greater than 31 percent of their income.

The City of Moorhead has staff that are experienced in mortgage loan origination and closing. The City has a home rehabilitation loan program that requires the origination and closing of residential mortgage loans and has actively administered this program for the past 40 years. The Home Rehabilitation Loan Program is overseen by Lisa Bode, Governmental Affairs Director. Ms. Bode has managed housing programs of the City for 32 years. The project will be administered by the City's Community Development Program Administrator (CDPA) under Ms. Bode's direction. The City's CDPA has extensive experience in lending, annually administering the City's Home Rehabilitation Loan Program.

Project Description

The funds will be used for affordability gap/downpayment assistance for homebuyers to purchase their existing townhome at Maple Court Townhomes in the City of Moorhead. Grant funds in the amount of $2,500 are recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI).

Maple Court Townhomes is a Low-Income Housing Tax Credit (LIHTC) development consisting of 34 units of multifamily rental housing, that was developed by Southhill Group LLC with financing assistance from Minnesota Housing, Greater Minnesota Housing Fund, and the City of Moorhead through its Community Development Block Grant (CDBG) and Tax Increment Financing. The LIHTC funding required units be rented to tenants with income less than 60 percent AMI. The LIHTC program required an initial 15-year compliance period for all buildings, followed by a 15-year extended use period, during which income limits still applied to occupants of the units. Southhill Group granted the Right of First Refusal Agreement (ROFR) to allow the City to purchase at least 50 percent of the housing units at a reduced price after the initial 15-year compliance period. In 2021, the City purchased 17 of the 34 units with the intent of converting these rental units to homeownership units following the initial 15-year compliance period that ended in 2018. The units will be sold to existing tenants for the purpose of homeownership. The homes will be sold at an affordable rate based on the tenant's income and rent. No tenants will be displaced through this program if they do not wish to purchase their unit.

The City of Moorhead will be the administrator of the Maple Court Homeownership Development Project. The City will partner with Cass Clay Community Land Trust (CLT) to place the purchased homes into the CLT and will gift the value of the land for each individual unit to Cass Clay CLT. This allows the tenant purchasing their homes to reduce their mortgage burden by approximately $18,000-$20,000 each for the value of the land. The land trust model will ensure affordable homeownership opportunities in perpetuity.

The proposed project meets the Minnesota Housing's strategic objective of making homeownership more accessible. This project will make homeownership accessible for households that would likely not have the opportunity to purchase a home. Tenants that wish to purchase their unit will work with a homeownership advisor approved by the Minnesota Homeownership Center and tenants will receive pre- and post-purchase counseling and education.

The project also meets the Agency's strategic objective of improving the housing system. By focusing on this LIHTC development, the project will target households that are most impacted by housing instability. Tenants that wish to purchase their townhome will be able to do so at an affordable price, meaning that their monthly housing payment will not exceed 31 percent of their income. This unique homeownership opportunity will not leave families cost burdened. Through providing an affordable homeownership option and extensive counseling and education, the program will reduce barriers for homebuyers.

The Maple Court Homeownership Development Project will support outcomes addressing housing disparities and build power in communities most impacted by housing challenges and disparities. The tenants of Maple Court Townhomes are low-income households, many receiving rental assistance, and are impacted by housing challenges and disparities. Tenants were required to be under 60 percent AMI to qualify to live at Maple Court. The tenants of Maple Court Townhomes are households that would likely never have the opportunity for homeownership were it not for this project. The City of Moorhead's goal for this project is to provide affordable homeownership opportunities for low-income households and outcomes will be measured by the number of units sold to the tenants.

Costs and Subsidy

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $20,000

Community Neighborhood Housing Services dba NeighborWorks Home Partners	
Project	Community Keys Plus
Location	Ramsey, Hennepin, Washington, Anoka, and Dakota Counties
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	50		**# of units:**	50
Funding Requested:	$525,000		**Funding Recommended:**	$525,000
			EDHC - Grant	$25,000
			EDHC - Deferred Loan	$500,000

Organization Information

Community Neighborhood Housing Services dba NeighborWorks Home Partners' (NWHP) mission is "Empowering individuals and communities by helping people buy, fix, and keep their homes." Several factors differentiate NHWP from other affordable housing organizations as it provides a comprehensive combination of full-cycle homeownership services. NWHP helps prepare potential homebuyers through financial capabilities education, one-on-one pre-purchase mortgage counseling and homebuyer education workshops. NWHP also offers first mortgage options and downpayment assistance to assist low to moderate income households in purchasing a home. They also refer to a variety of public and proprietary downpayment assistance to best meet the customer's situation.

The applicant is a full service NMLS licensed lender that offers downpayment assistance, home improvement and first mortgage products. They have offered lending products for more than 40 years serving St. Paul and the metropolitan area. Currently, NWHP has several first mortgage channels, five downpayment products, and more than 15 home improvement products. NWHP is a certified FHA Secondary Lender which gives them the ability to pair downpayment funds with FHA loans and lend more than $3 million in second mortgages each year. There was a significant boost to those numbers in 2021 due to an additional $7 million in Neighborhood LIFT downpayment funds.

Project Description

The funds will be used to provide affordability gap/downpayment assistance loans to help low-to-moderate income households purchase eligible 1–4-unit owner occupied homes in Ramsey, Hennepin, Washington, Anoka, and Dakota Counties. Grant funds in the amount of $25,000 are recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI).

NeighborWorks Home Partners (NWHP) offers Community Keys Plus downpayment funds as a stand-alone product that offers the flexibility to layer funds with a variety of first mortgage products, including interest-free financing. The program provides a zero percent deferred loan to eligible homeowners of up to $20,000. This is significant with the rapid increase in home sale prices in the target area.

Many households are looking for a home that is close to a job or a particular school district. Others are looking to meet the needs of their specific family such as a four-to-five-bedroom homes to accommodate extended family members, or two to four-unit housing that could be used to generate income with the goal of making homeownership more affordable. Community Keys Plus includes downpayment assistance for two-to-four-unit owner-occupied homes. Many other downpayment programs throughout the proposed service area do not include two to four unit building types.

NWHP will partner with various community organizations and industry partners such as Sakan Community Resource, district councils, neighborhood groups, lenders, realtors, and housing counseling agencies throughout the metro area. This collaboration will allow multiple organizations to better serve their customers with Community Key's Plus funds.

Community Keys Plus aligns with a few stated objectives in the 2020-22 Strategic Plan. Specifically, the downpayment assistance funds further Minnesota Housing's objective of "Improving the Housing System and Making Homeownership More Accessible." The current Community Keys program improves the housing system through serving primarily people of color and focusing on disinvested communities in St. Paul and Minneapolis. The expanded program will focus on census tracts showing economic distress as defined by the Community Development Financial Institution and the Department of Treasury throughout the five-county area. NWHP will further focus its funds on households at 80 percent AMI or below. Community Keys also aligns with Minnesota Housing's strategic objective to make homeownership more accessible through offering a one-stop shop for households to learn about the homebuying process, creating a custom plan to improve and establish credit and savings, providing downpayment assistance, first mortgage options, single family development projects, and foreclose intervention services. Their Housing and Urban Development certified counseling team connects with realtors, lenders, community groups, and education programs to serve more households of color in Minnesota Housing's Homeownership Capacity program to provide intensive financial coaching to homebuyers, with an emphasis on communities of color. As homeowners complete counseling and education, they are referred to a variety of downpayment resources including Community Keys Plus. The Community Keys Plus program is also focused on providing financing that is responsive to market conditions, addresses equity and inclusion in homeownership, and supports NWHP as an industry partner, which is another stated goal of the plan.

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,000

First Homes Properties	
Project	First Homes Community Land Trust - Suburban Growth Initiative
Location	Cities of Kasson, St. Charles and Spring Valley MN
Activity	New Construction
Typical # of Bedrooms	4 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	6		**# of units:**	6
Funding Requested:	$882,000		**Funding Recommended:**	$882,000
			EDHC - Grant	$510,000
			Housing Infrastructure Bond Proceeds Loan	$372,000

Organization Information

First Homes Properties' mission is to provide leadership to create a permanent supply of workforce housing through collaborative partnerships in the greater Rochester area. It understands that homeownership increases economic vitality and community stability.

First Homes has helped to produce and finance more than 1,100 units of housing including single family new construction project, acquistion and rehabilitation projects, multifamily rental projects, and it has experience providing new construction gap loans. First Homes currently manages 231 Communtiy Land Trust (CLT) homes and has provided more than 186 home resales since 2004; over half of First Homes CLTs have resold at least one time to a new income qualified homeowner.

Project Description

The funds will be used for value gap to build new construction homes and provide affordability gap/downpayment assistance funding to homebuyers in the cities of Kasson, St. Charles and Spring Valley. The applicant will serve households at or below 80 percent area median income (AMI).

First Homes Properties (First Homes) is a subsidiary of the Rochester Area Foundation, which serves as the umbrella liaison for the affordable Coalition for Rochester Area Housing, which helps to raise funds, establish partnerships and coordinate community resources, with the goal of increasing affordable housing opportunities within the greater Rochester Area. The Coalition for Rochester Area Housing supports the proposed projects.

This project furthers the Minnesota Housing's strategic objectives to improve the housing system and preserve and create housing opportunities. First Homes meets these objectives by assisting low and middle income homebuyers, Black, Indigenous or people of color, large families, and workforce housing communities access affordable homeownership. The proposed project will create housing that can accommodate multi-generational households, a housing stock that is lacking in the area. It will also help existing community members to buy a home in their existing community, while providing perpetual affordability by including the new construction homes in the First Homes CLT portfolio. The CLT, as a shared equity program, ensures affordability of the homes in perpetuity because each subsequent buyer benefits from the initial investment. It also reduces purchase costs for homebuyers by up to $80,000, thereby lowering monthly payments and avoiding private mortgage insurance because the CLT land investment meets the loan to value requirement from the lender.

Costs and Subsidy

Typical Development Cost Per Unit: $387,000
Historical High Cost Threshold: $416,750
Percent Below Historical High Cost Threshold: 7%

The anticipated per-unit construction cost of $300,000 is above the industry average of $289,230 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $62,000
Historical High Subsidy Threshold: $123,837
Percent Below Historical High Subsidy Threshold: 50%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $85,000
Historical High Subsidy Threshold: $123,837
Percent Below Historical High Subsidy Threshold: 31%

Greater Metropolitan Housing Corporation (GMHC)	
Project	Golden Valley Affordable Homeownership Program
Location	Golden Valley
Activity	New Construction
Typical # of Bedrooms	4 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	1
Funding Requested:	$380,000		**Funding Recommended:**	$95,000
			EDHC - Grant	$95,000

Organization Information

Greater Metropolitan Housing Corporation (GMHC) is a nonprofit organization with the mission to preserve, improve and increase affordable housing opportunities for low- and moderate-income families and individuals, assist communities with housing revitalization as well as create and carry out demonstration projects.

Over the past five years, GMHC has completed and sold 139 homes to owner occupant homebuyers. New construction accounted for over 90 percent of those homes. The majority of these projects were single family detached scattered site units, similar to the proposed project.

Project Description

The funds will be used to develop a 4-bedroom large family new construction home in the City of Golden Valley. The applicant will serve a household at or below 80 percent area median income (AMI).

The project intends to tap into the City of Golden Valley's Home Ownership Program for Equity (HOPE) program. Through HOPE, the City issues requests for qualifications (RFQ) for developers to purchase and build new construction homes on lots currently owned by the City. The goal is to increase homeownership opportunities particularly for Black, Indigenous, or people of color in the City of Golden Valley. GMHC intends to submit a response to the RFQ. There is currently no formal partnership between GMHC and the City of Golden Valley.

GMHC will be partnering with the West Hennepin Affordable Housing Land Trust (WHAHLT) Homes Within Reach (HWR) program to place the new home in the HWR community land trust. This will create a long-term affordable home in a community where lower income households are often priced out of. Additionally, HWR will lead the outreach to and homebuyer education for potential homebuyers. HWR has been successful in marketing to and serving Black, Indigenous, or people of color households and large family households.

The project meets the Agency's strategic objective to improve the housing system and create housing opportunities. The HOPE program intends to address the discriminatory racial covenants and redlining that historically preventing many Black, Indigenous, or people of color households from purchasing homes in the City of Golden Valley. This project will further that by developing a new construction home in the City of Golden Valley marketed to Black, Indigenous, or people of color households.

Costs and Subsidy

Typical Development Cost Per Unit: $497,238
Historical High Cost Threshold: $472,757
Percent Above Historical High Cost Threshold: 5%

The anticipated per-unit construction cost of $385,000 is above the industry average of $326,629 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $95,000
Historical High Subsidy Threshold: $61,942
Percent Above Historical High Subsidy Threshold: 53%

Greater Metropolitan Housing Corporation (GMHC)	
Project	Minnetonka Boulevard Redevelopment
Location	St. Louis Park
Activity	New Construction
Typical # of Bedrooms	3+ Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	8		**# of units:**	8
Funding Requested:	$674,999		**Funding Recommended:**	$671,000
			EDHC - Grant	$196,000
			Interim Loan	$475,000

Organization Information

Greater Metropolitan Housing Corporation (GMHC) is a nonprofit organization with the mission to preserve, improve and increase affordable housing opportunities for low- and moderate-income families and individuals, assist communities with housing revitalization as well as create and carry out demonstration projects.

Over the past five years, GMHC has completed and sold 139 homes to owner occupant homebuyers. New construction accounted for over 90 percent of those homes. It completed two larger scale townhome projects in Richfield and Roseville that had 5-units and 18-units respectively. Similar to the proposed project, these two projects were multi-unit infill projects that required funding from multiple sources and larger construction financing to complete.

Project Description

The funds will be used to develop new construction twinhomes in the City of St. Louis Park. The applicant will serve households at or below 80 percent area median income (AMI). While GMHC noted the Impact Fund value gap subsidy per unit as $25,000, it only requested $199,999. As a result, staff recommends rounding the per unit subsidy to $24,500 for a total recommendation of $196,000.

The applicant will develop 3 to 4-bedroom homes with 2 baths and approximately 1,540 square feet with garages. Due to the topography of the site, some homes will be built with walkouts, some with tuck under garages and others with detached garages. The homes will have energy efficient upgrades that will exceed the requirements under the 2021 Minnesota Overlay to the 2020 Green Communities Criteria. The project was previously proposed to incorporate passive house certification but the high costs related to developing passive homes was deemed not feasible so GMHC will not be pursuing passive house certification.

The City of St. Louis Park currently owns the four lots and has entered into a predevelopment agreement with GMHC giving it exclusive rights to purchase the lots. The City has rezoned the properties and is currently in the process of removing the existing homes. Due to its topography, the project will require significant site improvement including retaining walls, erosion prevention measures, and water management.

GMHC has partnered with the West Hennepin Affordable Housing Land Trust (WHAHLT) to implement this project. All of the units developed will be placed in the Homes Within Reach (HWR) community land trust. GMHC will develop the homes and WHAHLT will lead the homebuyer education, outreach, and sale of the homes.

The project furthers the Agency's strategic objective to preserve and create housing opportunities through increasing the development of new housing that is affordable. The homes will be made more affordable to the initial homebuyer due to the community land trust model and will be perpetually affordable to future homebuyers via the HWR community land trust.

The project also furthers the Agency's strategic objective to make homeownership more accessible through addressing homeownership barriers and reduce disparities. The City of St. Louis Park has a goal to increase the homeownership rate for Black, Indigenous, or people of color. It offers a first time homebuyer program that purchasers of the developed homes can access. Additionally, the community land trust model and targeting of 80 percent AMI households will enable lower income households to purchase homes in a typically higher income, higher cost community.

Costs and Subsidy

Typical Development Cost Per Unit: $564,889
Historical High Cost Threshold: $472,757
Percent Above Historical High Cost Threshold: 19%

The anticipated per-unit construction cost of $402,654 is above the industry average of $284,619 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $24,500
Historical High Subsidy Threshold: $61,942
Percent Below Historical High Subsidy Threshold: 60%

Hennepin County Housing & Redevelopment Authority	
Project	Healthy Homes Assistance Project
Location	Hennepin County
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	10		**# of units:**	10
Funding Requested:	$80,000		**Funding Recommended:**	$80,000
			EDHC – Deferred Loan	$80,000

Organization Information

The Hennepin County Housing and Redevelopment Authority (HCHRA) is a government entity with the mission to serve the residents of Hennepin County and its municipalities by undertaking or assisting housing projects that will provide decent, affordable housing. This includes undertaking or assisting economic development or redevelopment projects which will create jobs, expand the tax base, eliminate blight, and provide or facilitate the provision or operation of public conveniences and improvements, all in a manner which produces the lowest possible cost to County residents.

HCHRA has a long history of helping owner occupants maintain and repair their homes to be healthy and safe. HCHRA has administered federally funded lead-based paint and healthy homes grants, prior Impact Fund awards, and an owner-occupied general rehabilitation program. The proposed project is a continuation of the existing program of the same name.

Project Description

The funds will be used for owner-occupied rehabilitation to complete emergency and small repairs for homeowners in suburban Hennepin County. While the applicant proposes to serve households at or below 115 percent area median income (AMI) with priority given to households with income at or below 50 percent AMI, staff recommends limiting the project to households at or below 80 percent AMI instead of 115 percent AMI. This is because households above 80 percent AMI should be able to access existing programs such as the Agency's Fix Up Loan Program.

The project is a continuation of the existing program of the same name. This project fills a gap in existing resources allowing homeowners the ability to access money for health and safety and emergency repairs that they may not otherwise be able to complete.

While HCHRA is not partnering with any other entity in an official capacity, it is a lender in the Agency's Fix Up Loan Program, Rehabilitation Loan Program and Emergency & Accessibility Loan Program. It will use those resources first when they are able to. Additionally, the HCHRA works closely with the Sustainable Resources Center which is the weatherization provider for Hennepin County which enables them to coordinate resources and match participants to the right program.

This project meets several of the Agency's strategic objectives. The project works to improve the housing system, preserve, and create housing opportunities and strengthen communities. It meets these objectives by bettering existing housing stock, allowing seniors to age in place, and focusing on families and neighborhoods that have the highest risk for potential lead poisoning.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $8,000

Hennepin County Housing and Redevelopment Authority	
Project	Home Accessibility Ramps Program
Location	Hennepin and Ramsey Counties
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	24		**# of units:**	24
Funding Requested:	$197,400		**Funding Recommended:**	$197,400
			EDHC - Grant	$197,400

Organization Information

Hennepin County Housing and Redevelopment Authority (HCHRA) is a government entity whose mission is to serve the housing and economic development and redevelopment needs of the citizens of Hennepin County and its municipalities. The Home Accessibility Ramps Program helps HCHRA to meet its mission of providing decent, affordable housing by assisting homeowners to stay in their existing homes.

The Home Accessibility Ramps Program has successfully implemented 15 previous Minnesota Housing awards since 1999 and has completed 420 ramp and step projects for disabled homeowners. Historically, this program has been a partnership between HCHRA and Tree Trust, a local nonprofit. Through an Request for Proposal (RFP) process, they have two partners, Tree Trust and Twin Cities Rebuilding Together. HCHRA is also a Minnesota Housing lender for the Community Fix Up Program loan program and staff has administered projects funded by CDBG.

Project Description

The funds will be used for owner-occupied rehabilitation to construct accessibility ramps and long-tread, low rise steps for accessibility units in Hennepin and Ramsey Counties. Grant funds in the amount of $2,400 are recommended for administration of the program. The applicant will serve households at or below 115 percent area median income (AMI).

HCHRA proposed project will construct accessibility ramps or long-tread, low rise steps for low- and moderate-income households with individuals who have physical limiting disabilities. HCHRA will continue their partnerships with Tree Trust and Twin Cities Rebuilding Together to assist in the implementation of the proposed project. HCHRA's role will include monitoring all documentation of the grant, reviewing all applications, verifying income, and other grant document requirements.

The Homes Accessibility Ramps Program allows individuals to stay in their existing, affordable homes by adding a home accessibility ramp or long-tread, low-rise steps. In most cases, the cost of building the ramp and allowing the individual to age in place is equitable to just a few months of living in nursing homes or assisted living.

HCHRA and their contracted partners (Tree Trust and Twin Cities Rebuilding Together) will market the program across their network to find interested and eligible homeowners. The contracted partners' role will include conducting an individualized assessment of each home, proposing a design appropriate for the disability and for the house of each homeowner, and will work with participants to collect grant documentation.

The project furthers Minnesota Housing's strategic objective to preserve the existing housing stock and maintain affordability by installing ramps that are portable, reusable, and removable if the homeowner moves out of the home. The Homes Accessibility Ramps Program will provide homebuyers a low barrier way to safely enter and exit their home and allow them to continue to be a part of their community and live independently. The project also furthers Minnesota Housing's strategic objective of supporting people needing services by supporting older Minnesotans to age in place. It supports people living with disabilities by providing accessible ramps or long-tread, low rise steps so these individuals can continue to live independently.

Past recipients have lived in their homes an average of 24 years. They have built a home and community that supports their preferred lifestyle. Long term residents invest in a community and care about it. The residents' desire to continue to live independently and engage in their community and with the confidence provided by their new ramp helps to maintain stable neighborhoods. The ramps or steps provide a supportive environment that meets the needs of aging adults and may prevent institutionalization and sustain independence and autonomy. The HCHRA project will track if implementation of the ramp and steps will allow recipients to stay in their home longer. As a condition of the grant, the homeowner awarded funding will use the ramp or steps for five years. If the home is sold, transferred, or conveyed to an ineligible homeowner within the 5 years, the homeowner must contact the program to notify of discontinued use so materials can be reused for another ramp.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $8,125

Housing and Redevelopment Authority of Duluth, Minnesota	
Project	Single Family Owner-Occupied Rehabilitation Program
Location	City of Duluth, Lincoln Park and Hillside neighborhoods
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	15		**# of units:**	15
Funding Requested:	$150,000		**Funding Recommended:**	$150,000
			EDHC – Deferred Loan	$150,000

Organization Information

The Housing and Redevelopment Authority of Duluth (Duluth HRA) creates housing opportunities and strengthens neighborhoods to sustainably achieve a quality of living environment for all. The 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.

In the past five years, Duluth HRA has completed 131 owner-occupied rehab projects in the Duluth area using a variety of funding sources. This applicant has been an administrator of rehabilitation funds for many years.

Project Description

The funds will be used for owner-occupied rehabilitation of homes in the City of Duluth, including Lincoln Park and Hillside neighborhoods. The applicant will serve households at or below 80 percent of the area median income (AMI).

Duluth HRA will use the funds for lead hazard reduction and cost savings in the City of Duluth. The project will accomplish this through the removal and replacement of lead water service lines and interior piping, as well as the conversion of old homes with lead service lines or fuel oil heat sources to forced air natural gas. The project is part of the City of Duluth's Housing Action Framework, helping to achieve the City's goal of developing a healthy community and integrating fairness.

Duluth HRA is responsible for marketing the program, receiving and evaluating applications, inspecting units, preparing the scope of work, obtaining bids, funding the projects, overseeing the construction work and paying contractors as the project is completed. Duluth HRA will also be working with the City of Duluth's Community Planning Division for assistance with income eligibility, approval, environmental clearance, and funding approval for Community Development Block Grant (CDBG) funded projects.

The proposed project will further Minnesota Housing's strategic objective to preserve and create housing opportunities and strengthen communities. The proposed project will improve the current homes in Duluth as well as preserve housing for future homeowners. In preserving these homes through the HRA's services, homeowners will be able to stay in their homes longer and strengthen the communities.

The proposed project will address the long-term affordability of the units and create equitable access to homeownership by increasing the health and safety of homeowners in the target neighborhoods. These are neighborhoods that are generally most impacted by housing challenges. By increasing health and safety of homeowners and extending the life and the value of the homes will build wealth and power in those communities.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

<u>Typical Impact Fund Subsidy Per Unit:</u> $10,000

Housing and Redevelopment Authority of Itasca County	
Project	Itasca County Housing and Redevelopment Authority Community Land Trust
Location	City of Grand Rapids
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	8		**# of units:**	8
Funding Requested:	$790,400		**Funding Recommended:**	$790,400
			EDHC - Grant	$599,400
			Workforce & Affordable Homeownership Development - Grant	$191,000

Organization Information

Itasca County Housing and Redevelopment Authority is an HRA that offers affordable housing opportunities to individuals in Itasca County.

Itasca County HRA is a first-time applicant to the Single Family RFP and will be the developer on the project. While it does not have experience in single family homeownership housing development, it does have experience in rental housing development and with Agency resources including Housing Infrastructure Bonds and Challenge funds. Over the past ten years, it has completed two multifamily rental development projects. During that time period, it developed a 48-unit multifamily rental project. In 2020, it broke ground on a 56-unit rental housing project consisting of 38 apartments and 18 townhomes. The project was completed earlier this year. It collaborates with the City of Grand Rapids to rehabilitate commercial, homeowner and rental properties in the City and has experience using federal and Agency funds to complete rehabilitation of multifamily properties.

It is partnering with One Roof Community Housing, which has significant experience in single family homeownership new construction development. It has built over 80 single family homes in Duluth and Grand Marais. One Roof will provide technical assistance on single family housing development and community land trusts to Itasca County HRA.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance in the development of new construction homes in the City of Grand Rapids. The applicant will serve households at or below 80 percent area median income (AMI).

The project is a partnership between Itasca County HRA, One Roof Community Housing, and KOOTASCA Community Action. Itasca County HRA will be the developer of the homes. One Roof Community Housing will work with Itasca County HRA to place the homes into the One Roof community land trust (CLT) to create permanently affordable homes. KOOTASCA Community Action will provide the homebuyer education and counseling services.

The project is a part of a larger development on the site of the former Forest Lake Elementary School. The land is currently owned by the Grand Rapids Economic Development Authority (GREDA). GREDA will convey eight lots to Itasca County HRA at a discounted price. GREDA intends to eventually develop the site into 24 single family homes.

The project has strong support from the City of Grand Rapids. In addition to GREDA selling the lots at a discounted price, the City of Grand Rapids has committed to providing leverage dollars and waiving permitting and fees to reduce costs. The City will fund the construction of sanitary sewer and water service from existing mains to the new development using American Recovery Plan funds, City Public Improvement funds and tax increment financing.

The project furthers the Agency's strategic objectives to create housing opportunities through developing eight new construction homes in a growing community in Greater Minnesota. It also makes homeownership more accessible through limiting the sale of the homes to lower income households and making the homes permanently affordable by placing them into the One Roof community land trust.

Costs and Subsidy

Typical Development Cost Per Unit: $373,800
Historical High Cost Threshold: $306,241
Percent Above Historical High Cost Threshold: 22%

The anticipated per-unit construction cost of $275,000 is above the industry average of $188,987 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $60,800
Historical High Subsidy Threshold: $69,588
Percent Below Historical High Subsidy Threshold: 13%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $38,000
Historical High Subsidy Threshold: $60,834
Percent Below Historical High Subsidy Threshold: 38%

Midwest Minnesota Community Development Corporation	
Project	Mahnomen Two Lot Single Family Development
Location	City of Mahnomen
Activity	New Construction
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	2		**# of units:**	2
Funding Requested:	$183,970		**Funding Recommended:**	$183,970
			EDHC - Grant	$183,970

Organization Information

Midwest Minnesota Community Development Corporation's (MMCDC) mission is to assist communities and individuals achieve a better quality of life. To support workforce development and retention, MMCDC creates affordable, quality housing to attract and retain workers.

MMCDC generally purchase land for development and hire a contractor for the development of the homes. In the Thief River Falls area, MMCDC uses the Northwest Minnesota Housing Cooperative, of which is a founding member, as general contractor. MMCDC generally serves as its own sales agent, although in remote communities they have occasionally used other services. They are a provider of affordable first and second mortgages that could be utilized by the buyers.

MMCDC has developed 32 single family homes in Northwest Minnesota for a total development cost of $6.98 million. In recent years, smaller homes have been developed on in-fill lots to combat increasing construction costs. On the Reservation, MMCDC has been successful in selling one model in a similar, even smaller community which is a three-bedroom, one-bath home with attached two-stall garage using slab-on-grade or similarly styled construction. It features 1,274 square feet of living space.

Project Description

The funds will be used for value gap to construct new construction units in the City of Mahnomen. The applicant will serve households at or below 115 percent area median income (AMI).

MMCDC states that it has been over a decade since a new home was built in the city. MMCDC proposes to construct two new quality affordable homes in the City of Mahnomen to increase the need for new construction units in the community. The City of Mahnomen is within a Rural and Tribal Area and a Community Recovery Area according to MHFA community maps.

MMCDC's role will be the developer, sales agent and potentially an affordable first and second mortgage financing provider. MMCDC has a on reservation subsidiary, the White Earth Investment Initiative (WEII), that has occasionally assisted MMCDC on Reservation projects due to the proximity. One such possibility is with showings to potential buyers. WEII will also provide housing counseling on the Reservation.

The proposed project furthers Minnesota Housing's strategic objectives to preserve and create housing opportunities. It meets this objective by addressing the housing needs of the community due to the aging housing stock and high vacancy rates in the proposed area. This indicates a need for reinvestment in the community and an extreme lack of new construction.

The proposed project also furthers the Agency's strategic objective to strengthen communities by creating the first new single family housing investment in ten years in this community. It offers opportunities to build wealth through homeownership for the 1,000 people residing in the community that are employed at the Shooting Star Casino which includes Native American employees that are underserved in this community.

Costs and Subsidy

Typical Development Cost Per Unit: $215,985
Historical High Cost Threshold: $306,241
Percent Below Historical High Cost Threshold: 29%

The anticipated per-unit construction cost of $180,000 is below the industry average of $203,478 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $91,985
Historical High Subsidy Threshold: $69,588
Percent Above Historical High Subsidy Threshold: 32%

Northside Home LLC	
Project	Northside Home
Location	North Minneapolis neighborhoods of Jordan, Hawthorne, Folwell, and McKinley
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3+ Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	6		**# of units:**	4
Funding Requested:	$526,800		**Funding Recommended:**	$351,200
			EDHC - Grant	$292,000
			EDHC - Deferred Loan	$59,200

Organization Information

Northside Home LLC (NSH) is a homeownership initiative undertaken in partnership between Urban Homeworks (UHW) and Project for Pride in Living (PPL). UHW and PPL have had a primary focus in reducing the disparity in homeownership rates for Black, Indigenous, or people of color households since inception and the need for this work has not decreased in the last 45+ years. PPL and UHW have been working together on the Northside Home initiative since 2013. Both members, individually and collectively, have significant experience successfully completing HOME funded rehabilitation and new construction projects, both in Minneapolis and St. Paul. Collectively, PPL and UHW bring experience of 75 years of non-profit housing development and have developed over 500 single-family, scattered-site, homes for sale to income eligible buyers, utilizing a variety of public funding sources.

Since 2013, NSH has rehabbed or built 31 single-family homes in North Minneapolis as a partnership, not including the homes developed by each partner organization independently. NSH previously focused on acquisition and rehabilitation but has shifted focus to new construction due to market changes and community need.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance to construct new construction homes in North Minneapolis. While the applicant proposes to serve households at or below 115 percent area median income (AMI) with priority given to households at or below 80 percent AMI, staff recommends limiting the affordability gap funds to households at or below 80 percent AMI instead of 115 percent AMI. This is because households above 80 percent AMI should be able to access existing downpayment programs.

UHW and PPL will perform developer functions, acquiring properties together and assigning development to whichever organization has capacity. PPL will manage the finance operations and UWH will perform property management functions. This partnership produces more affordable single-family homes than either nonprofit can do alone and leverages more diverse funding sources.

The proposed project meets Minnesota Housing’s strategic objectives to preserve and create housing opportunities and make homeownership more accessible. The proposed project creates four new units of single-family homes on vacant urban lots formerly occupied by housing units that were demolished. NSH's work is centered around reclaiming vacant and distressed properties in areas hardest hit by economic disinvestment, creating a strong network of neighbors through engagement and resident councils, and empowering residents in the strengthening of their own community. UHW and PPL have a primary focus in reducing the disparity in homeownership rates for non-white households. Rising home values result in competition for homes at affordable purchase prices, resulting in more need for lower income homebuyers.

Costs and Subsidy

Typical Development Cost Per Unit: $518,000
Historical High Cost Threshold: $472,757
Percent Above Historical High Cost Threshold: 10%

The anticipated per-unit construction cost of $440,000 is above the industry average of $413,568 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $73,000
Historical High Subsidy Threshold: $61,942
Percent Above Historical High Subsidy Threshold: 18%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $14,800
Historical High Subsidy Threshold: $51,028
Percent Below Historical High Subsidy Threshold: 71%

One Roof Community Housing	
Project	One Roof Community Housing – Acquisition, Rehab, Resale – Duluth/Two Harbors
Location	Cities of Duluth and Two Harbors
Activity	Acquisition, Rehabilitation and Resale
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	12		**# of units:**	12
Funding Requested:	$1,555,000		**Funding Recommended:**	$1,555,000
			Housing Infrastructure Bond Proceeds Loan	$1,080,000
			Interim Loan	$475,000

Organization Information

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services, building services and sustaining affordable homes in healthy neighborhoods. One Roof develops affordable community land trust (CLT) homes, fee simple homes targeting households at 115 percent AMI and affordable rental housing. In addition, One Roof offers downpayment assistance, homebuyer education, credit counseling and loans for owner occupied rehabilitation.

One Roof has been involved with property development and rehabilitation for several years. One Roof has a wholly owned subsidiary called Common Ground that is responsible for all property rehabilitation they acquire. Since 2017 One Roof has completed 55 acquisition and rehabilitation properties.

Project Description

The funds will be used for value gap to acquire, rehabilitate and resell homes in three targeted areas in the cities of Duluth and Two Harbors. When sold the properties will be placed in One Roof's existing Community Land Trust portfolio. The applicant will serve households at or below 80 percent area median income (AMI).

One Roof Community Housing's (One Roof) proposed project will address Duluth's aging housing stock. According to an American Community Survey (ACS), 16.1 percent of the housing stock in in Minnesota was built before 1939 and 44.3 percent of Duluth's housing stock was built in 1939 or earlier (median year built 1977). This demonstrates that roughly half of Duluth's housing stock is over 70 years old. Many of these units are also lacking in significant and necessary regular maintenance to keep them habitable. Two Harbors fares only slightly better with 38.5 percent of its housing stock built in 1939 or earlier with a median year built of 1958.

According to a 2021 Duluth Housing Indicator report the median home sales price in 2019 was $195,000 and increased to $240,000 by 2021. A 19 percent increase and over the same period area incomes only increased by 9 percent. Without intervention by One Roof, homeownership especially for low- and moderate-income borrowers will become even more unreachable.

The proposed project will further Minnesota Housing's strategic objective to improve the housing system and focus on the people and places most impacted, especially children. One Roof works to over-represent people of color, people with disabilities, and to make homeownership a possibility for single parents. One Roof consistently over-represents households of color and households with one or more persons with a disability.

The proposed project will also further the Agency's objective to preserve and create housing opportunities. One Roof's acquisition and rehabilitation activity fits perfectly within this strategic objective. As properties in the Duluth and Two Harbors are of an advanced age, maintenance is a necessity for a substantial portion of the properties. When this is considered in the context of cost-burdened homeowner, in addition to the median household incomes, it follows that Duluth and Two Harbors are both at an increased risk of losing homes to disrepair. This activity seeks to ameliorate that risk in a way that allows for homes to remail affordable to low-to-moderate income families.

Costs and Subsidy

Duluth – Community Recovery areas
Typical Development Cost Per Unit: $270,000
Historical High Cost Threshold: $310,940
Percent Below Historical High Cost Threshold: 13%

Typical Impact Fund Value Gap Subsidy Per Unit: $90,000
Historical High Subsidy Threshold: $68,791
Percent Above Historical High Subsidy Threshold: 31%

Duluth – Increasing Housing Choice areas
Typical Development Cost Per Unit: $297,000
Historical High Cost Threshold: $310,940
Percent Below Historical High Cost Threshold: 4%

Typical Impact Fund Value Gap Subsidy Per Unit: $90,000
Historical High Subsidy Threshold: $68,791
Percent Above Historical High Subsidy Threshold: 31%

Two Harbors
Typical Development Cost Per Unit: $270,000
Historical High Cost Threshold: $310,940
Percent Below Historical High Cost Threshold: 13%

Typical Impact Fund Value Gap Subsidy Per Unit: $90,000
Historical High Subsidy Threshold: $68,791
Percent Above Historical High Subsidy Threshold: 31%

One Roof Community Housing	
Project	One Roof Scattered Sites
Location	Cities of Duluth, Proctor, and Cloquet
Activity	New Construction
Typical # of Bedrooms	2 or 3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	6		**# of units:**	4
Funding Requested:	$570,000		**Funding Recommended:**	$380,000
			Housing Infrastructure Bond Proceeds Loan	$380,000

Organization Information

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services, building services and sustaining affordable homes in healthy neighborhoods. One Roof develops affordable community land trust (CLT) homes, fee simple homes targeting households at 115 percent AMI and affordable rental housing. In addition, One Roof offers down-payment assistance, homebuyer education, credit counseling and loans for owner occupied rehabilitation.

One Roof has been involved with development and construction for several years. One Roof has a close relationship with contractor 1LLC construction for the project. They have a long history of building affordable homes with One Roof in the past. Since 2017 One Roof has developed and sold 27 new construction properties.

Project Description

The funds will be used for value gap for the construction of new construction homes in the Cities of Duluth and Two Harbors. When sold the properties will be placed in One Roof's existing Community Land Trust portfolio. The applicant will serve households at or below 80 percent area median income (AMI).

One Roof's proposed project will be targeted in identified community recovery census tracts in Duluth, and in Two Harbors the properties will be designated as a Rural and/or Tribal area. All units will be sold and placed to One Roof's community land trust (CLT) that will ensure the property is perpetually kept at an affordable price to future income qualified homeowners. New construction units are needed in the area. With the CLT's reducing the sales price by removing the land value from the home, the new construction homes will be sold at an affordable price of $160,000 for an 80 percent AMI or less borrower while the median housing sales price in the area is $212,250. Both cities will sell lots to One Roof for 20 percent of the market value to further subsidize the project.

Duluth has a unique challenge in the cities as lots are much narrower than anywhere else. In 2018 the city adjusted setback rules in hopes of encouraging new construction specifically on these narrow lots. One Roof and other interested entities have commissioned an architect that has designed a modern functional 15-foot-wide home to fit within the narrow lot and setback rules that would otherwise be unbuildable with a standard home design. Only a small number of these homes have been built to date. Staff believes these new construction homes on the vacant otherwise unbuildable lots would serve as an important visual landmark representation of what is possible in the city.

The proposed project will further Minnesota Housing's strategic objective to improve the housing system and focus on the people and places most impacted, especially children. One Roof works to over-represent people of color, people with disabilities, and to make homeownership a possibility for single parents.

The proposed project also furthers the Agency's objective to preserve and create housing opportunities. As Duluth and Two Harbors have been struggling with single family new construction in general, and especially with affordable new construction, this activity is highly desired and necessary for the community. There are few affordable single family new construction homes being built in Duluth and Two Harbors at this time other than what One Roof is building. In addition, the CLT model will preserve this affordable housing in perpetuity.

Costs and Subsidy

Community Land Trust Units - Duluth
<u>Typical Development Cost Per Unit:</u> $330,000
Historical High Cost Threshold: $416,750
Percent Below Historical High Cost Threshold: 21%

The anticipated per-unit construction cost of $270,300 is above the industry average of $200,518 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $95,000
Historical High Subsidy Threshold: $123,837
Percent Below Historical High Subsidy Threshold: 23%

Community Land Trust Units – Two Harbors
<u>Typical Development Cost Per Unit:</u> $330,000
Historical High Cost Threshold: $416,750
Percent Below Historical High Cost Threshold: 21%

The anticipated per-unit construction cost of $271,000 is above the industry average of $207,672 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $95,000
Historical High Subsidy Threshold: $123,837
Percent Below Historical High Subsidy Threshold: 23%

Partnership Community Land Trust	
Project	PCLT-New Construction
Location	City of Mankato
Activity	New Construction
Typical # of Bedrooms	4 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	5		**# of units:**	3
Funding Requested:	$452,500		**Funding Recommended:**	$271,500
			Housing Infrastructure Bond Proceeds Loan	$271,500

Organization Information

The Partnership Community Land Trust (PCLT) is part of Southwest Minnesota Housing Partnership (SWMHP) and their mission is to partner with communities to develop places for people to call home. The PCLT is an established and separate nonprofit entity that works solely on community land trust affordable housing solutions. SWMHP's mission and proposed project aligns well with the need to expand SWMHP's PCLT in the Mankato community to create new and preserve existing affordable single-family home ownership at 60 percent or below AMI. SWMHP's PCLT is currently active in Willmar and Worthington, MN. SWMHP will continue to coordinate and manage all PCLT activities in the Mankato area by dedicating SWMHP staff members to qualify households for the PCLT, inspect properties, prepare designs and scopes of work, construction manage, acquire existing homes, facilitate new homebuyer purchasing/closing, and fulfill all administrative duties required by the programs supported with the funds.

SWMHP has built nine new single family homes in the past five years and have two more units that started construction in August 2022. They currently have two single family homes in the City of Worthington under their CLT portfolio with two total resales of homes in the past ten years. They also own two vacant lots in the City of Willmar that are available for potential future homeownership.

Project Description

The funds will be used to develop new construction homes in the City of Mankato. The applicant will serve households at or below 60 percent area median income (AMI).

The proposed project is part of a broader project proposal to include new single-family home construction homes to be developed and placed under the PCLT portfolio.

The project furthers Minnesota Housing’s strategic objective to preserve and create housing opportunities by increasing development of new housing that is affordable and supporting manufactured housing. The PCLT currently owns two single family owner-occupied homes in the City of Worthington and two vacant lots in Willmar that are available for potential future home ownership. The proposed project will create and add new owner-occupied homes at 60 percent AMI to be located within the City of Mankato. The community land trust model will allow these homes to be sold at more affordable levels and be placed in the land trust for long-term affordability through a deed restriction and the homes must be sold to another income qualified household.

The project also furthers the Agency's objective to improve the housing system by focusing on the people and places most impacted, especially children. The project proposes to build new construction homes with four bedrooms in order to accommodate larger families. They frequently see the need for housing that allows for multigenerational living and large bedroom counts, and often these needs overlap with households of color. They are also working with local refugee resettlement program to match immigrant families into the new homes. SWMHP provides homeownership counseling and education and will utilize their existing networks and contacts to recruit large family members. They currently have 11 families that are currently working to utilize the Voucher to Homeownership program that require housing with four or more bedrooms.

The PCLT will address the housing disparities and support inclusive communities by working with the lowest incomes to purchase homes that they choose with an affordable payment. With the proposed project, families will have the opportunity to select a home that best meets their needs. The homebuyers would also have the benefit of builder warranties and high-efficient systems. To measure the success of this outcome, SWMHP will track the incomes, race, ethnicity, payment amount versus renting and family size.

Costs and Subsidy

Typical Development Cost Per Unit: $427,500
Historical High Cost Threshold: $416,750
Percent Above Historical High Cost Threshold: 3%

The anticipated per-unit construction cost of $302,000 is below the industry average of $332,287 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $90,500
Historical High Subsidy Threshold: $123,837
Percent Below Historical High Subsidy Threshold: 27%

PRG Inc	
Project	PRG – Minneapolis Infill
Location	North and South Minneapolis
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 and 4 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	8		**# of units:**	8
Funding Requested:	$942,000		**Funding Recommended:**	$942,000
			EDHC - Grant	$342,000
			EDHC - Deferred Loan	$180,000
			Interim Loan	$420,000

Organization Information

PRG Inc is a nonprofit organization that develops quality, affordable housing and provides related services since 1976. PRG's purpose is to enhance neighborhood stability and family self-sufficiency. They serve the seven-county metropolitan area, at the request of neighborhood groups and other stakeholders and combine housing education and one-on-one counseling with brick and mortar development to build family self-sufficiency and neighborhood stability.

Since 2017, PRG has completed 25 new construction project single family homes all of which have very similar designs. The current proposal has added two new designs aimed at reducing costs and addressing site constraints.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance for the new construction of homes in North and South Minneapolis. The applicant will serve households at or below 80 percent area median income (AMI).

PRG's Minneapolis Infill program will increase the development of new housing that is affordable. It is designed to address vacant land and increase the supply of quality affordable homeownership opportunities for lower income households, particularly larger families of color. PRG will serve as developer and affordability gap loan administrator.

PRG's project furthers the Agency's strategic objective to improve the housing system by creating pathways for families to move along the affordable housing continuum and create intergenerational wealth. This will provide opportunities for our lowest-income neighbors access to safe, stable, and affordable housing.

The project also furthers the Agency's strategic objective to make homeownership more accessible by reducing the homeownership disparity gap. PRG has a solid track record of narrowing the racial homeownership gap with 92 percent of homes in the five years purchased by Black, Indigenous, or people of color households. This new construction project model has also led to a nine point reduction (2016 to 2019) in the disparity between white households and households of color who go on to purchase after participating in PRG's prepurchase education and one-on-one advising services.

Costs and Subsidy

North Minneapolis 1-Story Home
Typical Development Cost Per Unit: $439,800
Historical High Cost Threshold: $472,757
Percent Below Historical High Cost Threshold: 7%

The anticipated per-unit construction cost of $344,000 is below the industry average of $419,255 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $35,000
Historical High Subsidy Threshold: $61,942
Percent Below Historical High Subsidy Threshold: 43%

North Minneapolis 2-Story Home
Typical Development Cost Per Unit: $444,800
Historical High Cost Threshold: $472,757
Percent Below Historical High Cost Threshold: 6%

The anticipated per-unit construction cost of $353,000 is below the industry average of $421,151 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $35,000
Historical High Subsidy Threshold: $61,942
Percent Below Historical High Subsidy Threshold: 43%

South Minneapolis 2-Story Home
Typical Development Cost Per Unit: $450,900
Historical High Cost Threshold: $472,757
Percent Below Historical High Cost Threshold: 5%

The anticipated per-unit construction cost of $345,000 is below the industry average of $397,993 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $66,000
Historical High Subsidy Threshold: $61,942
Percent Above Historical High Subsidy Threshold: 7%

Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)	
Project	Critical Repair Projects for Low-Income Homeowners in Cottonwood, Jackson, Murray, Nobles, and Pipestone Counties
Location	Cottonwood, Jackson, Murray, Nobles, and Pipestone Counties
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	15		**# of units:**	15
Funding Requested:	$199,995		**Funding Recommended:**	$199,995
			EDHC - Grant	$199,995

Organization Information

Rebuilding Together Twin Cities dba Rebuilding Together Minnesota (Rebuilding Together) is a nonprofit with the mission of repairing homes, revitalizing communities, and rebuilding lives. They coordinate the volunteers, skilled labor, tools and supplies necessary to repair the homes and tailor their services to meet the needs of each individual homeowner. Efforts are focused on older adults, individuals living with disabilities, active and retired members of the armed services, and families with children; tailoring services to meet the needs of each individual homeowner. Rebuilding Together has a Certified Aging in Place Specialist on staff.

Over the last five years, Rebuilding Together has served 443 households with owner-occupied rehabilitation.

Project Description

The funds will be used to provide owner-occupied rehabilitation for homeowners to address critical health and safety repairs and large accessibility modifications for the counties of Cottonwood, Jackson, Murray, Nobles and Pipestone. Grant funds in the amount of $7,500 is recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI). Since these are grant funds, staff is recommending limiting the project to households at or below 70 percent AMI instead of 80 percent AMI to target the very low income households.

Rebuilding Together's proposed project activities are part of their two existing programs, Safe at Home and Home Repair Program. Safe at Home provides home safety and fall prevention modifications and ramps for older adults or those living with a disability so that they can continue to live safely and independently in their own homes. Home Repair Program provides volunteer-delivered repairs including weatherizing, cleaning, installing flooring, patching and painting, siding, and landscaping, and timely contractor-delivered repair or replacement of essential systems, such as HVAC, electrical, plumbing, outer envelope and roofs that are critical to healthy, livable homes.

Rebuilding Together will partner with a processing entity, Land Title, to implement the owner-occupied rehabilitation lending portion of the project. Land Title will send the property report, certificate of title, mortgage deed and other required documents. Rebuilding Together will electronically file all paperwork with the County. Once homeowner eligibility is determined, Rebuilding Together will originate, and underwrite zero-interest, deferred, forgivable loans to the homeowners served through this program.

The proposed project furthers Minnesota Housing's strategic objective by improving the housing system. Rebuilding Together will focus their work on some of the most vulnerable cost burdened homeowners in the target area including seniors, families with children, veterans and individuals living with disabilities. Many live in substandard housing conditions that present significant health and safety hazards. The work and repair Rebuilding Together provides enables their clients to continue to live independently and safely in their homes and be able to age-in-place. The project helps low-income families preserve affordable homeownership. The project also provides equitable access to homeownership by providing repairs and loans to Black Indigenous or people of color households. In 2021 across the state, they served 36 percent of Black, Indigenous, or people of color households and 57 percent of households with a disability. Rebuilding Together is serving the needs within the community by building accessible ramps for very low-income homeowners with a disability and seniors (62+) so that they can stay in their homes and age in place.

The proposed project also furthers Agency's strategic objective by supporting people needing services. Rebuilding Together provides critical and modification repairs that will ensure households with elderly and household members with a disability to be able to live in a safe and healthy home, and remain in their home and community. Repairs will also help preserve existing housing stock, as many of these repairs could not be done without the aid and assistance of the repair program.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $13,333

Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)

Project	Roof Repair or Replacement Projects for Low-Income Homeowners throughout Minnesota
Location	Statewide
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details

Requested			**Recommended**	
# of units:	32		**# of units:**	32
Funding Requested:	$500,000		**Funding Recommended:**	$500,000
			EDHC - Grant	$500,000

Organization Information

Rebuilding Together Twin Cities dba Rebuilding Together Minnesota (Rebuilding Together) is a nonprofit with the mission of repairing homes, revitalizing communities, and rebuilding lives. They coordinate volunteers, skilled labor, tools, and supplies necessary to repair the homes and tailor their services to meet the needs of each individual homeowner. Efforts are focused on older adults, individuals living with disabilities, active and retired members of the armed services, and families with children; tailoring services to meet the needs of each individual homeowner. Rebuilding Together has a Certified Aging in Place Specialist on staff.

Over the past five years, Rebuilding Together has completed critical repair and accessibility modification projects like those proposed here to 443 homes. This data includes projects completed from 2017 through 2021 and includes 24 roof repair and replacement projects completed in Greater Minnesota with Impact Funds provided by Minnesota Housing Finance Agency.

Project Description

The funds will be used for owner-occupied rehabilitation for low-income homeowners for the repair or replacement of roofs across Minnesota. Grant funds in the amount of $16,000 is recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI). Since these are grant funds, staff is recommending limiting the project to households at or below 70 percent AMI instead of 80 percent AMI to target the very low income households.

The Rebuilding Together Twin Cities (Rebuilding Together) proposed project is part of their existing Home Repair Program. The Home Repair Program provides volunteer-delivered repairs including weatherizing, cleaning, installing flooring, patching, painting, siding, and landscaping, and timely contractor-delivered repair or replacement of essential systems, such as HVAC, electrical, plumbing, outer envelope and roofs that are critical to healthy, livable homes. The proposed project will be for the replacement and repair of roofs only. The project will target areas that are outside the applicant's other service areas of North and South Minneapolis, St. Paul, Maplewood, North St. Paul, Brooklyn Center, Robbinsdale, and Crystal; and the following counties of Cottonwood, Nobles, Jackson and Pipestone. Rebuilding Together's project lead will be responsible for soliciting and selecting the roofers and contractors.

The project is requesting grant funds and will provide the funds as a deferred loan, no-interest, forgivable loan that will require homeowners to remain in the home for at least five years. Rebuilding Together will partner with a processing entity, Land Title, to implement the owner-occupied rehabilitation lending portion of the project. Land Title will send the property report, certificate of title, mortgage deed and other required documents. Rebuilding Together will electronically -file all paperwork with the County. Once homeowner eligibility is determined, Rebuilding Together will originate, and underwrite zero-interest, deferred, forgivable loans to the homeowners served through this program.

The proposed project meets Minnesota Housing’s strategic objective of providing equitable access to homeownership. They do this by providing repairs and loans to Black Indigenous or people of color households. In 2021 across the state, they served 36 percent of Black, Indigenous, or people of color households and 57 percent of households had a disability across the state.

The proposed project also furthers the Agency’s strategic objectives by strengthening communities and preserving and creating housing opportunties. The proposed project provides the support needed for existing low-income homeowners to remain in their homes. Rebuilding Together has a history of reaching and serving at-risk and households of color homeowners and communities. Rebuilding Together focuses their work on helping some of the most vulnerable members of the community, including families with children, seniors, individuals living with disabilities, and veterans. The roof repairs and replacements improve and preserve the condition and affordability of existing housing stock. They provide repairs and replacements for very low and extremely low-income homeowners at no charge to Minnesotans in need. When families are unable to complete essential maintenance and repairs to their existing homes, they may need to move which causes an additional cost burden to the family. Rebuilding Togther believes that in order to help bridge the homeownership disparity gap in Minnesota, they need to continue to provide a pipeline and accessibilty to get into homeownership but also ensure that current homeowners are able to maintain their homes in a safe, stable and affordable way.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $15,125

Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)	
Project	Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis, Saint Paul, Maplewood, North Saint Paul, Brooklyn Center, Brooklyn Park, Robbinsdale and Crystal
Location	North and South Minneapolis, Saint Paul, Maplewood, North Saint Paul, Brooklyn Center, Brooklyn Park, Robbinsdale, and Crystal
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	32		**# of units:**	32
Funding Requested:	$400,000		**Funding Recommended:**	$400,000
			EDHC - Grant	$400,000

Organization Information

Rebuilding Together Twin Cities dba Rebuilding Together Minnesota (Rebuilding Together) is a nonprofit with the mission of repairing homes, revitalizing communities, and rebuilding lives. They coordinate the volunteers, skilled labor, tools and supplies necessary to repair the homes and tailor their services to meet the needs of each individual homeowner. Efforts are focused on older adults, individuals living with disabilities, active and retired members of the armed services, and families with children; tailoring services to meet the needs of each individual homeowner. Rebuilding Together has a Certified Aging in Place Specialist on staff.

Over the past five years Rebuilding Together has completed critical repair and accessibility modification projects like those proposed here to 443 homes.

Project Description

The funds will be used to provide owner-occupied rehabiltiation for low-income homeowners in North and South Minneapolis, St. Paul, Maplewood, North St. Paul, Brooklyn Center, Brooklyn Park, Robbinsdale and Crystal. Funds will be used to address critical health and safety repairs and large accessibility modifications. Grant funds in the amount of $16,000 is recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI). Since these are grant funds, staff is recommending limiting the project to households at or below 70 percent AMI instead of 80 percent AMI to target the very low income households.

The project is part of an existing program called Safe at Home that provides home safety and fall prevention modifications and ramps for older adults or those living with a disability so that they can continue to live safely and independently in their homes. It is also part of an existing project called Home Repair that provides volunteer-delivered repairs including weatherizing, cleaning, installing flooring, patching and painting, siding, and landscaping, and timely contractor-delivered repair or replacement of essential systems, such as HVAC, electrical, plumbing, outer envelope and roofs that are critical to healthy, livable homes.

Rebuilding Together will partner with a processing entity, Land Title, to implement the owner-occupied rehabilitation lending portion of the project. Land Title will send the property report, certificate of title, mortgage deed and other required documents. Rebuilding Together will electronically -file all paperwork with the County. Once homeowner eligibility is determined, Rebuilding Together will originate, and underwrite zero-interest, deferred, forgivable loans to the homeowners served through this program.

The proposed project meets Minnesota Housing's strategic objective to improve the housing system. Rebuilding Together provides the support needed for existing low-income homeowners to remain in their homes. They have a proven track record of reaching and serving at-risk and minority homeowners and communities. Their works focuses on some of the most vulnerable members of the community, including cost-burdened homeowners, families with children, older adults, individuals living with disabilities and veterans. Most clients live in substandard housing conditions that present significant health and safety hazards. Rebuilding Together stated that they are committed to continuing this important work in order to help reduce Minnesota's racial and ethnicity homeownership disparities. Their services help to create an inclusive and equitable housing system by preserving affordable homeownership for low-income families who face unique challenges as they work to remain in their homes and communities.

The proposed project also furthers the Agency's strategic objective to support people needing services. Rebuilding Together focuses their work on some of the most vulnerable members of our community, including older adults and individuals living with disabilities. The accessibility modifications we provide enable clients to continue to live independently and safely in their homes and age-in-place successfully. Their repair work focuses on the critical repairs needed for the home to be viable for years to come, and these are repairs that our clients simply cannot afford. Without this project, clients would eventually be forced to leave their homes and even become homeless.

Rebuilding Together is committed to evaluating their programs and outcomes to ensure that they align with the needs of the people we help and that we are reaching those most in need.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $12,500

Scott County Community Development Agency on behalf of the Scott County Community Land Trust	
Project	Scott County Community Land Trust Expansion in Partnership with Twin Cities Habitat for Humanity (TCHFH) - Phase 2
Location	City of Prior Lake
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	4		**# of units:**	4
Funding Requested:	$402,000		**Funding Recommended:**	$402,000
			EDHC - Grant	$102,000
			Housing Infrastructure Bond Proceeds Loan	$300,000

Organization Information

The Scott County Community Development Agency (Scott County CDA) invests in possibilities to live and work in Scott County. With this mission in mind, the CDA wishes to put homeownership within reach for households of lower to moderate income who otherwise would be denied such opportunities because of a lack of financial resources. The land trust model (providing an upfront affordability investment) will fill a niche for those homeowners that not only want a home that they can afford, but also have the shared vision of making their home affordable for future generations of homebuyers.

The Scott County CDA has a property portfolio of 668 units which are a mix of new construction and the acquisition of rental apartments, single family, twin-townhome and multi-plexes. In a previous single family for sale construction program, the CDA developed six affordable homes for first-time homebuyers in New Prague. TCHFH has extensive experience in building affordable homeownership units and have completed 141 new construction homes over the last 5 years including single family, twinhomes and townhomes.

Project Description

The funds will be used for affordability gap/downpayment assistance for homebuyers to purchase new construction townhomes developed by Twin Cities Habitat for Humanity (TCHFH) in the City of Prior Lake. Grant funds in the amount of $2,000 is recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI).

Scott County Community Land Trust (CLT) is a program of the Scott County Community Development Agency (CDA). The CLT was created to address the high land costs in Scott County and home value appreciation rates that exceed income growth rates. The CLT model will fill the niche for those homeowners that not only want a home that they can afford, but also have the shared vision of making their home affordable for future generations of homebuyers. The proposed project is to acquire 12 for-sale townhomes, Towering Woods Development, being developed by TCHFH in Prior

Lake, MN. There will be three 4-plexes, with each building consisting of two 3 bedroom/2 bath units and two 4 bedroom/2 bath units, all with 2-car garages, for a total of 12 units on the site (first phase is underway). This project will further the goals of the Scott County CLT to increase the number of ownership opportunities for lower to moderate income buyers in Prior Lake, a lake town where there are many job opportunities (i.e. Shakopee Mdewakanton Sioux Community) but few options for affordable home ownership.

The Scott County CDA will act as Administrator in partnership with TCHFH acting as the developer and general contractor for the 12 new construction townhomes in Prior Lake. Buyers will most likely be using TCFHF Lending Mortgage product that has a downpayment assistance opportunity. Although Scott County CDA is a Housing and Urban Development (HUD) approved counseling agency, it is anticipated that TCHFH will provide the Homestretch education and individualized counseling to potential Scott County Land Trust buyers.

Scott County CDA will further the Agency's strategic objectives to preserve and create housing opportunities by placing the homes into the Scott County CLT. The goal is to build new homes utilizing subsidy making them affordable to a lower to moderate income families. By requiring resale restrictions, the resale of the property will only be to income qualified buyers sale after sale, preserving the affordability and maximizing the one-time upfront public investment. One of the primary benefits of CLT homeownership is that it allows the buyer to purchase a home at a time they otherwise would not have been able to because of the rising cost of homeownership, allowing them to build wealth through homeownership.

The proposed project will also address the Agency's objective to make homeownership more accessible. Affordable homeownership through the land trust allows people of color choices they may not ordinarily have in the housing market and reducing disparities in homeownership rates. The Scott County CDA has a first time homebuyer education course and buyers will be required to engage in at least one 1:1 counseling session with a homeownership counselor. This helps reduce barriers for homeownership by educating on the process, looking at budgeting and reviewing credit scores, which helps reduce barriers and make homeownership more accessible.

The proposed project will address housing disparities and support inclusive communities in Prior Lake. According to Minnesota Housing Partnership (MHP) County Profile, 89 percent of Scott County's homeowners are while only 11 percent are households of color. Deep structural racism have made access to homeownership inequitably distributed along racial and class lines (Urban Wire Blog). Households of color continue to encounter considerable barriers to homeownership including lower incomes on average. Scott County CDA will measure our ability to address housing disparities and support inclusive communities by having at least 40 percent of buyers from Black, Indigenous, or people of color communities, double the rate Scott County (20 percent) and approximately four times the Prior Lake rate (10.2 percent).

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $100,000

The Rondo Community Land Trust	
Project	Homebuyer Initiated Program (HIP) Affordability Gap Program
Location	Ramsey County
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	26		**# of units:**	10
Funding Requested:	$3,269,500		**Funding Recommended:**	$1,257,500
			EDHC - Grant	$1,257,500

Organization Information

Rondo Community Land Trust's (Rondo CLT) mission is to strengthen and preserve communities by providing and advocating for permanently affordable, sustainable housing for families and individuals with low to moderate incomes; to promote the land trust model as a method of preserving affordable housing and 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.

Rondo CLT has experience with income qualifying families to purchase and rehabilitate houses with grant funds. It has assisted 56 families with affordability gap grants through its programs since its inception. Rondo CLT has done limited single family work due to limited staff capacity and a larger mixed-use business development that began in 2016 and completed in 2019. A newer Executive Director (started fall 2021) has energized the organization and has expanded the operating budget and grew the staff from 1.5 full time employees to 4.5 full time employees. In 2022, they have facilitated the purchase of five Homebuyer Initiated Program (HIP) homes in St. Paul and expect to close four more by the end of 2022.

Project Description

The funds will be used for the affordability gap/downpayment assistance investment for homebuyers to purchase properties, including single family homes and duplexes that will be placed into the Community Land Trust in Ramsey County. Grant funds in the amount of $5,000 ($500 per unit) is recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI).

The Rondo Community Land Trust's (Rondo CLT) Homebuyer Initiated Program (HIP) is a buyer driven homeownership program that serves households in Ramsey County and will prioritize the City of St. Paul with a focus on the neighborhoods of Rondo, East side, North end, Frogtown, Westside and Midway. Through HIP, Rondo CLT provides affordability and rehabilitation grants, which allow participants to purchase a home on the open market that fits their needs and is in the location of their choosing. There is also an owner-occupied rehabilitation component to the HIP program, which Rondo CLT is also applying for Impact Funds for owner-occupied rehabilitation.

The proposed project meets Minnesota Housing's strategic objective to improve the housing system by making homeownership a reality for low to moderate income families most impacted by housing instability. Through the land trust model, they are able to help a single household with the affordability gap investment and turn it into a cycle of perpetually affordable homeownership opportunities. As they preserve and facilitate access to affordable housing, they make rehabilitation funds available to improve property conditions.

The proposed project also furthers the Agency's strategic objective to make homeownership more accessible. To maximize the impact on reducing homeownership disparities in Ramsey County and make homeownership more accessible, Rondo CLT will employ intentional marketing and outreach strategies focused on increasing awareness of the HIP program among economically marginalized communities. This will include social media campaigns, hosting and participating in events in areas most impacted by disinvestment and housing instability, and partnering with lenders, real estate agents and other organizations to share informational materials.

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $125,250

The Rondo Community Land Trust

Project	Homebuyer Initiated Program (HIP) Rehab Gap Program
Location	
Activity	Owner-Occupied Rehabilitation
Typical # of Bedrooms	N/A

Project Funding Details

Requested			**Recommended**	
# of units:	26		**# of units:**	10
Funding Requested:	$1,352,000		**Funding Recommended:**	$520,000
			EDHC - Grant	$5,000
			Housing Infrastructure Bond Proceeds Loan	$515,000

Organization Information

Rondo Community Land Trust (Rondo CLT) is to strengthen and preserve communities by providing and advocating for permanently affordable, sustainable housing for families and individuals with low to moderate incomes; to promote the land trust model as a method of preserving affordable housing and 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.

Rondo CLT has experience with income qualifying families to purchase and rehabilitate houses through grants. It has assisted 56 families with affordability gap grants through its programs since its inception. Rondo CLT has done limited single family work due to limited staff capacity and a larger mixed-use business development including deeply affordable rental housing for seniors that began in 2016 and completed in 2019. A newer Executive Director (started fall 2021) has energized the organization and has expanded the operating budget and grew the staff from 1.5 full time employees to 4.5 full time employees. In 2022, they have facilitated the purchase of five Homebuyer Initiated Program (HIP) homes in St. Paul and expect to close four more by the end of 2022.

Project Description

The funds will be used for owner-occupied rehabilitation, including single family and duplexes that will be placed into the Community Land Trust in Ramsey County. Grant funds in the amount of $5,000 ($500 per unit) is recommended for administration of the program. The applicant will serve households at or below 80 percent area median income (AMI).

Rondo CLT's HIP program is a buyer driven homeownership program that serves households in Ramsey County and will prioritize the City of St. Paul with a focus on the neighborhoods of Rondo, East side, North end, Frogtown, Westside and Midway. The owner-occupied rehabilitation funding would be used to rehabilitate homes which due to the market and the price range of homes available to be purchased by HIP borrowers, rehabilitation is needed based on the Truth in Housing reports and health or safety requirements. There is an affordability gap component to the HIP program, which Rondo CLT is also applying for Impact Funds for affordability gap/downpayment assistance.

The proposed project meets Minnesota Housing's strategic objective to improve the housing system by making homeownership a reality for low to moderate income families most impacted by housing instability. Through the land trust model, they are able to help a single household with the affordability gap investment and turn it into a cycle of perpetually affordable homeownership opportunities. They preserve and facilitate access to affordable housing, and make rehabilitation funds available to improve property conditions.

The proposed project also furthers the Agency's strategic objective to make homeownership more accessible. To maximize the impact on reducing homeownership disparities in Ramsey County and make homeownership more accessible, Rondo CLT will employ intentional marketing and outreach strategies focused on increasing awareness of the HIP program among economically marginalized communities. This will include social media campaigns, hosting and participating in events in areas most impacted by disinvestment and housing instability, and partnering with lenders, real estate agents and other organizations to share informational materials.

Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $51,500

Three Rivers Community Action, Inc.	
Project	Gap Financing Program
Location	Counties of Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan and Winona
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	15		**# of units:**	15
Funding Requested:	$180,000		**Funding Recommended:**	$180,000
			EDHC - Deferred Loan	$180,000

Organization Information

Three Rivers Community Action Inc., incorporated in 1966, is a nonprofit human service organization with a mission “to work with community partners to address basic human needs of people in our service area, thereby improving the quality of life of the individual, family and community.” Programs administered by Three Rivers include Head Start, Home Delivered Meals, Family Self Sufficiency programs, Crisis Programs, Public Transportation, Senior Services, Weatherization, Energy Assistance, Homeless Prevention, Rapid Re-housing and Transitional Housing, Permanent Supportive Housing, Homeownership Programs, Financial Literacy, Financial Coaching, Pre-Purchase Counseling, Homebuyer Education, Family Assets for Independence in Minnesota (FAIM), Downpayment Assistance and Housing Development.

Three Rivers is a certified Community Housing Development Organization (CHDO) that creates affordable housing throughout the twenty counties of Southeast and South Central Minnesota. Since 2008, Three Rivers has administered the Achieve Homeownership Program, launched through a pilot from Greater Minnesota Housing Fund (GMHF). This collaborative project is designed to identify and address the barriers to homeownership faced by diverse households in southern Minnesota. The Gap Financing program plays an important role in the Achieve Homeownership program, providing need-based financial assistance to buyers who need downpayment funds and/or assistance to enhance the affordability of their homeownership.

In the past five years, Three Rivers provided gap financing to 77 households in addition to nine households that received gap financing in 2022.

Project Description

Funds will be used to provide affordability gap/downpayment assistance for qualified borrowers within the 20 counties in southern and southeastern Minnesota. The applicant will serve households at or below 80 percent area median income (AMI).

Three Rivers Community Action’s (Three Rivers) Gap Financing Program is part of a comprehensive strategy at Three Rivers to increase homeownership rates among households of color in southern Minnesota. The proposed housing activity is a renewal request for an existing, successful Impact Fund program. This program provides households of color and diverse households with downpayment and closing cost assistance to address the entry-cost barrier to purchasing a home. This project is a need based downpayment and closing cost assistance program that helps households of color with the financial boost that is needed to purchase a home. This program plays a key role in closing the homeownership gap between white households and households of color in Minnesota.

The proposed project meets Minnesota Housing's strategic objective to provide equitable access to homeownership by providing different resources, funding and tools specifically targeted to communities with barriers to homeownership. Three Rivers also serve housing needs within a community by marketing to underserved markets who are not able to use traditional resources. As part of Three Rivers comprehensive strategy to close the homeownership gap in southern Minnesota, Three Rivers delivers the Achieve Homeownership Program. This program is a comprehensive homeownership service that identifies and addresses the homeownership barriers faced by the region's growing diverse population. The Achieve Homeownership program uses culturally-tailored programming to address specific needs of the region's new immigrants who are working toward homeownership. For households just starting on the homeownership path, Three Rivers offers financial literacy classes, intensive financial coaching and matched savings opportunities through the FAIM individual development account program. For households who may be within a year of purchasing a home, Three Rivers provides Home Stretch courses and individual pre-purchase counseling sessions to assist buyers with their home purchase.

The proposal supports and builds power in communities most impacted by housing challenges and disparities. The Gap Financing program, paired with homebuyer education and counseling, addresses barriers that lead to housing disparities by providing individually tailored and culturally relevant services to help clients reach their goals of homeownership. The Achieve Homeownership will continue to help elevate and build power in communities of color and communities that are new to the United States by meeting households where they are at, providing the tools/opportunities they need to improve their financial well-being and reach their goal of homeownership and offering financial skill-building that the households can utilize over the long-term.

Additionally the program strengthens communities by ensuring that that low-income households and diverse households in small rural towns across southern and southeastern Minnesota are able to purchase homes in communities that need to retain families with children in their rural school districts, maintain a strong local economy and continue to build up their property tax base.

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $12,000

Three Rivers Community Action, Inc.	
Project	Faribault Single Family Project: Large Family Housing
Location	City of Faribault
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	5 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	6		**# of units:**	6
Funding Requested:	$600,000		**Funding Recommended:**	$600,000
			Workforce & Affordable Homeownership Development - Grant	$270,000
			EDHC - Deferred Loan	$330,000

Organization Information

Three Rivers Community Action, Inc (Three Rivers) is a nonprofit human service organization with a mission "to work with community partners to address basic human needs of people in our service area, thereby improving the quality of life of the individual, family and community."

Three Rivers is a certified Community Housing Development Organization (CHDO) that creates affordable housing throughout the twenty counties of Southeast and South Central Minnesota. As a nonprofit housing developer, Three Rivers is committed to increasing the supply of safe, decent housing that is permanently affordable to low- and moderate-income families in the region, including townhomes, apartments, and single-family starter homes. Three Rivers has developed 882 affordable housing units across southeastern Minnesota. Three Rivers has also created over 100 new single-family homes and rehabilitated and sold another 32 homes to income-eligible households. Three Rivers has a five year history of new construction but with the help of the Rice County Housing and Redevelopment Authority (HRA) and Habitat for Humanity, they are able to complete this project.

Three Rivers have extensive experience operating the Gap Financing program that provides Impact Funds for downpayment assistance to diverse households throughout the twenty county region in Southeast and South Central Minnesota. Three Rivers have provided about 17 downpayment loans (on average) each year to modest income homebuyers for over a decade.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance to build new construction single family homes in the City of Faribault. The applicant will serve households at or below 80 percent area median income (AMI).

Three Rivers Community Action, Inc (Three Rivers) is partnering with the Rice County HRA and Rice County Habitat for Humanity to create six 5-bedroom homes to the north of downtown Faribault. This is an expansion of an already active local collaboration between the organizations that include the use of Section 8 Vouchers for homeownership through the Rice County HRA, culturally relevant homebuyer education and counseling, downpayment assistance and financial empowerment coaching through Three Rivers and the creation of affordable owner-occupied homes through Rice County Habitat for Humanity (Rice County Habitat). Together, these organizations have assisted many large families and families of color and new to the United States realize their dream of homeownership. This Faribault Single Family Project formalizes and enhances this existing collaboration to help address the lack of affordable homes for large families in the Faribault community. The proposal leverages the organizations' connections to diverse families across the Faribault and Rice County Community. The project will market to households of color that are new to this country and have completed the Three Rivers Achieve Homeownership Program. There is a specific need to accommodate due to the lack of options for the families with large families living in the area. Achieve Homeownership client data shows that since 2021 the median household size in Faribault was five with a range from one to 17 household members. A Rice County study noted that from the 91 interviews of Somali households, they found that the household size ranges from four to 12 members, demonstrating the great need for larger homes with 4+ bedrooms.

Three Rivers will also administer the value gap and affordability gap funds to the homebuyers and to Rice County Habitat for the development of the homes and ensure that the project is viable. Rice County HRA will donate the land and assist with any local fee waiver requests, navigation of any potential fee waivers and fast-tracking local approvals as needed. Rice County Habitat will be the developer of the six affordable housing units and will leverage $14,000 in in-kind labor donations and make other efforts to contain costs. This strong, locally based collaborative approach will help contain project costs and ensure that Minnesota Housing's proposed investments of $45,000 per home in value gap and $55,000 per home in affordability gap are the last needed pieces to make this project feasible.

The proposed project meets Minnesota Housing's strategic objective to support and build power in communities most impacted by housing challenges and disparities. This project will create housing opportunities by developing new construction owner occupied units in a top job growth center in Greater Minnesota. Building large-family homes in Faribault will strengthen the community by bringing new and much needed housing opportunities. The project will strengthen communities by ensuring that that low-income households and diverse households in Faribault can purchase homes in the community, retain families with children in their rural school districts, maintain a strong local economy and continue to build up their property tax base. The success of this project will be measured by the number of diverse households that purchase the affordable, large family homes that will be created by Rice County Habitat.

Costs and Subsidy

Typical Development Cost Per Unit: $412,840
Historical High Cost Threshold: $306,241
Percent Above Historical High Cost Threshold: 35%

The anticipated per-unit construction cost of $271,454 is below the industry average of $318,379 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $45,000
Historical High Subsidy Threshold: $69,588
Percent Below Historical High Subsidy Threshold: 35%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $55,000

Twin Cities Habitat for Humanity, Inc.	
Project	Twin Cities Habitat for Humanity 2022 Scattered Site Acquisition-Rehab
Location	Seven-County Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties)
Activity	Acquisition, Rehabilitation, and Resale and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	20		**# of units:**	20
Funding Requested:	$800,000		**Funding Recommended:**	$800,000
			EDHC - Grant	$400,000
			EDHC - Deferred Loan	$400,000

Organization Information

Twin Cities Habitat for Humanity, Inc's (TC Habitat) mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. TC Habitat realizes its mission through four key programs. The hallmark Habitat homeownership program which gives low-income families the opportunity to purchase Habitat-developed homes, rehabilitated, and homes on the open market. The Mortgage Foreclosure Prevention Program which provides foreclosure counseling to homeowners. The A Brush with Kindness program provides painting and home repair to low-income owner occupants. TC Habitat's Advocacy program, which changes public perceptions about affordable housing and lobbies at the state level for Impact Fund, Housing Infrastructure Bonds, and other key housing programs.

In the last five years, TC Habitat has acquired, rehabilitated and sold 87 homes to qualifying Habitat homebuyers. Projects occurred in all seven counties of the metropolitan area with the majority in Hennepin County. TC Habitat is an experienced Impact Fund administrator and has closed out their Impact Fund awards in a timely manner. They currently have two acquisition, rehabilitation, and resale awards open which seem to be well on its way to meeting their unit counts under the award and closed out in a reasonable amount of time.

Project Description

The funds will be used to provide value gap and affordability gap/downpayment assistance for the acquisition, rehabilitation, and resale of homes and for homeowners to purchase homes rehabilitated by TC Habitat in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent area median income (AMI).

The proposed project will further Minnesota Housing's strategic objective to preserve and create housing opportunities. TC Habitat has the buying power and construction resources to purchase land and build homes valued around $250,000 and in turn make the homes available to TC Habitat's pool of prospective buyers. This is often done by leveraging other governmental funds TC Habitat receives (HOME, Community Development Block Grant local funders such as the cities of St. Paul and Minneapolis). TC Habitat has also expanded the use of community land trusts to create perpetually affordable housing in areas where this would not otherwise be possible. In the future, TC Habitat anticipates the growth of its own land trust and increase partnerships with other community land trusts such as the City of Lakes Community Land Trust (CLCLT) and through partnerships with Community Development Agencies (CDA's). Land trusts are critical at creating affordable homeownership in markets where housing prices have risen dramatically, as they allow homebuyers to build equity in their community without being overly burdened by an unaffordable mortgage.

The proposed project also meets the Agency's strategic objective to improve the housing system. TC Habitat focuses on helping Black, Indigenous, or people of color, large families, families with children, people with special needs and immigrants obtain access to safe, stable, and affordable places to live. These families often do not have equitable access to safe, affordable housing, demonstrating the need for Habitat's work. TC Habitat is also in the early stages of redesigning facets of their program to better support Foundational Black Households (Black households who are descendants of slaves and have been in the U.S. for generations). TC Habitat has engaged in a research project to assess the barriers within their application and financial coaching programs that are preventing Foundational Black Households from seeing the same success rate as other racial groups. Following this research project, TC Habitat is implementing culturally relevant peer-to-peer learning and community connections along with specialized curriculum that may include healing from financial trauma and developing financial resilience.

Costs and Subsidy

Typical Development Cost Per Unit: $357,500
Historical High Cost Threshold: $390,477
Percent Below Historical High Cost Threshold: 8%

Typical Impact Fund Value Gap Subsidy Per Unit: $20,000
Historical High Subsidy Threshold: $20,974
Percent Below Historical High Subsidy Threshold: 5%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $20,000
Historical High Subsidy Threshold: $17,379
Percent Above Historical High Subsidy Threshold: 15%

Twin Cities Habitat for Humanity, Inc.	
Project	Twin Cities Habitat for Humanity, 2022 New Construction Affordability Gap
Location	Seven-County Twin Cities Metropolitan Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties)
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	20		**# of units:**	15
Funding Requested:	$800,000		**Funding Recommended:**	$600,000
			EDHC - Deferred Loan	$600,000

Organization Information

Twin Cities Habitat for Humanity, Inc's (TC Habitat) mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. One of TC Habitat's core strengths is its ability to carry out all development, construction, and marketing functions in-house through a vertically-integrated production model. In doing so, TC Habitat serves as the builder, the bank, and the bridge to affordable homeownership for households earning 30-80 percent of AMI. For this proposal TC Habitat is focused on 60-80 percent AMI households with income limits based on HUD's median income calculations adjusted for household size.

Over the past five fiscal years, TC Habitat has closed on 134 new construction homes.

Project Description

The funds will be used to provide affordability gap/downpayment assistance funding for scattered site new construction homes in the seven-county Twin Cities Metropolitan Area. The applicant will serve households at or below 80 percent area median income (AMI).

TC Habitat's 2022 New Construction Affordability Gap project intends to leverage TC Habitat's signature combination of private fundraising, public funding, and volunteer labor to build each home. The homes will be sold to income eligible homebuyers that have completed TC Habitat volunteering, coaching, and training requirements. Homebuyers have the option to utilize TC Habitat's affordable first mortgage financing that is provided by TCHFH Lending, Inc, a wholly owned subsidiary of TC Habitat. Additional affordability gap financing will be provided through Minnesota Housing deferred loans, other public funding, and forgivable TC Habitat subordinate loans. TC Habitat has identified several potential sites from across the Twin Cities metropolitan region, including several in suburban communities.

TC Habitat's proposed project aligns with Minnesota Housing's strategic objective to preserve and create housing opportunities. TC Habitat has the buying power and construction resources to purchase land and then build homes valued at approximately $250,000 on average and in turn make the homes available to TC Habitat's pool of prospective buyers. This is often done by leveraging other governmental funds TC Habitat receives (HOME, Community Development Block Grant (CDBG), City of St. Paul and Minneapolis). TC Habitat has also expanded the use of community land trusts to create perpetually affordable housing in areas where this would not otherwise be possible. TC Habitat also has advocating resources internally that work with housing coalitions to advocate for new and expanded funding from federal and state resources.

To address housing disparities, TC Habitat is working to close the homeownership gap that exists between foundational black households and white households in the Twin Cities. TC Habitat is exploring several systemic changes to their program to help foundational black families close this gap. They are looking at including additional downpayment assistance financing, credit repair programs, changes to how financial coaching is offered and additional outreach to ensure that foundational black families can access their programs. TC Habitat created a Sweat Equity Action Learning Project (ALP) team to collect feedback from stakeholders and explore this requirement through an equity lens. This spring they completed a survey of TC Habitat homeowners, held three focus group sessions with homeowners to dive deeper into their Sweat Equity experiences. They are continuing additional one-on-one phone interviews with more homeowners who couldn't make the focus groups and they will be sending out a Sweat Equity survey to volunteers and additional stakeholders over the course of the summer. TC Habitat will use demographic data to measure the outcomes.

Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $40,000

Twin Cities Habitat for Humanity, Inc.	
Project	Twin Cities Habitat for Humanity, 2022 SAAG Open Market Program
Location	Seven-County Twin Cities Metropolitan Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties)
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	60		**# of units:**	45
Funding Requested:	$1,200,000		**Funding Recommended:**	$900,000
			EDHC - Deferred Loan	$900,000

Organization Information

Twin Cities Habitat for Humanity, Inc's (TC Habitat) mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. One of TC Habitat's core strengths is its ability to carry out all development, construction, and marketing functions in-house through a vertically-integrated production model. In doing so, TC Habitat serves as the builder, the bank, and the bridge to affordable homeownership for households earning 30-80 percent of AMI. For this proposal TC Habitat is focused on 60-80 percent AMI households with income limits based on HUD's median income calculations adjusted for household size.

TC Habitat has closed 221 Open Market loans for households from August 2017 through June 2022.

Project Description

The funds will be used to provide affordability gap/downpayment assistance funding for homeowners to purchase homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent area median income (AMI).

TC Habitat's Open Market program creates opportunities for low income families to not only own their own homes, but to provide them with the flexibility to move into neighborhoods throughout the seven county metropolitan area that previously may not have been within their financial means. Homebuyers have the option to utilize TC Habitat's low interest mortgage, currently at three percent, provided by TC Habitat's mortgage subsidiary, TCHFH Lending, Inc. These mortgages are accompanied by affordability gap subsidies allowing the families to increase their purchasing power. The Open Market program provides the coaching and educational services to prepare families for success in the purchase of homes in the open market.

TC Habitat's proposed project aligns with Minnesota Housing's strategic objective to improve the housing system. TC Habitat focuses on helping Black, Indigenous, or people of color, large families, families with children, people with special needs and immigrants obtain access to safe, stable, and affordable places to live. These families often do not have equitable access to safe, affordable housing, demonstrating the need for TC Habitat's work. TC Habitat is also in the early stages of redesigning facets of their program to better support Foundational Black Households (Black households who are descendants of slaves and have been in the U.S. for generations). TC Habitat has engaged in a research project to assess the barriers within their application and financial coaching programs that are preventing Foundational Black Households from seeing the same success rate as other racial groups. Following this research project, TC Habitat is implementing culturally relevant peer-to-peer learning and community connections along with specialized curriculum that may include healing from financial trauma and developing financial resilience.

To address housing disparities, TC Habitat is working to close the homeownership gap, which exists between foundational black households and white households in the Twin Cities. TC Habitat is exploring several systemic changes to their program to help foundational black families close this gap. They are looking at including additional downpayment assistance financing, credit repair programs, changes to how financial coaching is offered and additional outreach to ensure that foundational black families are able to access our programs. TC Habitat has created a Sweat Equity Action Learning Project (ALP) team to collect feedback from stakeholders and explore this requirement through an equity lens. This spring they completed a survey of TC Habitat homeowners, held three focus group sessions with homeowners to dive deeper into their Sweat Equity experiences. They are continuing additional one-on-one phone interviews with more homeowners who couldn't make the focus groups and they will be sending out a Sweat Equity survey to volunteers and additional stakeholders over the course of the summer. TC Habitat will use demographic data to measure the outcomes.

Costs and Subsidy

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $20,000

Two Rivers Community Land Trust	
Project	The PATH (Preserving Affordable Tracks to Homeownership) Project
Location	Washington County
Activity	Acquisition, Rehabilitation, and Resale and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	3		**# of units:**	3
Funding Requested:	$148,500		**Funding Recommended:**	$148,500
			EDHC - Grant	$71,865
			Housing Infrastructure Bond Proceeds Loan	$76,635

Organization Information

Two Rivers Community Land Trust's (Two Rivers CLT) mission is to provide permanently affordable housing for low and moderate income households earning up to 80 percent of the area median income in Washington County.

Over the past five years, Two Rivers CLT has acquired, rehabilitated and sold ten homes. It also assisted with the resale of 18 CLT homes during this period. Two Rivers CLT is responsible for all aspects of the project and its implementation and has demonstrated the capacity to complete projects such as the one proposed in this application.

Project Description

The funds will be used to for value gap and affordability gap/downpayment assistance to acquire rehabilitate, and resell community land trust (CLT) homes in Washington County with priority in the communities of Forest Lake, Hugo, Oakdale, St. Paul Park, Mahtomedi, Newport, Bayport, Oak Park Heights, Woodbury, Stillwater and Cottage Grove. The applicant will serve households at or below 80 percent area median income (AMI).

The PATH (Preserving Affordable Tracks to Homeownership) project is an acquisition and rehabilitation project that proposes to add three land trust homes to the portfolio of homes in Washington County. Two Rivers will purchase homes, complete necessary rehabilitation, place the homes into the CLT and sell the homes to borrowers at or below 50-80 percent of AMI. The target area is Washington County with priority in the communities of Forest Lake, Hugo, Oakdale, St. Paul Park, Mahtomedi, Newport, Bayport, Oak Park Heights, Woodbury, Stillwater and Cottage Grove. Some of these communities have strong access to transit and are close to jobs within the county. To the extent possible, the homes will be located within high performing school areas.

Two Rivers CLT will be the lead on this project, responsible for all aspects of implementation, compliance and reporting.

The project furthers Minnesota Housing's strategic objective to preserve the condition and affordability of existing housing. The Community Land Trust (CLT) model and the 99-year renewable ground lease addresses long term affordability as the homes must be sold to another income qualified household. Two Rivers has policies that encourage continued maintenance and capital improvements to the properties with incentives connected to shared equity. This policy was recently expanded to include those items that add useful life as well as the capital improvements. This policy is to help prevent homes from suffering over time from deferred maintenance issues. Recently, Two Rivers created a program called Safe Keeping which addresses emergency situations that can arise with homeownership. Two Rivers CLT has begun to set aside funds to support this initiative.

The project also furthers the Agency's objective to improve the housing system. Two Rivers seeks to do this by focusing on people. Two Rivers has implemented a policy that no more than 30 percent of an applicant's gross monthly income can go towards housing. This addresses the issue of cost burdened homeowners in Washington County, which is currently 59.5 percent of all homeowners in the county. The program supports applicants during the purchasing process by requiring homeowner education and referring applicants with poor credit to counseling and keeping them on a wait list for later consideration. Two Rivers also provides post-purchase support to homeowners by providing resources and information such as foreclosure prevention and access to lists of reliable contractors and services, informational newsletters, a website, and a Facebook page that includes relevant homeowner information.

Two Rivers collects demographic data and measures both the percentage of applications received and land trust ownership for Black, Indigenous, or household of color and households with a person with a disability. Two Rivers actively recruits homeowners to be part of the Board of Directors as this builds power in the community, helps the organization better understand issues and support inclusive communities. Input and participation from owners have led to positive changes in policies and processes that improve their support of communities most impacted by housing disparities. Data is tracked through applicant and homeowner surveys. Two Rivers will measure the success of this on multiple fronts as measures of the success of addressing housing disparities and building power in communities most impacted by housing challenges and disparities.

Costs and Subsidy

<u>Typical Development Cost Per Unit:</u> $370,270
Historical High Cost Threshold: $463,718
Percent Below Historical High Cost Threshold: 20%

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $25,545
Historical High Subsidy Threshold: $72,419
Percent Below Historical High Subsidy Threshold: 65%

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $23,955
Historical High Subsidy Threshold: $72,419
Percent Below Historical High Subsidy Threshold: 67%

United Community Action Partnership, Inc.

Project	Jackson Homeownership Program
Location	City of Jackson
Activity	New Construction
Typical # of Bedrooms	3 Bedrooms

Project Funding Details

Requested			**Recommended**	
# of units:	5		**# of units:**	3
Funding Requested:	$1,439,915		**Funding Recommended:**	$1,023,949
			EDHC - Grant	$623,949
			Interim Loan	$400,000

Organization Information

United Community Action Partnership, Inc's (UCAP) mission is to be a catalyst for removing obstacles and providing opportunities, tools, and hope as a pathway out of poverty. The lack of affordable housing is adversely impacting families by requiring an increasing amount of their household income towards increasing rents and mortgage payments. By providing additional housing units in these communities, UCAP is able to help alleviate some of the pent-up demand for housing that is increasing the housing costs.

Over the past five years, UCAP completed 13 single family new construction homes, 11 of which were similar to those outlined in this proposal. During this time period, the households predominately served by UCAP have been located in Lincoln, Lyon, Jackson, Redwood, Meeker, Mcleod, Kandiyohi, Renville and Cottonwood counties.

Project Description

The funds are being requested for value gap to build new construction homes in the City of Jackson. The applicant will serve households at or below 115 percent area median income (AMI).

UCAP's Jackson Homeownership project will consist of five new construction single family homes, located in an existing subdivision within the City of Jackson. The site-built stick construction homes will be slab on grade and consist of three bedrooms and two baths, and a two-car garage. To attract developers, the City of Jackson has donated all of the lots and waived permitting fees. All income eligible homeowners will have to complete a homebuyer education course prior to purchase. UCAP is woman led and its housing development program is also woman led.

This project furthers the Agency's strategic objectives to improve the housing system and preserve and create housing opportunities. UCAP meets these objectives by creating low maintenance, one level accessible housing options that will allow seniors to age in place and by selling them at an affordable price point. The City of Jackson has experienced a shift in demographics and is home to a growing aging community.

Costs and Subsidy

Typical Development Cost Per Unit: $457,073
Historical High Cost Threshold: $306,241
Percent Above Historical High Cost Threshold: 49%

The anticipated per-unit construction cost of $362,724 is above the industry average of $229,515 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

Typical Impact Fund Value Gap Subsidy Per Unit: $207,983
Historical High Subsidy Threshold: $78,160
Percent Above Historical High Subsidy Threshold: 166%

West Central Minnesota Communities Action Inc.	
Project	West Central Community Land Trust
Location	Pope, Douglas, and Otter Tail Counties
Activity	Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	N/A

Project Funding Details				
Requested			**Recommended**	
# of units:	6		**# of units:**	6
Funding Requested:	$300,000		**Funding Recommended:**	$300,000
			EDHC - Grant	$250,000
			Housing Infrastructure Bond Proceeds Loan	$50,000

Organization Information

West Central Minnesota Communities Action, Inc's (WCMCA) is a resource agency dedicated to reducing the effects of poverty by helping people achieve self-sufficiency and improving the quality of rural life. Its stated mission is 'Partnering to build community and empower people to overcome poverty and achieve their full potential.' WCMCA has been serving low income families in West Central Minnesota covering Douglas, Grant, Pope, Stevens and Traverse counties since it was established in 1965.

WCMCA has a long history of working with community partners in completing new construction and rehabilitation projects. They have completed 122 affordable housing units since 1998.

Project Description

The funds will be used for affordability gap/downpayment assistance financing for homebuyers to purchase new construction homes and acquire, rehabilitate and resell of homes in Pope, Douglas, and Otter Tail counties. When sold the properties will be placed in WCMCA community land trust (CLT) portfolio. The applicant will serve households at or below 80 percent area median income (AMI).

The West Central Community Land Trust (WCCLT) project is part of WCMCA CLT program. The organization has a long history of partnering with the Department of Corrections for reduced cost inmate labor. Inter Corrections Work Crew (ICW Crew) is a program that utilizes low risk inmates perform rehabilitation and construction work for the applicant. The crew is led by a 30 year veteran contractor who has excelled in his ability to lead inmates in construction of high quality homes and mentor them in their rehabilitation journey.

WCMCA will be the developer, general contractor, administrator of Impact Funds and will provide homebuyer education. Other partners include Habitat for Humanity of Douglas County and Hilltop Lumber. Habitat for Humanity of Douglas County will be used for one of the new construction unit in the city of Alexandria with additional leverage from the Alexandria Housing Trust Fund. Hilltop Lumber is a building supply store that will supply discounted building materials for the project.

The proposed project meets Minnesota Housing's strategic objective with emphasis on creating housing opportunities and making homeownership more accessible. WCCLT's affordable housing project creates housing opportunities for low and moderate income borrower that would otherwise not be able to afford a home in the areas close to where they work. The project removes the financial barriers to access housing by creating new housing and preserving existing housing that is most affordable. WCMCA's selection process ensures equitable access to housing by prioritizing those that are underserved and underrepresented in homeownership.

Costs and Subsidy

New Construction
Typical Impact Fund Affordability Gap Subsidy Per Unit: $60,000

Rehabilitation
Typical Impact Fund Affordability Gap Subsidy Per Unit: $40,000

West Hennepin Affordable Housing Land Trust	
Project	Homes Within Reach (HWR)
Location	Cities of Eden Prairie, Edina, Golden Valley, Crystal, Maple Grove, Minnetonka, Plymouth, Richfield and St Louis Park
Activity	Acquisition, Rehabilitation, and Resale and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 and 4 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	10		**# of units:**	10
Funding Requested:	$1,300,000		**Funding Recommended:**	$1,300,000
			EDHC - Grant	$950,000
			Housing Infrastructure Bond Proceeds Loan	$350,000

Organization Information

West Hennepin Affordable Housing Land Trust (WHAHLT) dba Homes Within Reach (HWR) is a nonprofit, community housing development organization that creates and sustains long-term affordable homeownership to low- to moderate-income workforce households in 14 counties in Hennepin County. The organization was created in 2001 and began its work in Minnetonka.

Since 2001, HWR has demonstrated its expertise and capacity as a small organization to preserve and grow its service area from one to fourteen communities and assisted over 210 families (includes resales), who would not have been able to purchase a home without HWR's assistance. The steady growth over the years is supported by the Homes Within Reach staff and its team of consultants and specialized vendors (contractors, realtors, attorney, appraiser, closer auditor etc.) provide the resources, expertise and services to assist with the operational tasks and responsibilities in creating and preserving affordable homeownership.

In the past five years, HWR has acquired and rehabbed 51 properties. HWR assisted with 16 resales during the same five year period.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance for the acquisition, rehabilitation and resale of homes. These homes will be held within the West Hennepin Affordable Housing Land Trust (WHAHLT) community land trust portfolio and subsequently sold to qualified households at or below 80 percent area median income (AMI).

HWR has been operating in Hennepin County communities since 2002. These communities include Eden Prairie, Edina, Golden Valley, Crystal, Maple Grove, Minnetonka, Plymouth, Richfield, St. Louis Park and Plymouth which was added as a new community in 2021.

While homes in suburban Hennepin County tend to be more expensive due to high land values, the HWR Community Land Trust (CLT) program promotes affordability by removing the value of the land from the mortgage. This is done through contractual controls embedded in the Land Trust's

Ground Lease. The contractual control is a pricing formula that provides the owner with an amount of equity (35 percent), while ensuring the sale price is offered to subsequent low-to-moderate income households by requiring the homeowner sell the home to another low-to-moderate income household.

From 2017 through 2021, 44 percent of the households served by the program were Black, Indigenous or households of color. HWR collects demographic data upon the purchase of a home and the ground lease ties the property to HWR which ensures ongoing engagement with the homeowners to track their success and the success of the program.

The proposed activity in this application will benefit from multiple matching funding sources to augment the requested funds from Minnesota Housing and Met Council, which includes local city and Community Development Block Grant (CDBG) funding from Hennepin County, Bloomington, Plymouth, Richfield and Eden Prairie. Additionally the cities of Minnetonka, Edina and St. Louis Park have provided zero interest lines of credit to HWR to finance rehabilitation of the homes.

The acquisition, rehabilitation and resale model used by HWR promotes preserving affordable homeownership. It is HWR's intent to deliver to its buyers a safe, healthy, hazard free and energy efficient home. Typical repair and rehabilitative work are those that provide a good operating condition, promote a safe environment and energy efficiency and permit the reuse of structurally sound buildings. HWR makes efforts to include in its scope of renovation work the following: energy efficient specifications (Energy Star) with repair and replacement of items such as new electrical panels, installation of GFCIs, energy star appliances, insulating the attic, well room and foundation, along with updating ventilation, installation of energy efficient windows, HVAC systems, hot water heaters, along with plumbing and landscaping work and more. These repairs will ensure the home's safety and minimize maintenance for the homeowners.

HWR makes homeownership more accessible by addressing barriers and reducing disparities. HWR's community land trust program expands homeownership opportunities and the three principal features of the program: cost of homes, the quality of homes and the location continues to appeal and offer options to the targeted market. Furthermore, HWR program promotes the opportunity to become a homeowner where the communities infrastructure is a major selling point to the underserved low-to-moderate income buyer. HWR's proposed housing activity serves households that face multiple barriers to homeownership in the suburbs of Hennepin County such as first-time homebuyers, households of color and single head of households. From 2002 – 2021 the average program wide AMI is 58 percent for new sales and 60.7 percent for resales. In 2021 the average income for leaseholders was $53,097 and 64 percent of homeowners are from underserved communities. In 2021, 73 percent of the buyers were first-time homebuyers with 50 percent of those first-time homebuyers were first generation homeowners.

Costs and Subsidy

<u>Typical Development Cost Per Unit:</u> $420,000
Historical High Cost Threshold: $463,718
Percent Below Historical High Cost Threshold: 9%

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $35,000
Historical High Subsidy Threshold: $72,419
Percent Below Historical High Subsidy Threshold: 52%

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $95,000
Historical High Subsidy Threshold: $72,419
Percent Above Historical High Subsidy Threshold: 31%

West Hennepin Affordable Housing Land Trust	
Project	HWR New Construction - Bloomington
Location	City of Bloomington
Activity	New Construction and Affordability Gap/Downpayment Assistance
Typical # of Bedrooms	3 Bedrooms

Project Funding Details				
Requested			**Recommended**	
# of units:	2		**# of units:**	2
Funding Requested:	$260,000		**Funding Recommended:**	$260,000
			EDHC - Grant	$170,000
			Housing Infrastructure Bond Proceeds Loan	$90,000

Organization Information

West Hennepin Affordable Housing Land Trust (WHAHLT) dba Homes Within Reach (HWR) is a nonprofit community housing development organization that creates and sustains long-term affordable homeownership to low- to moderate-income workforce households in 14 counties in Hennepin County. The organization was created in 2001 and began its work in Minnetonka. HWR has been operating in Hennepin County communities since 2002 serving the . These communities include; of Bloomington, Eden Prairie, Edina, Golden Valley, Crystal, Maple Grove, Minnetonka, Plymouth, Richfield, St. Louis Park and Plymouth which was added as a new community in 2021.

Since 2001, HWR has demonstrated its expertise and capacity as a small organization to preserve and grow its service area from one to fourteen communities and assisted over 210 families (includes resales), who would not have been able to purchase a home without HWR's assistance. The steady growth over the years is supported by the Homes Within Reach staff and its team of consultants and specialized vendors (contractors, realtors, attorney, appraiser, closer auditor) that provide the resources, expertise and services to assist with the operational tasks and responsibilities in creating and preserving affordable homeownership.

In the past five years, HWR has acquired and rehabbed 51 properties. HWR assisted with sixteen (16) resales during the same five year period.

Project Description

The funds will be used for value gap and affordability gap/downpayment assistance to construct new construction units in the City of Bloomington. These homes will be held within the West Hennepin Affordable Housing Land Trust's (WHAHLT) community land trust portfolio and subsequently sold to qualified households at or below 80 percent area median income (AMI).

WHAHLT dba Homes Within Reach's (HWR) proposed project is to create two new affordable homeownership opportunities in the City of Bloomington for low-to-moderate income families that provide essential services to the community and are unable to purchase a home in Bloomington. This is achieved through the application of the Community Land Trust (CLT) practice, where HWR acquires and retains ownership of the real property and in turn sells the homes to qualified households earning less than 80 percent AMI.

This proposed project will be HRW's first new construction in Bloomington. HWR'S CLT program promotes affordability by removing the value of the land from the mortgage. This is done through contractual controls embedded in the Land Trust's Ground Lease. The contractual control is a pricing formula that provides the owner with an amount of equity (35 percent), while ensuring the sale price is offered to subsequent low-to-moderate income households by requiring the homeowner sell to another low-to-moderate income household.

From 2017 through 2021, 44 percent of the households served by the program were Black, Indigenous or households of color. HWR collects demographic data upon the purchase of a home and the ground lease ties the property to HWR which ensures ongoing engagement with the homeowners to track their success and the success of the program.

HWR makes homeownership more accessible by addressing barriers and reducing disparities. HWR's community land trust program expands homeownership opportunities and the three principal features of the program: cost of homes, the quality of homes and their location continues to appeal and offer options to the targeted market. Furthermore, HWR program promotes the opportunity to become a homeowner where the communities infrastructure is a major selling point to the underserved low-to-moderate income buyer. HWR proposed housing activity serves households that face multiple barriers to homeownership in the suburbs of Hennepin County such as first-time homebuyers, households of color and single head of households. From 2002 – 2021 the average program wide AMI is 58 percent for new sales and 60.7 percent for resales. In 2021 the average income for leaseholders was $53,097 and 64 percent of homeowners are from underserved communities. In 2021, 73 percent of the buyers were first time homebuyers with 50 percent of those first time homebuyers first generation homebuyers.

Costs and Subsidy

<u>Typical Development Cost Per Unit:</u> $518,545
Historical High Cost Threshold: $501,137
Percent Above Historical High Cost Threshold: 3%

The anticipated per-unit construction cost of $429,285 is above the industry average of $371,111 for a unit of similar new construction in a similar geographic area. This per-unit construction cost reflects only the hard costs and does not include soft costs and land.

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $45,000
Historical High Subsidy Threshold: $86,613
Percent Below Historical High Subsidy Threshold: 48%

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $85,000
Historical High Subsidy Threshold: $86,613
Percent Below Historical High Subsidy Threshold: 2%

2022 Minnesota Housing Single Family Funding Selections

	Impact Fund Unit Count				Strategic Priority	Minnesota Housing Funding					Funding Partners*		Total Funding		
Applicant - Project Name	Existing	New	Total Units	80% AMI	Workforce Housing Units	EDHC (excludes Indian Set-Aside)	EDHC Indian Set-Aside	Workforce & Affordable Homeownership Development	HIB	Interim Loan	Greater Minnesota Housing Fund	Met Council	Total Minnesota Housing Funding	Total Partner Funding	Total Funding
METRO AREA															
Minneapolis															
City of Lakes Community Land Trust – City of Lakes Community Land Trust New Construction		1	1	1	1	$ 25,000	$ -	$ -	$ 70,000	$ -	$ -	$ -	$ 95,000	$ -	$ 95,000
City of Lakes Community Land Trust – City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) - Stand Alone Affordability Gap	10		10	10	10	$ 512,500	$ -	$ -	$ 200,000	$ -	$ -	$ -	$ 712,500	$ -	$ 712,500
City of Lakes Community Land Trust – City of Lakes Community Land Trust Homebuyer Initiated Program (HIP) – Owner-Occupied Rehabilitation	0		0	0	0	$ 12,500	$ -	$ -	$ 350,000	$ -	$ -	$ -	$ 362,500	$ -	$ 362,500
City of Minneapolis Community Planning and Economic Development – Minneapolis Homes: Financing - New Construction		16	16		16	$ 1,200,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,200,000	$ -	$ 1,200,000
City of Minneapolis Community Planning and Economic Development – Minneapolis Homes: Financing - Acquisition, Rehabilitation, Resale	5		5	5	5	$ 375,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 375,000	$ -	$ 375,000
Northside Home LLC – Northside Home		4	4	4	4	$ 351,200	$ -	$ -	$ -	$ -	$ -	$ -	$ 351,200	$ -	$ 351,200
PRG, Inc. – PRG - Minneapolis Infill		8	8	8	8	$ 522,000	$ -	$ -	$ -	$ 420,000	$ -	$ -	$ 942,000	$ -	$ 942,000
Total Minneapolis	**15**	**29**	**44**	**28**	**44**	**$ 2,998,200**	**$ -**	**$ -**	**$ 620,000**	**$ 420,000**	**$ -**	**$ -**	**$ 4,038,200**	**$ -**	**$ 4,038,200**
Minneapolis/Saint Paul															
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota) – Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis, St. Paul, Maplewood, North St. Paul, Brooklyn Center, Brooklyn Park, Robbinsdale, and Crystal	32		32	32	32	$ 400,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 400,000	$ -	$ 400,000
Total Minneapolis/Saint Paul	**32**	**0**	**32**	**32**	**32**	**$ 400,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 400,000**	**$ -**	**$ 400,000**
Seven-County Metro Area (Some units may be located in Minneapolis and St. Paul)															
Community Neighborhood Housing Services dba NeighborWorks Home Partners – Community Keys Plus	50		50	50	50	$ 525,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 525,000	$ -	$ 525,000
Greater Metropolitan Housing Corporation – Golden Valley Affordable Homeownership Program		1	1	1	1	$ 95,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 95,000	$ -	$ 95,000
Greater Metropolitan Housing Corporation – Minnetonka Boulevard Redevelopment		8	8	8	8	$ 196,000	$ -	$ -	$ -	$ 475,000	$ -	$ -	$ 671,000	$ -	$ 671,000
Hennepin County Housing and Redevelopment Authority (HCHRA) – Healthy Homes Assistance Project	10		10	10	10	$ 80,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 80,000	$ -	$ 80,000
Hennepin County Housing and Redevelopment Authority (HCHRA) – Home Accessibility Ramps Program	24		24	24	24	$ 197,400	$ -	$ -	$ -	$ -	$ -	$ -	$ 197,400	$ -	$ 197,400
Scott County Community Development Agency on behalf of the Scott County Community Land Trust – Scott County Community Land Trust Expansion in Partnership with Twin Cities Habitat for Humanity (TCHFH) - Phase 2		4	4	4	4	$ 102,000	$ -	$ -	$ 300,000	$ -	$ -	$ -	$ 402,000	$ -	$ 402,000
The Rondo Community Land Trust – Rondo Community Land Trust (CLT) Homebuyer Initiated Program (HIP) Affordability Gap Program	10		10	10	10	$ 1,257,500	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,257,500	$ -	$ 1,257,500
The Rondo Community Land Trust – Rondo Community Land Trust Homebuyer Initiated Program - Rehab Gap Program	0		0	0	0	$ 5,000	$ -	$ -	$ 515,000	$ -	$ -	$ -	$ 520,000	$ -	$ 520,000
Twin Cities Habitat for Humanity – Twin Cities Habitat for Humanity, 2022 Scattered Site Acquisition-Rehab	20		20	20	20	$ 800,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 800,000	$ -	$ 800,000
Twin Cities Habitat for Humanity – Twin Cities Habitat for Humanity, 2022 SAAG Open Market Program	45		45	45	45	$ 900,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 900,000	$ -	$ 900,000
Twin Cities Habitat for Humanity – Twin Cities Habitat for Humanity, 2022 New Construction Affordability Gap		15	15	15	15	$ 600,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000	$ -	$ 600,000
Two Rivers Community Land Trust – The PATH (Preserving Affordable Tracks to Homeownership) Project	3		3	3	3	$ 71,865	$ -	$ -	$ 76,635	$ -	$ -	$ 90,000	$ 148,500	$ 90,000	$ 238,500

2022 Minnesota Housing Single Family Funding Selections

	Impact Fund Unit Count				Strategic Priority	Minnesota Housing Funding					Funding Partners*		Total Funding		
Applicant - Project Name	**Existing**	**New**	**Total Units**	**80% AMI**	**Workforce Housing Units**	**EDHC** (excludes Indian Set-Aside)	**EDHC Indian Set-Aside**	**Workforce & Affordable Homeownership Development**	**HIB**	**Interim Loan**	**Greater Minnesota Housing Fund**	**Met Council**	**Total Minnesota Housing Funding**	**Total Partner Funding**	**Total Funding**
West Hennepin Affordable Housing Land Trust – Homes Within Reach (HWR) New Construction – Bloomington		2	2	2	2	$ 170,000	$ -	$ -	$ 90,000	$ -	$ -	$ -	$ 260,000	$ -	$ 260,000
West Hennepin Affordable Housing Land Trust – Homes Within Reach (HWR)	10		10	10	10	$ 950,000	$ -	$ -	$ 350,000	$ -	$ -	$ 200,000	$ 1,300,000	$ 200,000	$ 1,500,000
Total Seven-County Metro Area	**172**	**30**	**202**	**202**	**202**	**$ 5,949,765**	**$ -**	**$ -**	**$ 1,331,635**	**$ 475,000**	**$ -**	**$ 290,000**	**$ 7,756,400**	**$ 290,000**	**$ 8,046,400**
Total METRO AREA	**219**	**59**	**278**	**262**	**278**	**9,347,965**	**0**	**0**	**1,951,635**	**895,000**	**0**	**290,000**	**12,194,600**	**290,000**	**12,484,600**

2022 Minnesota Housing Single Family Funding Selections

Applicant - Project Name	Impact Fund Unit Count: Existing	New	Total Units	80% AMI	Strategic Priority: Workforce Housing Units	Minnesota Housing Funding: EDHC (excludes Indian Set-Aside)	EDHC Indian Set-Aside	Workforce & Affordable Homeownership Development	HIB	Interim Loan	Funding Partners*: Greater Minnesota Housing Fund	Met Council	Total Funding: Total Minnesota Housing Funding	Total Partner Funding	Total Funding
GREATER MINNESOTA															
Northeast															
Housing and Redevelopment Authority of Duluth, Minnesota – Single Family Owner-Occupied Rehabilitation Program	15		15	15	15	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000	$ -	$ 150,000
Housing and Redevelopment Authority of Itasca County – Itasca County HRA Community Land Trust		8	8	8	8	$ 599,400	$ -	$ 191,000	$ -	$ -	$ 68,000	$ -	$ 790,400	$ 68,000	$ 858,400
One Roof Community Housing – One Roof Community Housing Acquisition-Rehab-Resale - Duluth/Two Harbors	12		12	12	12	$ -	$ -	$ -	$ 1,080,000	$ 475,000	$ -	$ -	$ 1,555,000	$ -	$ 1,555,000
One Roof Community Housing – One Roof Community Housing New Construction - Scattered Sites		4	4	4	4	$ -	$ -	$ -	$ 380,000	$ -	$ -	$ -	$ 380,000	$ -	$ 380,000
Total Northeast	**27**	**12**	**39**	**39**	**39**	**$ 749,400**	**$ -**	**$ 191,000**	**$ 1,460,000**	**$ 475,000**	**$ 68,000**	**$ -**	**$ 2,875,400**	**$ 68,000**	**$ 2,943,400**
Northwest															
Midwest Minnesota Community Development Corporation – Mahnomen Two-Lot Single-family Development		2	2	2	0	$ 183,970	$ -	$ -	$ -	$ -	$ -	$ -	$ 183,970	$ -	$ 183,970
Total Northwest	**0**	**2**	**2**	**2**	**0**	**$ 183,970**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 183,970**	**$ -**	**$ 183,970**
Southeast															
First Homes Properties – First Homes Community Land Trust - Suburban Growth Initiative – New Construction		6	6	6	6	$ 510,000	$ -	$ -	$ 372,000	$ -	$ -	$ -	$ 882,000	$ -	$ 882,000
Partnership Community Land Trust – PCLT-New Construction		3	3	3	3	$ -	$ -	$ -	$ 271,500	$ -	$ -	$ -	$ 271,500	$ -	$ 271,500
Three Rivers Community Action, Inc. – Gap Financing Program	15		15	15	15	$ 180,000	$ -	$ -		$ -	$ 85,000	$ -	$ 180,000	$ 85,000	$ 265,000
Three Rivers Community Action, Inc. – Faribault Single Family Project: Large Family Housing		6	6	6	6	$ 330,000	$ -	$ 270,000		$ -	$ -	$ -	$ 600,000	$ -	$ 600,000
Total Southeast	**15**	**15**	**30**	**30**	**30**	**$ 1,020,000**	**$ -**	**$ 270,000**	**$ 643,500**	**$ -**	**$ 85,000**	**$ -**	**$ 1,933,500**	**$ 85,000**	**$ 2,018,500**
Southwest															
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota) – Critical Repair Projects for Low-Income Homeowners in Cottonwood, Jackson, Murray, Nobles, and Pipestone Counties	15		15	15	15	$ 199,995	$ -	$ -	$ -	$ -	$ -	$ -	$ 199,995	$ -	$ 199,995
United Community Action Partnership, Inc. – Jackson Homeownership Program		3	3	2	3	$ 623,949	$ -	$ -	$ -	$ 400,000	$ -	$ -	$ 1,023,949	$ -	$ 1,023,949
Total Southwest	**15**	**3**	**18**	**17**	**18**	**$ 823,944**	**$ -**	**$ -**	**$ -**	**$ 400,000**	**$ -**	**$ -**	**$ 1,223,944**	**$ -**	**$ 1,223,944**
West Central															
Cass Clay Community Land Trust – With All, For All		2	2	2	2	$ 318,000	$ -	$ -	$ 386,000	$ -	$ -	$ -	$ 704,000	$ -	$ 704,000
City of Moorhead – Maple Court Homeownership Development Program	5		5	5	5	$ 102,500	$ -	$ -	$ -	$ -	$ -	$ -	$ 102,500	$ -	$ 102,500
West Central Minnesota Communities Action, Inc. – West Central Community Land Trust	3	3	6	6	6	$ 250,000	$ -	$ -	$ 50,000	$ -	$ -	$ -	$ 300,000	$ -	$ 300,000
Total West Central	**8**	**5**	**13**	**13**	**13**	**$ 670,500**	**$ -**	**$ -**	**$ 436,000**	**$ -**	**$ -**	**$ -**	**$ 1,106,500**	**$ -**	**$ 1,106,500**
Multiple Regions/Statewide															
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota) – Roof Repair or Replacement Projects for Low-Income Homeowners throughout Minnesota	32		32	32	32	$ 500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 500,000	$ -	$ 500,000
Total Multiple Regions/Statewide	**32**	**0**	**32**	**32**	**32**	**$ 500,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 500,000**	**$ -**	**$ 500,000**
Total GREATER MINNESOTA	**97**	**37**	**134**	**133**	**132**	**3,947,814**	**0**	**461,000**	**2,539,500**	**875,000**	**153,000**	**0**	**7,823,314**	**153,000**	**7,976,314**
Total STATEWIDE	**316**	**96**	**412**	**395**	**410**	**$ 13,295,779**	**$ -**	**$ 461,000**	**$ 4,491,135**	**$ 1,770,000**	**$ 153,000**	**$ 290,000**	**$ 20,017,914**	**$ 443,000**	**$ 20,460,914**

KEY:

***Note: Funding Partner awards are subject to approval from their governing bodies.**

Existing: Includes Acquisition/Rehabilitation/Resale, Stand-Alone Affordability Gap, Owner-Occupied Rehabilitation and Tribal Indian Housing Program.

New: Includes New Construction

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

Met Council: Metropolitan Council

80% AMI: Proposed units will serve households up to 80 percent of area median income (AMI)

EDHC: Economic Development & Housing Challenge Program

HIB: Housing Infrastructure Bond Proceeds

2022 Minnesota Housing Single Family Non-Recommended Applications

Applicant - Project Name	Funding Requested
GREATER MINNESOTA	
Southeast	
Partnership Community Land Trust - PCLT-Acquisition/Rehabilitation	$350,000
Total GREATER MINNESOTA - 1 project	**$350,000**
METRO	
City of Lakes Community Land Trust - Project: Sustained Legacy	$512,500
City of Lakes Community Land Trust - City of Lakes Community Land Trust (CLCLT) Seller Leveraged Fund Program	$377,500
Contained Solution - Contained Solutions Building One	$1,260,000
Total METRO - 3 projects	**$2,150,000**
Total STATEWIDE - 5 projects	**$2,500,000**

Agenda Item: 7.F
Resolution

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

RESOLUTION NO. MHFA 22-XX

RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANT FUNDS, DEFERRED LOAN FUNDS, AND CONSTRUCTION FINANCING RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT, HOUSING INVESTMENT FUND (POOL 2), AND HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds, deferred loan 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 and in the respective grant and loan agreements:

2022 Applicant Name	Project/Program Name Title	Funding Source	$ Awarded
Cass Clay Community Land Trust	With All, For All	EDHC – Grant HIB – Loan	$ 318,000 $ 386,000
City of Lakes Community Land Trust	City of Lakes Community Land Trust New Construction	EDHC – Grant HIB – Loan	$ 25,000 $ 70,000
City of Lakes Community Land Trust	City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) – Stand-Alone Affordability Gap	EDHC – Grant HIB – Loan	$ 512,500 $ 200,000
City of Lakes Community Land Trust	City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) – Owner-Occupied Rehabilitation	EDHC – Grant HIB – Loan	$ 12,500 $ 350,000
City of Minneapolis CPED	Minneapolis Homes: Financing (New Construction)	EDHC – Grant	$ 1,200,000
City of Minneapolis CPED	Minneapolis Homes: Financing (Acquisition, Rehabilitation, Resale)	EDHC – Grant	$ 375,000
City of Moorhead	Maple Court Homeownership Development Program	EDHC – Grant	$ 102,500

Community Neighborhood Housing Services dba NeighborWorks Home Partners	Community Keys Plus	EDHC – Grant EDHC – Loan	$ 25,000 $ 500,000
First Homes Properties	First Homes Community Land Trust - Suburban Growth Initiative	EDHC – Grant HIB – Loan	$ 510,000 $ 372,000
Greater Metropolitan Housing Corporation	Golden Valley Affordable Homeownership Program	EDHC – Grant	$ 95,000
Greater Metropolitan Housing Corporation	Minnetonka Boulevard Redevelopment	EDHC – Grant Pool 2 – Loan	$ 196,000 $ 475,000
Hennepin County Housing and Redevelopment Authority	Healthy Homes Assistance Project	EDHC – Loan	$ 80,000
Hennepin County Housing and Redevelopment Authority (HCHRA)	Home Accessibility Ramps Program	EDHC – Grant	$ 197,400
Housing and Redevelopment Authority of Duluth, Minnesota	Single Family Owner-Occupied Rehabilitation Program	EDHC – Loan	$ 150,000
Housing and Redevelopment Authority of Itasca County	Itasca County Housing and Redevelopment Authority Community Land Trust	EDHC – Grant Workforce & Affordable Homeownership Development – Grant	$ 599,400 $ 191,000
Midwest Minnesota Community Development Corporation	Mahnomen Two-Lot Single-family Development	EDHC – Grant	$ 183,970
Northside Home LLC	Northside Home	EDHC – Grant EDHC – Loan	$ 292,000 $ 59,200
One Roof Community Housing	One Roof Community Housing New Construction - Scattered Sites	HIB – Loan	$ 380,000
One Roof Community Housing	One Roof Community Housing Acquisition-Rehab-Resale - Duluth/Two Harbors	HIB – Loan Pool 2 – Loan	$ 1,080,000 $ 475,000
Partnership Community Land Trust	PCLT-New Construction	HIB – Loan	$ 271,500
PRG, Inc.	PRG - Minneapolis Infill	EDHC – Grant EDHC – Loan Pool 2 – Loan	$ 342,000 $ 180,000 $ 420,000
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)	Critical Repair Projects for Low-Income Homeowners in Cottonwood, Jackson, Murray, Nobles, and Pipestone Counties	EDHC – Grant	$ 199,995

Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)	Roof Repair or Replacement Projects for Low-Income Homeowners throughout Minnesota	EDHC – Grant	$ 500,000
Rebuilding Together Twin Cities (dba Rebuilding Together Minnesota)	Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis, St. Paul, Maplewood, North St. Paul, Brooklyn Center, Brooklyn Park, Robbinsdale, and Crystal	EDHC – Grant	$ 400,000
Scott County Community Development Agency on behalf of the Scott County Community Land Trust	Scott County Community Land Trust Expansion in Partnership with Twin Cities Habitat for Humanity (TCHFH) - Phase 2	EDHC – Grant HIB – Loan	$ 102,000 $ 300,000
The Rondo Community Land Trust	Rondo Community Land Trust (CLT) Homebuyer Initiated Program (HIP) Affordability Gap Program – Stand-Alone Affordability Gap	EDHC – Grant	$ 1,257,500
The Rondo Community Land Trust	Rondo Community Land Trust Homebuyer Initiated Program - Rehab Gap Program – Owner-Occupied Rehabilitation	EDHC – Grant HIB – Loan	$ 5,000 $ 515,000
Three Rivers Community Action, Inc.	Gap Financing Program	EDHC – Loan	$ 180,000
Three Rivers Community Action, Inc.	Faribault Single Family Project: Large Family Housing	EDHC – Loan Workforce & Affordable Homeownership Development – Grant	$ 330,000 $ 270,000
Twin Cities Habitat for Humanity	Twin Cities Habitat for Humanity, 2022 Scattered Site Acquisition-Rehab	EDHC – Grant EDHC – Loan	$ 400,000 $ 400,000
Twin Cities Habitat for Humanity	Twin Cities Habitat for Humanity, 2022 New Construction Affordability Gap	EDHC – Loan	$ 600,000
Twin Cities Habitat for Humanity	Twin Cities Habitat for Humanity, 2022 SAAG Open Market Program	EDHC – Loan	$ 900,000
Two Rivers Community Land Trust	The PATH (Preserving Affordable Tracks to Homeownership) Project	EDHC – Grant HIB – Loan	$ 71,865 $ 76,635
United Community Action Partnership, Inc.	Jackson Homeownership Program	EDHC – Grant Pool 2 – Loan	$ 623,949 $ 400,000
West Central Minnesota Communities Action, Inc.	West Central Community Land Trust	EDHC – Grant HIB – Loan	$ 250,000 $ 50,000

West Hennepin Affordable Housing Land Trust	Homes Within Reach (HWR)	EDHC – Grant HIB – Loan	$ 950,000 $ 350,000
West Hennepin Affordable Housing Land Trust	HWR New Construction - Bloomington	EDHC – Grant HIB – Loan	$ 170,000 $ 90,000
		Total Awarded:	**$ 20,017,914**

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 26 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 20 months from the effective date of the grant contract agreement or loan agreement; and

2. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

3. The Commissioner is authorized to approve non-material changes in the selected Project/Program and may approve changes in the geographic area served; and

4. 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 of the homeownership housing units, 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 15th day of December 2022

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MINNESOTA HOUSING

Board Agenda Item: 7.G
Date: 12/15/2022

Item: 2022 Multifamily Consolidated Request for Proposals (RFP) Selections, Amortizing and Deferred Loans, 2023 Housing Tax Credits (HTC) Round 1, and the United States Housing and Urban Development (HUD) Section 811 Project-Based Rental Assistance

Staff Contact(s):
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us
Que Vang, 651.296.7613, que.vang@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests the following approvals related to the 2022 Multifamily Consolidated RFP/2023 HTC Round 1:

1. Adoption of a resolution approving the selection and allocation of competitive federal 9% Low Income Housing Tax Credits (HTC)
2. Adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental (LMIR) program, LMIR Bridge Loan, and Bridge Loan Product
3. Adoption of a resolution approving the selection of projects 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)
    - Flexible Financing for Capital Costs (FFCC)
    - Housing Infrastructure Bond (HIB) Proceeds
    - Preservation Affordable Rental Investment Fund (PARIF)
    - HOME Investment Partnership (HOME)
    - National Housing Trust Fund (NHTF)
4. Adoption of a resolution approving the selection of projects and units for further processing under HUD Section 811 Project-Based Rental Assistance (HUD Section 811 PRA) and, subject to final underwriting and due diligence to execute the Rental Assistance Contract.

Fiscal Impact:
The Multifamily Consolidated RFP funding recommendations include numerous funding sources, and the fiscal impacts of these selections vary. Generally, deferred financing from state appropriations, federal appropriations, or Pool 3 do not earn interest for the Agency. Bond-

financed bridge loans earn spread income and certain fee income for the Agency. LMIR loans from Pool 2 earn interest revenue, without interest expense, as well as certain fee income for the Agency.

Competitive 9% HTCs are a federal resource and do not directly impact the Agency's financial condition.

Meeting Agency Priorities:

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

Attachment(s):

- Background
- Resolutions
- Selection Maps
- Summary of Recommendations
  - Non-Select
  - Consolidated
  - Detailed
  - Priorities
- Development Summary

BACKGROUND

On December 17, 2020, Minnesota Housing board members approved the 2022 – 2023 Housing Tax Credit (HTC) Qualified Allocation Plan (QAP) and the Self-Scoring Worksheet. The QAP and Self-Scoring Worksheet set the policies and procedures used to score, evaluate, and select Multifamily applications for funding that are submitted to the 2022 Multifamily Consolidated RFP/2023 HTC Round 1.

Minnesota Housing's annual Multifamily Consolidated RFP coordinates multiple housing funding resources into one multifamily application process to 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 Minnesota Housing and two other public entity funding partners using a common application and procedure[1]. The Consolidated RFP application materials were issued on April 13, 2022. Applicants are required to submit an intent to apply by May 19, 2022, and final applications were due on July 14, 2022.

Minnesota Housing received an intent to apply from 81 projects, of which 57 applications were submitted for consideration in the 2022 Consolidated RFP/2023 HTC Round 1. The request for funds exceeded $58.5 million in federal competitive 9% HTC and $79.6 million in deferred loans[2] for primary proposal types. For this 2022 Multifamily Consolidated RFP, just over $11 million in HTC and approximately $52 million in deferred loans are available.

Applications are evaluated for eligibility as detailed in the Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2. Multifamily staff review applications in two phases: 1) initial scoring and 2) feasibility review. The initial scoring consists of reviewing individual applications to help ensure projects meet QAP, Self-Scoring Worksheet, and Scoring Guide requirements. Once the initial scoring of applications is complete, applications are ranked per the QAP and the Multifamily Application Instructions. Projects are evaluated based on project type, scoring, geographic distribution, and funding resources available. Projects prioritized will move forward to feasibility review. 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 development team, which consists of a program manager(s), underwriter, architect, housing management officer, and if applicable, a housing stability officer for the following:

- Consistency with Minnesota Housing'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

[1] The Metropolitan Council and the St. Paul Public Housing Authority partner with Minnesota Housing to select projects submitted in the Consolidated RFP. Funding partners have their own review and approval processes.
[2] The requested deferred loan amount is based on the deferred request from the primary financing structure in the submitted applications. Many applicants submit more than one financing structure in their proposal to enhance flexibility and allow the use of 9% HTCs, 4% HTCs, or deferred loan-only funding structures.

- Financial feasibility, market need, architectural quality, and overall development team capacity.

SELECTION OVERVIEW

From the 57 submitted applications, Minnesota Housing staff propose to select 17 projects with a total of 1,002 units for further processing to allocate various combinations of 9% HTCs, LMIR permanent first mortgage financing, LMIR Bridge Loans, Bridge Loan products, Minnesota Housing deferred loans, and HUD Section 811 PRA.

Four (4) projects submitted in the 2022 Multifamily Consolidated RFP are anticipated to be selected for funding by the Metropolitan Council. Of the four (4), three (3) projects are also recommended for Agency resources. Projects anticipated to be selected by a funding partner are subject to the funding partner's review and selection processes. Minnesota Housing will only act on the three (3) projects recommended for Agency resources.

Funding Resources

The following resources were available in the 2022 Multifamily Consolidated RFP. The totals represent the proposed selection amounts further detailed in the attached project summaries and spreadsheets.

Table 1: Multifamily Consolidated RFP Funding Types and Totals

Funding Type	Proposals per Funding Type	Totals
Housing Tax Credits (9%)	9	$ 11,581,514
LMIR Permanent First Mortgage Financing	7	$ 29,197,000
LMIR Bridge Loan - Private Activity Bond (PAB)	3	$ 27,268,000
Bridge Loan Product	3	$ 22,561,000
Minnesota Housing Deferred Loan Capital	18	$ 52,482,000
HUD Section 811 PRA	5	$ 527,900

The total number of proposals in the Table 1 exceeds 17 because a project may receive more than one funding type from Minnesota Housing.

Housing Tax Credits

For 2023, the federal government allocated a total of approximately $15.6 million of competitive 9% HTCs to the state of Minnesota. Through the authority specified in Minn. Stat. § 462A.222 and 462A.223, Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County are authorized to administer HTC allocations as suballocators. The City of Minneapolis, the City of St. Paul, and Dakota County and Washington County administer their HTCs locally as suballocators. Duluth, St. Cloud, and Rochester have entered into Joint Powers Agreements with Minnesota Housing through which the agency will perform the HTC allocation or awards, and compliance monitoring. The 2023 HTC allocation available and administered by Minnesota Housing is $11,662,694, which includes $892,467 from the three Joint Powers suballocator credits. Most of the HTCs administered by Minnesota Housing are issued in the 2022 Multifamily Consolidated RFP/HTC Round 1 with the remaining allocated in Round 2.

A second, competitive HTC application round (2023 HTC Round 2) will close in the first quarter of 2023, incorporating any additional, remaining, returned HTCs from previously selected projects, and/or HTCs returned following the conclusion of the 2023 HTC Round 1.

Nine (9) projects are recommended for competitive 9% HTCs: five (5) in Greater Minnesota and four (4) in the Twin Cities metropolitan area. The total amount of 9% HTCs allocated to Greater Minnesota and to the Twin Cities metropolitan area is based on the procedures outlined in Minn. Stat. 462A.222. Of the nine (9) projects with 9% HTCs, three (3) are progressing with no other agency funding and six (6) are recommended with LMIR permanent first mortgage financing, LMIR Bridge Loans, and/or a Minnesota Housing deferred loan capital. Six (6) projects are recommended for deferred loans with a 4% HTC financial structure. Three (3) of the six (6) projects are anticipated to receive volume cap limited bonds and 4% HTCs from a suballocating jurisdiction.

LMIR Permanent First Mortgage Financing, LMIR Bridge Loan, and Bridge Loan Product
Seven (7) projects recommended for LMIR first mortgage selection are anticipated to be funded through Housing Investment Fund – Pool 2 resources or other mortgage capital and are anticipated to be insured under the HUD Risk-Sharing Mortgage Insurance Program, which may also be securitized through the Federal Financing Bank FFB/Section 542(c) Risk-Sharing Program. The LMIR mortgage terms will generally be a 30- to 40-year amortization with fixed rates and must be in first lien position. 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.

Six (6) projects will be recommended for short-term LMIR Bridge Loans or Bridge Loan Products. Of the six (6), three (3) projects are being recommended for short-term LMIR Bridge Loans funded 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. Three (3) Bridge Loan Products are anticipated to be funded through Housing Investment Fund – Pool 2. All LMIR Bridge Loans and Bridge Loan Products generally have 18- to 24-month terms, must be in first lien position, and carry a fixed interest rate.

Selections for the LMIR loans, the LMIR Bridge Loans and the Bridge Loan Products through this Multifamily Consolidated RFP do not represent commitments for funding. Prior to closing, board approval will be required to enter into loan commitments.

Minnesota Housing Deferred Loan Capital
Projects recommended for deferred loans will be funded through state and federal appropriations. The deferred loans terms will be at least 30-year terms are structured as

repayable upon maturity. Minnesota Housing allocates deferred loans through five key programs:

1. Economic Development and Housing Challenge (EDHC) Program funds appropriated by the Minnesota Legislature to finance new workforce construction. Seven (7) projects are recommended for EDHC, including one (1) project that is proposed to receive the statutory set aside for housing for projects for American Indians.
2. Flexible Financing for Capital Cost (FFCC) are Housing Affordability Fund Pool 3 resources and are only available in combination with a LMIR or HIB loan. One (1) project is recommended for FFCC.
3. Housing Infrastructure Bonds (HIB) are limited obligation tax-exempt bonds issued by Minnesota Housing as authorized under Minnesota Statute 462A.37. Proceeds of HIBs can be used to fund deferred loans for the construction or rehabilitation of permanent supportive housing for individuals without a permanent residence; the new construction of housing for seniors aged 55 and above; and the rehabilitation of federally assisted rental housing. Although no new HIBs were authorized by the Minnesota Legislature in 2021, a small amount of remaining HIB proceeds from prior authorizations and repayments from projects with short-term HIBs were available for this Consolidated RFP.

   For developments where the HIBs are issued as tax-exempt volume limited bonds, a portion of the HIBs may be structured as short-term bridge loans in order to meet the 50% test to qualify for 4% HTCs. Short-term HIB bridge loans are generally repaid after project completion. The repaid loan proceeds may be used to help fund other projects with HIB eligible uses, though repaid HIB loans do not assist developments in qualifying for the 4% HTC. Three (3) projects are recommended for HIB, one of which will receive an issuance of tax-exempt volume limited bonds.
4. Preservation Affordable Rental Investment Fund (PARIF) is appropriated by the Minnesota Legislature to preserve federally assisted housing units. Two (2) projects are recommended for PARIF.
5. HOME Investment Partnerships (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. Three (3) projects are recommended for HOME.
6. National Housing Trust Fund (NHTF) is a federal resource that supports new construction of supportive housing units serving very low-income households. Two (2) projects are recommended for NHTF.

HUD Section 811 Project-Based Rental Assistance

In 2020, the United States Department of Housing and Urban Development (HUD) selected Minnesota Housing as one of 12 housing finance agencies from the around the country to receive a HUD Section 811 PRA program grant. This is Minnesota Housing's third Section 811 PRA grant from HUD. This new award is anticipated to support approximately 160 households where at least one family member is under age 62, has a disability, and is extremely low income.

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.

Five (5) projects, with a total of 36 units, are recommended for the HUD Section 811 PRA. HUD Section 811 PRA are long-term contracts, and the initial Rental Assistance Contract (RAC) term is five (5) years renewable up to 20 years (based on the availability of funds). The award amount in Table 1 (above) 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 overtime to reflect updated Fair Market Rate (FMR) rents, Operating Cost Adjustment Factors (OCAF), and other factors that may affect award amounts.

Geographic Distribution
Of the 57 applications submitted, 31 were for projects in the seven-county Twin Cities metropolitan area—15 in Minneapolis or St. Paul and 16 in suburban locations. There were 26 applications representing Greater Minnesota.

For the 2022 Consolidated RFP, the metropolitan area represented 54% of the applications received and 47% of the applications recommended for selection. Greater Minnesota represented 46% of the applications received and 53% of the applications recommended for selection.

Table 2: Consolidated RFP Investment – Total Units and Deferred Loans

Project Location	# of Units	% of # of Units	Recommended Applications	% of Total Recommended Applications	Recommended Deferred Loan Amount	% of Total Recommended Deferred Loan Amount
Metro	593	59 %	8	47 %	$ 16,232,000	31 %
Greater MN	409	41 %	9	53 %	$ 36,250,000	69 %
Total	***1002***	***100 %***	***17***	***100 %***	***$ 52,482,000***	***100 %***

Of the eight (8) applications recommended for selection in the seven-county Twin Cities metropolitan area, four (4) are in the city of Minneapolis and four are (4) in suburban locations.

MINNESOTA HOUSING'S 2020-2023 STRATEGIC PLAN

The 2020-2023 Strategic Plan established five focus areas:

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

The five focus areas included 14 strategic objectives. The Strategic Plan is the foundation for the Qualified Allocation Plan and the Self-scoring Worksheet criteria, which are collectively implemented in the proposed Consolidated RFP selections. This section highlights how the proposed selection advance the focus areas and select strategic objectives found in the Strategic Plan.

Improving the Housing System

Strategic Objective: Focus on the people and places most impacted
Minnesota Housing continues to prioritize developing new units affordable to households at or below the 30% Area Median Income (AMI) level. The proposed selections include a 373 net new deeply affordable units which is 43% of selected new housing units. This includes 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 will contribute new units to the workforce housing supply in Minnesota communities. All 1,002 units respond to the 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 5 years. A combination of federal and state appropriated programs support the creation of workforce housing projects including 9% HTCs, EDHC program, HOME program, and funding partner support.

Strategic Objective: Create an inclusive and equitable 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 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. This year, 88% of selected applications received points for Equitable Development.

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 Enterprise on the development team. This year there are six (6) projects recommended for board approval that are sponsored by a Black-, Indigenous-, People of Color-, or Women-owned business entity, which includes four (4) projects that are tribal-sponsored or are anticipated to serve tribal and Indigenous communities and two (2) projects with owners new to the Consolidated RFP process. 94% of selected applications received points for having a Black-, Indigenous-, People of Color-owned, or Women-owned Business Enterprise as part of their development teams, and 76% have two or more of these business enterprises participating on development teams.

Preserve and Create Housing Opportunities

Strategic Objective: Preserve the condition and affordability of existing housing
This year three (3) projects with a total of 138 units which is 14% of the total units are recommended for Board approval. Of the 138 units, 108 have project-based rental assistance. 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
This year's selections will increase housing units and create new rental homes that are affordable by a total of 864 units or 86% of total units recommended. In the Twin Cities metropolitan area, 569 units of new housing units will be created through new construction. The number of units created in Greater Minnesota is 295.

Support People Needing Services

Strategic Objective: Prevent and end homelessness
The recommended selections include a total of 191 units, which is 19% of the total units, to serve households experiencing homelessness and will advance the Agency's efforts to end homelessness. Eighty-eight percent of these units will serve high priority homeless households who are households prioritized for supportive housing by the state's Coordinated Entry (CE) system. These permanent supportive housing opportunities are in 15 of the recommended projects.

Strategic Objective: Support people with disabilities.
Selections continue to advance the objectives of Minnesota's Olmstead Plan, with 98 units or 9.8% of total units specifically set aside to serve people with disabilities in 15 projects this year. This includes 36 units that will also receive HUD Section 811 PRA.

Strengthen Communities

Strategic Objective: Support tribal nations and indigenous communities
Minnesota Housing intended to recommend a total of five (5) projects that were either tribal sponsored or anticipated to serve tribal and indigenous communities. However, one (1) project withdrew their application due to receiving an award which fully funded the project. The agency is currently recommending four (4) or 24% of the total projects for selection. Four (4) of the five (5) projects were the top scoring applications for this 2022 Multifamily Consolidated RFP. The four (4) recommended projects will create or preserve 163 units that are workforce and permanent supportive housing.

TRENDS
The subsiding global pandemic continues to have a significant effect on the affordable housing industry. The Agency and its partners have continued to see substantive impacts as the situation has evolved. 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 2021. Among lower-income renters (with incomes less than $50,000), 76% (or 240,000 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 rate in many parts of Minnesota have been consistently well below the 5% threshold that is generally considered optimal for a balanced market. According to Marquette Advisor’s *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 3.6% in the first quarter of 2022. In addition, rental eviction filings are above pre-pandemic levels.

The low vacancy rates were primarily created by limited rental production in the 2000s. The number of new rental units did not keep pace with the growth in renter households. In recent years, 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 in the 2000s.

Total Development Cost (TDC) per Unit
In each of the last two years, residential development inflation has been over 10%, which is leading to substantially higher development costs. In the 2022 Consolidated RFP/2023 HTC Round 1, 29% of this year’s selected applications had TDCs per unit at or above $400,000—while not a formal threshold, it represents the trend in project costs. Though some of the projects have a TDC per unit above $400,000, the project may not need a predictive cost model waiver due to the specific funding sources and characteristics of the project. The projects below are recommended for selection and have a TDC per unit above $400,000.

Table 3: Total Development Cost per Unit Above $400,000

Project Name	Use	Project Location	TDC per Unit
3030 Nicollet	New Construction	Metro	$ 481,170
Minnesota Indian Women's Resource Center	Rehabilitation	Metro	$ 517,196
Prairie Pointe	New Construction	Metro	$ 407,144
1st and 3rd Apartments	New Construction	Greater MN	$ 411,732
Red Lake Homes XIV	New Construction	Greater MN	$ 410,679

WAIVER REQUESTS: HOUSING TAX CREDITS WAIVER OF DEVELOPMENT ALLOCATION CREDIT LIMITS

Chapter 2.H of the 2022-2023 QAP states that during the allocation year no developer or development may receive HTCs in excess of the per developer or development limit without a waiver. Projects are subject to a development limit of no more than $1,350,000 in cumulative annual HTCs.

Minnesota Housing'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 Minnesota Housing and represent developments that are sustainable, cost effective and geographically diverse. The board may waive these limits for projects that exhibit developer/sponsor capacity or financial need.

Of the projects recommended for selection of 9% 2023 HTCs, the four (4) projects listed below exceed the development allocation credit limit. These developments are eligible for Minnesota Housing's per development waiver criteria 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. In part, the original $1,350,000 development limit was set prior to the significant inflation in construction costs. A waiver of the development allocation credit limit will allow the applicants to maximize the amount of equity available to fund development costs. The proposed waivers are included in the 2023 HTC Round 1 board resolution.

1. *Gladstone Village* – JB Vang Partners
   Staff recommends a waiver to the $1,350,000 per development cap to allow for an aggregate amount of $1,422,586 in 2023 HTCs for the Gladstone Village project in Maplewood submitted by JB Vang Partners. The amount exceeds the cap by $72,586.

2. *Wangstad Commons* – J.O. Companies, LLC.
   Staff recommends a waiver to the $1,350,000 per development cap to allow for an aggregate amount of $1,811,517 in 2023 HTCs for the Wangstad Commons project in Brooklyn Center submitted by J.O. Companies, LLC. The amount exceeds the cap by

$461,517.

3. *1st and 3rd Apartments* – Three Rivers Community Action, Inc.
Staff recommends a waiver to the $1,350,000 per development cap to allow for an aggregate amount of $1,481,398 in 2023 HTCs for the 1st and 3rd Apartments project in Austin submitted by Three Rivers Community Action. The amount exceeds the cap by $131,398.

4. *Valleyhigh Flats II* - Joseph Development, LLC
Staff recommends a waiver to the $1,350,000 per development cap to allow for an aggregate amount of $1,570,342 in 2023 HTCs for the Valleyhigh Flats II project in Rochester submitted by Joseph Development, LLC. The amount exceeds the cap by $220,342.

WAIVER REQUESTS: PREDICTIVE COST MODEL

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 awarded or allocated HTCs 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 of the components of every proposed project. As a result, if a project's proposed total development cost (TDC) is more than 25% over the predicted cost model, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.

The requested predictive cost model waivers of the 25% threshold are included the 2023 HTC Round 1 board resolution.

Table 4: Waiver of Predictive Cost Model – Projects

Project Name	Use	Total Development Costs per Unit	Predictive Model	% Over
Minnesota Indian Women's Resource Center	Rehabilitation	$ 517,196	$ 306,281	76%
1st and 3rd Apartments	New Construction	$ 411,731	$ 329,000	25%

1. *Minnesota Indian Women's Resource Center* – Minnesota Indian Women's Resource Center
Minnesota Indian Women's Resource Center is over the predictive model by 76%. The project is technically classified as a rehabilitation project because the building already functions as housing. However, the project is somewhat akin to an adaptive reuse project because of the scale of reconfiguration, which includes reconfiguring the units and taking the building from 14 one- and two-bedroom units to 24 studio and one-bedroom units. This reconfiguration will result in more bathrooms and kitchens,

increasing the cost more than what would be anticipated in a rehab of the existing 14 units. In addition, the development is adding an elevator, which will make the building accessible to all tenants but the cost is spread over relatively few units. If viewed as an adaptive reuse project, it is 58% over the predictive cost model. Regardless of the categorization, a waiver is necessary for the project to proceed.

2. *1st and 3rd Apartments* – Three Rivers Community Action, Inc.
   Based on the project review and analysis, staff determined the cost is justified due to the market's competitive workforce and proposed underground and surface parking.

NEXT STEPS

With board approval, the 17 projects recommended to be selected for funding from Minnesota Housing will receive a notice informing that they have been selected for additional processing. The developers will work with Minnesota Housing 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 first mortgages, bridge loan products, and/or projects using tax-exempt volume limited bonds that are not HIBs; and
- Experience material changes and/or require modifications that exceed the delegated authorities previously established by the board.

MINNESOTA HOUSING

Resolutions

1) **Federal Low Income Housing Tax Credit (HTC) for Calendar Year 2023**
2) **Low and Moderate Income Rental (LMIR) Program, Low and Moderate Income Rental Bridge Loan (LMIR BL), and Bridge Loan (BL) Product**
3) **Deferred Financing, Programs,and Funding Resources:**
   - Economic Development and Housing Challenge (EDHC)
   - Flexible Financing for Capital Cost (FFCC)
   - Housing Infrastructure Bond (HIB) Proceeds
   - Preservation Affordable Rental Investment Fund (PARIF)
   - Home Investment Partnership Program (HOME)
   - National Housing Trust Fund (NHTF)
4) **HUD Section 811 Project-based Rental Assistance**

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

RESOLUTION NO. MHFA 22-XXX

RESOLUTION APPROVING ALLOCATION OF FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2023 TO CERTAIN QUALIFIED LOW-INCOME HOUSING BUILDINGS

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 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 2023; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of the Low Income Housing Tax Credits (LIHTC) 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:

The Board hereby authorizes Agency staff to allocate portions of the state allocation of Low Income Housing Tax Credits 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:

Metro Selections Property #	Project #	Project Name	HTC 9% Request
D0860	M19074	Minnesota Indian Women's Resource Center	$ 957,414
D8209	M19104	Gladstone Village	$ 1,422,586
D8328	M19174	Prairie Pointe Apartments	$ 1,350,000
D8393	M19168	Wangstad Commons	$ 1,811,517
		Selection Amount:	**$ 5,541,517**

Greater Minnesota Selections Property #	Project #	Project Name	HTC 9% Request
D8498	M19208	Silverarrow Apartments	$ 375,000
D8500	M19052	Harbor Highlands VI Townhomes	$ 1,348,257
D8524	M19158	Red Lake Homes XIV	$ 1,265,000
D8502	M19058	1st and 3rd Apartments	$ 1,481,398
D8509	M19108	Valleyhigh Flats II	$ 1,570,342
		Selection Amount:	**$ 6,039,997**

Summary of Housing Tax Credit Selections

Total Number of Housing Tax Credit Selections	**9**
Total Amount of Housing Tax Credit Selections	**$11,581,514**

1. 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 Low Income Housing Tax Credits reservations and allocations for the above developments in the amounts shown for calendar year 2023 of the Low Income Housing Tax Credits, upon compliance with all of the requirements contained in Section 42 of the IRC and the QAP; and
2. That staff is authorized to allocate the portions of the state of Minnesota's ceiling of Low Income Housing Tax Credits to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP; and
3. All selections are subject to available resources and the requirements of the Low Income Housing Tax Credit program, and the Commissioner is authorized to approve non-material changes to the selections; and
4. Notification letters concerning the above be forwarded to the approved applicants; and
5. Execution of all documents related to the allocation, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary; and
6. A waiver to Chapter 2.H of the 2022-2023 QAP to exceed the $1,350,000 per development cap for Gladstone Village, Wangstad Commons, 1st and 3rd Apartments, and Valleyhigh Flats II; and
7. A waiver to exceed the predictive cost model 25% threshold for Minnesota Indian Women's Resource Center and 1st and 3rd Apartments.

Adopted this 15th day of December 2022

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CHAIRMAN

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

RESOLUTION NO. MHFA 22-XXX

RESOLUTION APPROVING SELECTIONS OF LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM, THE LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIR BL), AND BRIDGE LOAN (BL) PRODUCT

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 Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

The Board hereby selects the below referenced developments for further processing under for LMIR, LMIR Bridge Loan and Bridge Loan products:

Property #	Project #	Project Name	Funding Source	Selection Amount
D0860	M19074	Minnesota Indian Women's Resource Center	BL	$ 5,600,000
D8293	M19061	Carver Place Apartments	LMIR LMIR BL	$ 4,475,000 $ 9,070,000
D8209	M19104	Gladstone Village	LMIR BL	$ 6,011,000 $ 8,761,000
D8393	M19168	Wangstad Commons	LMIR	$ 3,509,000
D8500	M19052	Harbor Highlands VI Townhomes	LMIR BL	$ 2,680,000 $ 8,200,000
D8430	M19085	Edge Apartments	LMIR LMIR BL	$ 2,939,000 $ 8,880,000
D8509	M19108	Valleyhigh Flats II	LMIR	$ 4,687,000
D3349	M19131	Walnut Towers	LMIR LMIR BL	$ 4,896,000 $ 9,318,000
			Total Selection Amount:	**$79,026,000**

1. Minnesota Housing staff are authorized to continue underwriting and reviewing the developments for applicable funding as set out above.

2. Selected entities must provide such information and documentation as is deemed necessary by Minnesota Housing staff, and subject to Minnesota Housing sole approval.

3. Minnesota Housing staff must bring each LMIR, LMIR Bridge Loan, or Bridge Loan Product back to the board for final approval prior to obtaining authorization to close applicable loans.

Adopted this 15th day of December 2022

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CHAIRMAN

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

RESOLUTION NO. MHFA 22-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), FLEXIBLE FINANCING FOR CAPITAL COST (FFCC), HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS, PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF), HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME), AND NATIONAL HOUSING TRUST FUND (NHTF).

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 Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

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
D8408	M19124	3030 Nicollet	EDHC MF	$2,460,000
D8395	M19064	Agra	EDHC MF	$1,850,000
D0860	M19074	Minnesota Indian Women's Resource Center	PARIF	$110,000
D8506	M19090	Native American Community Clinic – Housing	EDHC American Indian MF	$1,208,000
D8293	M19061	Carver Place	EDHC MF HOME	$4,550,000 $2,000,000
D8209	M19104	Gladstone Village	EDHC MF	$2,830,000
D8328	M19174	Prairie Pointe Apartments	EDHC MF	$1,224,000
D8501	M19055	Wadena West Apartments	HIB – Long term HOME	$4,938,000 $2,087,000

Property #	Project #	Project Name	Funding Source	Selection Amount
			NHTF	$6,000,000
D8527	M19170	Red Lake Supportive Housing 2	FFCC HIB – Long term	$ 470,000 $ 6,965,000
D8430	M19085	Edge Apartments	EDHC MF HOME NHTF	$ 1,618,000 $ 4,920,000 $ 2,087,000
D3349	M19131	Walnut Towers	HIB – Long term PARIF	$ 1,282,000 $ 5,883,000
			Total Selection Amount:	**$52,482,000**

1. Agency staff shall review and approve the mortgagor; and
2. The issuance of a mortgage loan commitment for all EDHC, FFCC, HIB, PARIF, HOME, and NHTF 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
3. All selections are subject to available resources and requirements applicable to the funding source, and the Commissioner is authorized to approve non-material changes to the selections; and
4. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and
5. 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
6. 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 2021, First Special Session, Chapter 8, article 1, section 3, subdivision 11) or the requirements that apply to the appropriation year of the applicable PARIF funds.

Adopted this 15th day of December 2022

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102
RESOLUTION NO. MHFA 22-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.

WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with the Agency's rules, regulations and policies; that such grants 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 Rental Assistance Contracts 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
D8395	M19064	Agra	HUD Section 811	8	$ 104,000
D8506	M19090	Native American Community Clinic - Housing	HUD Section 811	9	$ 175,000
D8293	M19061	Carver Place	HUD Section 811	7	$ 91,000
D8209	M19104	Gladstone Village	HUD Section 811	7	$ 106,000
D8509	M19108	Valleyhigh Flats II	HUD Section 811	5	$ 51,900
		Total Units Awarded :		**36**	**$ 527,900**

1. Agency staff shall review and approve the recommended Rental Assistance Contracts (RACs) for up to the total recommended amount for five years renewable up to 20 years; and
2. 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
3. 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
4. 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

5. All selections are subject to available resources and the requirements of the HUD Section 811 Project-based Rental Assistance Program; and
6. The Commissioner is authorized to approve non-material changes to the selections; and
7. 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 15th day of December 2022

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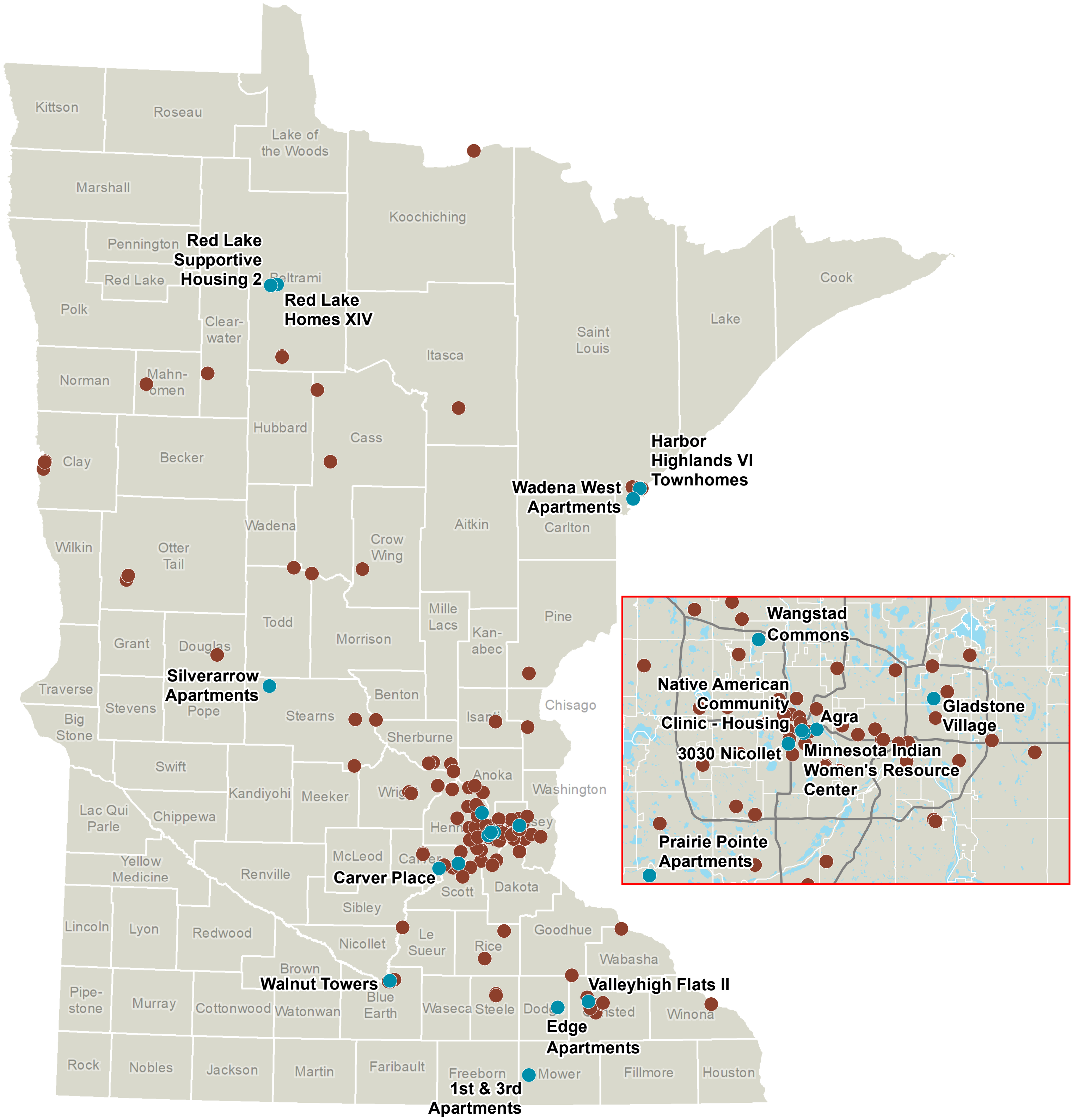
CHAIRMAN

Selection Map

2018 - 2022 Minnesota Housing Multifamily Consolidated RFP/HTC Selections



- 2022 Multifamily Consolidated RFP/HTC Recommended Selections
- 2018 - 2021 Consolidated Multifamily RFP/HTC Selections

0 20 40 Miles

MINNESOTA HOUSING

Source: Minnesota Housing. Date: 11/29/2022

Summary of Recommendations

1) Non-Select
2) Consolidated
3) Detailed
4) Priorities

Agenda Item: 7.G

2022 Consolidated RFP/2023 HTC Round 1 HTC Non-Select Report

Property Number	Project Number	Project Name	Developer	Location (City)	Region	9 %Tax Credits	4% Tax Credits	Deferred Loans	First Mortgage
D8382	M19114	3rd Avenue Flats	Commonwealth Development Corporation	Dilworth	West Central	$ 1,350,000			
D8382	M19115	3rd Avenue Flats	Commonwealth Development Corporation	Dilworth	West Central		$ 453,744	$ 7,242,165	$ 1,407,000
D8529	M19176	550 West Lake Street	Lake Street Developers, LLC	Minneapolis	Metro			$ 1,852,329	
D8349	M19072	901 Cedar Avenue Apartments	Reuter Walton Development, LLC	Minneapolis	Metro			$ 4,250,000	
D8343	M19129	Agate Housing	Trellis Co.	Minneapolis	Metro		$ 459,874	$ 6,748,110	
D8343	M19128	Agate Housing	Trellis Co.	Minneapolis	Metro	$ 1,217,015			
D8532	M19196	AICHO - Morgan Park	BlueLine Development, Inc.	Duluth	Northeast	$ 1,350,000		$ 500,000	
D8532	M19197	AICHO - Morgan Park	BlueLine Development, Inc.	Duluth	Northeast		$ 668,829	$ 6,662,716	
D8513	M19120	Brae View	One Roof Community Housing	Duluth	Northeast	$ 2,747,304			$ 1,277,000
D8513	M19121	Brae View	One Roof Community Housing	Duluth	Northeast		$ 1,374,464	$ 10,950,000	$ 1,277,000
D8292	M19063	Carver Oaks Senior Residence	Carver County CDA	Carver	Metro			$ 9,624,358	$ 1,627,000
D8292	M19062	Carver Oaks Senior Residence	Carver County CDA	Carver	Metro		$ 477,084	$ 5,820,949	$ 1,627,000
D8517	M19137	CB Ford Site II	CommonBond Communities	Saint Paul	Metro		$ 844,084	$ 8,922,808	$ 792,000
D8517	M19136	CB Ford Site II	CommonBond Communities	Saint Paul	Metro	$ 1,970,000		$ 623,178	
D8507	M19096	Crystal Place	MWF Properties, LLC	Crystal	Metro	$ 1,734,500			
D8518	M19138	East 7th Street	Project for Pride in Living, Inc.	Saint Paul	Metro	$ 2,689,158		$ 150,000	$ 3,500,000
D8518	M19139	East 7th Street	Project for Pride in Living, Inc.	Saint Paul	Metro		$ 963,062	$ 15,860,000	$ 3,500,000
D3245	M19056	Freeborn Manor	Christopher M Cooper & Associates	Cannon Falls	Southeast	$ 743,339		$ 788,492	$ 1,923,000
D3245	M19057	Freeborn Manor	Christopher M Cooper & Associates	Cannon Falls	Southeast		$ 326,932	$ 4,594,202	$ 1,923,000
D8434	M19126	Gladstone Crossing	Beacon Interfaith Housing Collaborative	Maplewood	Metro	$ 1,350,000		$ 2,500,743	
D8434	M19127	Gladstone Crossing	Beacon Interfaith Housing Collaborative	Maplewood	Metro		$ 680,804	$ 8,705,769	
D3162	M19202	Grande Market Place Apartments	Baker Tilly US, LLP	Burnsville	Metro			$ 3,946,194	
D7997	M19215	Granite Ridge Apartments	Connelly Development LLC	Delano	Central		$ 649,205		
D7997	M19214	Granite Ridge Apartments	Connelly Development LLC	Delano	Central	$ 1,466,643			
D0527	M19167	Greenwood Place	METIS Investments	Faribault	Southeast		$ 438,333	$ 2,868,728	$ 4,871,000
D0527	M19166	Greenwood Place	METIS Investments	Faribault	Southeast	$ 742,720			$ 4,871,000
D0709	M19179	Hillside Terrace Apartments	Schuett Development	Long Lake	Metro		$ 583,896	$ 3,550,000	
D0709	M19178	Hillside Terrace Apartments	Schuett Development	Long Lake	Metro	$ 978,268			
D8512	M19118	Hilltop Square Apartments	Central Minnesota Housing Partnership, Inc.	Eagle Bend	Central		$ 367,608	$ 5,684,848	
D8512	M19119	Hilltop Square Apartments	Central Minnesota Housing Partnership, Inc.	Eagle Bend	Central			$ 9,652,691	
D8541	M19185	Howard Lake Goldendale	CommonBond Communities	Annandale	Central		$ 518,547	$ 5,891,439	
D8541	M19184	Howard Lake Goldendale	CommonBond Communities	Annandale	Central	$ 1,085,397			
D8504	M19070	Little Canada Apartments	Reuter Walton Development, LLC	Little Canada	Metro		$ 915,434	$ 4,589,228	$ 3,030,000
D8504	M19071	Little Canada Apartments	Reuter Walton Development, LLC	Little Canada	Metro			$ 12,143,145	$ 3,030,000
D0871	M19087	Little Earth of United Tribes	LaSalle Development Group, Ltd	Minneapolis	Metro		$ 2,795,258	$ 7,170,000	$ 9,484,000
D0871	M19086	Little Earth of United Tribes	LaSalle Development Group, Ltd	Minneapolis	Metro	$ 3,641,730		$ 158,300	$ 9,484,000
D8427	M19107	Main Street Lofts	Joseph Development, LLC	Elko New Market	Metro		$ 912,236	$ 10,321,747	$ 5,153,000
D8427	M19106	Main Street Lofts	Joseph Development, LLC	Elko New Market	Metro	$ 1,680,000			
D8520	M19051	Mayowood II Senior Housing	Olmsted County HRA	Rochester	Southeast		$ 406,365	$ 6,425,002	$ 617,000
D8520	M19050	Mayowood II Senior Housing	Olmsted County HRA	Rochester	Southeast	$ 1,201,787			$ 617,000
D8514	M19122	Melrose Commons	CommonBond Communities	Medina	Metro	$ 1,420,000			
D8514	M19123	Melrose Commons	CommonBond Communities	Medina	Metro		$ 647,141	$ 7,066,194	
D8516	M19134	MICC Mixed Use	Bumpy Lane Companies	Richfield	Metro			$ -	$ 817,032

Agenda Item: 7.G

2022 Consolidated RFP/2023 HTC Round 1 HTC Non-Select Report

Property Number	Project Number	Project Name	Developer	Location (City)	Region	9 %Tax Credits	4% Tax Credits	Deferred Loans	First Mortgage
D8416	M19194	Monticello Workforce Housing	Duffy Development Company, Inc.	Monticello	Central	$ 1,479,338			
D8416	M19195	Monticello Workforce Housing	Duffy Development Company, Inc.	Monticello	Central		$ 751,859	$ 9,389,991	$ 4,800,002
D8503	M19068	North Branch Apartments	Reuter Walton Development, LLC	North Branch	Central	$ 1,450,000		$ 3,500,000	$ 6,937,000
D8503	M19069	North Branch Apartments	Reuter Walton Development, LLC	North Branch	Central		$ 810,419	$ 8,771,670	$ 6,937,000
D0649	M19049	North Place Apartments	Southwest Minnesota Housing Partnership	Hutchinson	Southwest		$ 184,765	$ 3,541,902	
D0649	M19048	North Place Apartments	Southwest Minnesota Housing Partnership	Hutchinson	Southwest	$ 375,000		$ 2,066,159	
D0110	M19146	Northwoods Commons	D. W. Jones Development, Inc.	Baudette	Northwest	$ 428,404		$ 303,773	$ 340,000
D0110	M19147	Northwoods Commons	D. W. Jones Development, Inc.	Baudette	Northwest		$ 152,534	$ 2,621,597	$ 340,000
D3428	M19094	Park Rapids Apartments	D.W. Jones Development, Inc.	Park Rapids	Northwest	$ 659,481			$ 1,050,000
D3428	M19095	Park Rapids Apartments	D.W. Jones Development, Inc.	Park Rapids	Northwest		$ 254,876	$ 3,324,472	$ 1,050,000
D8515	M19132	PPL BC Family Housing phase I	Project for Pride in Living	Brooklyn Center	Metro	$ 2,120,000		$ 173,422	$ 2,928,000
D8515	M19133	PPL BC Family Housing phase I	Project for Pride in Living	Brooklyn Center	Metro		$ 1,331,701	$ 7,952,000	$ 2,928,000
D8508	M19098	Restwood Lofts	MWF Properties, LLC	Blaine	Metro	$ 1,465,000			
D8508	M19099	Restwood Lofts	MWF Properties, LLC	Blaine	Metro		$ 836,510	$ 9,233,709	$ 4,339,000
D8245	M19088	Richfield Flats	MWF Properties	Richfield	Metro	$ 1,350,000			
D8245	M19089	Richfield Flats	MWF Properties	Richfield	Metro		$ 819,859	$ 8,253,225	$ 4,987,000
D8333	M19210	Shelby Commons	Woda Cooper Development, Inc.	Minneapolis	Metro	$ 638,481			
D8223	M19186	Snelling Yards Family Housing	Snelling Yards Development, LLC	Minneapolis	Metro			$ 2,740,878	
D8467	M19080	Tapestry Senior Living Duluth	LaSalle Development Group, Ltd.	Duluth	Northeast	$ 1,265,330		$ 48,399	$ 16,310,000
D8467	M19081	Tapestry Senior Living Duluth	LaSalle Development Group, Ltd.	Duluth	Northeast		$ 1,205,746	$ 48,399	$ 16,310,000
D0630	M19083	The Androy	Trellis Co.	Hibbing	Northeast		$ 341,771	$ 6,482,322	
D0630	M19082	The Androy	Trellis Co.	Hibbing	Northeast	$ 910,821		$ 1,468,784	
D8525	M19162	Upper Harbor Redevelopment Parcel 6A	Building Blocks, Inc.	Minneapolis	Metro		$ 3,852,017	$ 6,200,000	
D8119	M19067	Walker Raines	Walker Methodist	Minneapolis	Metro			$ 10,856,529	$ 4,352,000
D8119	M19066	Walker Raines	Walker Methodist	Minneapolis	Metro		$ 737,963	$ 4,974,471	$ 4,352,000
D0878	M19144	Whittier Community Housing	CommonBond Communities	Minneapolis	Metro			$ 950,000	

NOTE: A given project may submit an application with more than one funding structure type (i.e. 9%-only, 9% with deferred, 4% with deferred, deferred-only, etc.)

2022 Consolidated RFP/2023 HTC Round 1

Summary of Funding Recommendations: Consolidated

Project Name	City	Developer	Total Units	HTC 9% Request	LMIR 1st Mortgage	LMIR Bridge Loan (PAB)	Bridge Loan Product	Agency Total Deferred	HUD Section 811 PRA	Total Development Cost
METRO										
Minneapolis										
3030 Nicollet	Minneapolis	Project for Pride in Living	110					$ 2,460,000		$ 52,928,730
Agra	Minneapolis	Wellington Development LLC	155					$ 1,850,000	$ 104,000	$ 52,005,150
Minnesota Indian Women's Resource Center	Minneapolis	Minnesota Indian Women's Resource Center	24	$ 957,414			$ 5,600,000	$ 110,000		$ 12,412,700
Native American Community Clinic - Housing	Minneapolis	Wellington Management Inc.	83					$ 1,208,000	$ 175,000	$ 32,791,643
Suburban										
Carver Place	Carver	Carver County CDA	60		$ 4,475,000	$ 9,070,000		$ 6,550,000	$ 91,000	$ 19,043,960
Gladstone Village	Maplewood	JB Vang Partners	65	$ 1,422,586	$ 6,011,000		$ 8,761,000	$ 2,830,000	$ 106,000	$ 25,559,942
Prairie Pointe Apartments	Shakopee	Beacon Interfaith Housing Collaborative	42	$ 1,350,000				$ 1,224,000		$ 17,100,029
Wangstad Commons	Brooklyn Center	JO Companies, LLC	54	$ 1,811,517	$ 3,509,000					$ 21,387,749
METRO TOTALS			593	$ 5,541,517	$ 13,995,000	$ 9,070,000	$ 14,361,000	$ 16,232,000	$ 476,000	

Project Name	City	Developer	Total Units	HTC 9% Request	LMIR 1st Mortgage	LMIR Bridge Loan (PAB)	Bridge Loan Product	Agency Total Deferred	HUD Section 811 PRA	Total Development Cost
GREATER MINNESOTA										
Central										
Silverarrow Apartments	Sauk Centre	D. W. Jones Development, Inc.	28	$ 375,000						$ 4,233,439
Northeast										
Harbor Highlands VI Townhomes	Duluth	Housing and Redevelopment Authority of Duluth	40	$ 1,348,257	$ 2,680,000		$ 8,200,000			$ 15,647,151
Wadena West Apartments	Duluth	Center City Housing Corp	60					$ 13,025,000		$ 15,447,487
Northwest										
Red Lake Homes XIV	Red Lake	Red Lake Reservation Housing Authority	28	$ 1,265,000						$ 11,499,019
Red Lake Supportive Housing 2	Red Lake	Red Lake Reservation Housing Authority	28					$ 7,435,000		$ 7,435,000
Southeast										
1st & 3rd Apartments	Austin	Three Rivers Community Action, Inc.	40	$ 1,481,398						$ 16,469,270
Edge Apartments	Kasson	Access Development, LLC	48		$ 2,939,000	$ 8,880,000		$ 8,625,000		$ 17,620,511
Valleyhigh Flats II	Rochester	Joseph Development, LLC	51	$ 1,570,342	$ 4,687,000				$ 51,900	$ 19,429,831
Walnut Towers	Mankato	Trellis Walnut Towers Development LLC	86		$ 4,896,000	$ 9,318,000		$ 7,165,000		$ 22,457,663
GREATER MINNESOTA TOTALS			409	$ 6,039,997	$ 15,202,000	$ 18,198,000	$ 8,200,000	$ 36,250,000	$ 51,900	
STATE TOTALS			1002	$ 11,581,514	$ 29,197,000	$ 27,268,000	$ 22,561,000	$ 52,482,000	$ 527,900	

2022 Consolidated RFP/2023 HTC Round 1

Summary of Funding Recommendations: Detailed

Project Name	City	Developer	Total Units	HTC 9% Request	LMIR 1st Mortgage	LMIR Bridge Loan (PAB)	Bridge Loan Product	EDHC	EDHC - American Indian Set Aside	FFCC	Hsg Inf Bonds Preservation	Hsg Inf Bonds SH Homeless	PARIF	HOME	NHTF	HUD Section 811 PRA
METRO																
Minneapolis																
3030 Nicollet	Minneapolis	Project for Pride in Living	110					$ 2,460,000								
Agra	Minneapolis	Wellington Development LLC	155					$ 1,850,000								$ 104,000
Minnesota Indian Women's Resource Center	Minneapolis	Minnesota Indian Women's Resource Center	24	$ 957,414			$ 5,600,000						$ 110,000			
Native American Community Clinic - Housing	Minneapolis	Wellington Management Inc.	83						$ 1,208,000							$ 175,000
Suburban																
Carver Place	Carver	Carver County CDA	60		$ 4,475,000	$ 9,070,000		$ 4,550,000						$ 2,000,000		$ 91,000
Gladstone Village	Maplewood	JB Vang Partners	65	$ 1,422,586	$ 6,011,000		$ 8,761,000	$ 2,830,000								$ 106,000
Prairie Pointe Apartments	Shakopee	Beacon Interfaith Housing Collaborative	42	$ 1,350,000				$ 1,224,000								
Wangstad Commons	Brooklyn Center	JO Companies, LLC	54	$ 1,811,517	$ 3,509,000											
METRO TOTALS			**593**	**$ 5,541,517**	**$ 13,995,000**	**$ 9,070,000**	**$ 14,361,000**	**$ 12,914,000**	**$ 1,208,000**	**$ -**	**$ -**	**$ -**	**$ 110,000**	**$ 2,000,000**	**$ -**	**$ 476,000**
Project Name	**City**	**Developer**	**Total Units**	**HTC 9% Request**	**LMIR 1st Mortgage**	**LMIR Bridge Loan (PAB)**	**Bridge Loan Product**	**EDHC**	**EDHC - American Indian Set Aside**	**FFCC**	**Hsg Inf Bonds Preservation**	**Hsg Inf Bonds SH Homeless**	**PARIF**	**HOME**	**NHTF**	**HUD Section 811 PRA**
GREATER MINNESOTA																
Central																
Silverarrow Apartments	Sauk Centre	D. W. Jones Development, Inc.	28	$ 375,000												
Northeast																
Harbor Highlands VI Townhomes	Duluth	Housing and Redevelopment Authority of Duluth	40	$ 1,348,257	$ 2,680,000		$ 8,200,000									
Wadena West Apartments	Duluth	Center City Housing Corp	60									$ 4,938,000		$ 2,087,000	$ 6,000,000	
Northwest																
Red Lake Homes XIV	Red Lake	Red Lake Reservation Housing Authority	28	$ 1,265,000												
Red Lake Supportive Housing 2	Red Lake	Red Lake Reservation Housing Authority	28							$ 470,000		$ 6,965,000				
Southeast																
1st & 3rd Apartments	Austin	Three Rivers Community Action, Inc.	40	$ 1,481,398												
Edge Apartments	Kasson	Access Development, LLC	48		$ 2,939,000	$ 8,880,000		$ 1,618,000						$ 4,920,000	$ 2,087,000	
Valleyhigh Flats II	Rochester	Joseph Development, LLC	51	$ 1,570,342	$ 4,687,000											$ 51,900
Walnut Towers	Mankato	Trellis Walnut Towers Development LLC	86		$ 4,896,000	$ 9,318,000					$ 1,282,000		$ 5,883,000			
GREATER MINNESOTA TOTALS			**409**	**$ 6,039,997**	**$ 15,202,000**	**$ 18,198,000**	**$ 8,200,000**	**$ 1,618,000**	**$ -**	**$ 470,000**	**$ 1,282,000**	**$ 11,903,000**	**$ 5,883,000**	**$ 7,007,000**	**$ 8,087,000**	**$ 51,900**
STATE TOTALS			**1002**	**$ 11,581,514**	**$ 29,197,000**	**$ 27,268,000**	**$ 22,561,000**	**$ 14,532,000**	**$ 1,208,000**	**$ 470,000**	**$ 1,282,000**	**$ 11,903,000**	**$ 5,993,000**	**$ 9,007,000**	**$ 8,087,000**	**$ 527,900**

*Total PSH Units could include Permanent Supportive Housing units above and beyond the High Priority Homeless (HPH), People with Disabilities (PWD) and HUD Section 811 units claimed for scoring purposes

2022 Consolidated RFP/2023 HTC Round 1

Summary of Funding Recommendations: Priorities

Project Name	City	Developer	Total Units	High Priority Homeless Units	People with Disabilities Units	HUD Section 811 Units	Total PSH Units*	Workforce Housing Units	Preservation Units^
METRO									
Minneapolis									
3030 Nicollet	Minneapolis	Project for Pride in Living	110	6	6	0	12	110	0
Agra	Minneapolis	Wellington Development LLC	155	10	8	8	18	155	0
Minnesota Indian Women's Resource Center	Minneapolis	Minnesota Indian Women's Resource Center	24	20	4	0	24	24	0
Native American Community Clinic - Housing	Minneapolis	Wellington Management Inc.	83	11	9	9	20	83	0
Suburban									
Carver Place	Carver	Carver County CDA	60	7	7	7	14	60	0
Gladstone Village	Maplewood	JB Vang Partners	65	7	7	7	14	65	0
Prairie Pointe Apartments	Shakopee	Beacon Interfaith Housing Collaborative	42	21	7	0	28	42	0
Wangstad Commons	Brooklyn Center	JO Companies, LLC	54	7	9	0	16	54	0
METRO TOTALS			**593**	**89**	**57**	**31**	**146**	**593**	**0**

Project Name	City	Developer	Total Units	High Priority Homeless Units	People with Disabilities Units	HUD Section 811 Units	Total PSH Units*	Workforce Housing Units	Preservation Units^
GREATER MINNESOTA									
Central									
Silverarrow Apartments	Sauk Centre	D. W. Jones Development, Inc.	28	0	0	0	0	28	22
Northeast									
Harbor Highlands VI Townhomes	Duluth	Housing and Redevelopment Authority of Duluth	40	7	6	0	13	40	0
Wadena West Apartments	Duluth	Center City Housing Corp	60	30	9	0	60	60	0
Northwest									
Red Lake Homes XIV	Red Lake	Red Lake Reservation Housing Authority	28	7	5	0	12	28	0
Red Lake Supportive Housing 2	Red Lake	Red Lake Reservation Housing Authority	28	20	6	0	28		0
Southeast									
1st & 3rd Apartments	Austin	Three Rivers Community Action, Inc.	40	4	5	0	9	40	0
Edge Apartments	Kasson	Access Development, LLC	48	4	5	0	9	48	0
Valleyhigh Flats II	Rochester	Joseph Development, LLC	51	7	5	5	12	51	0
Walnut Towers	Mankato	Trellis Walnut Towers Development LLC	86	0	0	0		86	86
GREATER MINNESOTA TOTALS			**409**	**79**	**41**	**5**	**143**	**381**	**108**
STATE TOTALS			**1002**	**168**	**98**	**36**	**289**	**974**	**108**

*Total PSH Units could include Permanent Supportive Housing units above and beyond the High Priority Homeless (HPH), People with Disabilities (PWD) and HUD Section 811 units claimed for scoring purposes.

^Preservation Units is the number of preservation units with Project Base Rental Assistance (PBRA).

NOTE: Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

Development Summary

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

3030 Nicollet

Developer	Project for Pride in Living
Location	Minneapolis
Property Number (D#)	D8408
Project Number	M19124

Project Description

3030 Nicollet is a 110-unit, mixed-use new construction development proposed by Project for Pride in Living. The 1.7 acre site is located on Nicollet Avenue in Minneapolis, one block south of Lake Street. This project represents the first phase of the redevelopment of this site, with another affordable housing development planned for the adjacent parcel that makes up the western half of the same city block. This segment of Lake Street saw significant damage during the unrest following the murder of George Floyd in the summer of 2020, and the subject property was the site of a Wells Fargo bank branch that was destroyed.

The proposed six-story building includes five floors of workforce and supportive housing units above a new Wells Fargo retail bank branch and four retail condominium units that will be sold to small businesses as part of a business incubator initiative for local Black, Indigenous, and People of Color entrepreneurs. The redevelopment of this site also coincides with and complements the City of Minneapolis' plans to reopen Nicollet Avenue between Lake Street and 28th Street, demolishing a vacant K-Mart and reconnecting the street grid in the area. Multiple city blocks are slated for redevelopment as part of this initiative, providing additional housing, retail, and grocery services in the immediate area.

The site is also within a quarter mile of the newly opened Metro Transit Orange Line bus rapid transit station at Lake Street and I-35W and will be within one block of the B-Line arterial bus rapid transit line when it opens in 2024. These routes will provide future residents of 3030 Nicollet with high quality and high frequency transit access running both east-west and north-south, reaching employment centers the southern suburbs, Uptown, and the downtowns of both Minneapolis and St. Paul. These transit investments are complemented by local bike infrastructure, such as the Midtown Greenway two blocks to the north of the project site.

3030 Nicollet has received significant financial support from Hennepin County, the Metropolitan Council, and the City of Minneapolis. Minneapolis is expected to provide a Tax Increment Financing (TIF) mortgage, tax-exempt volume cap limited bonds, and 4% Housing Tax Credits.

Populations Served

- The development will provide 110 units of workforce and permanent supportive housing.
- <u>High Priority Homeless:</u> 6 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- <u>Persons with Disabilities:</u> 6 units will serve Persons with Disabilities and will benefit from Housing Support.
- <u>Rental Assistance:</u> 24 total units will benefit from rental assistance, including 12 Housing Support units and 12 Project-Based Section 8 voucher units from the Minneapolis Public Housing Authority. Of these 24 units, 12 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- <u>Serves Lowest Income Tenants:</u> All 110 units will have rents restricted to 50% MTSP rent.

Additional population notes:

- None.

**Units may be counted more than once, as allowed by the Self-Scoring Worksheet*

Capital Sources of Funding

Name of Source	Award Amount
EDHC	$2,460,000
Met Council LCDA-TOD	$500,000
Met Council LCDA-TOD	$1,500,000
Hennepin County Accelerator (AHIF)	$4,983,252
Hennepin County TOD	$600,000
MWMO	$486,900
Predevelopment (Met Council, Lake St Council)	$200,000
First Mortgage	$10,225,000
PPL Loan	$3,700,000
Deferred Developer Fee	$750,000
Syndication Proceeds	$21,791,438
Sales Tax Rebate	$1,180,316
Energy Rebates	$165,963
City of Minneapolis AHTF	$3,270,000
ERF, DEED, Green Cost Share, Public Art Grant	$652,996
Total Permanent Financing	$52,465,865
FUNDING GAP REMAINING	$197,093

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Agra

Developer	Wellington Development LLC
Location	Minneapolis
Property Number (D#)	D8395
Project Number	M19064

Project Description

Agra is new construction mixed-use development in the Seward Neighborhood of Minneapolis being proposed by Wellington Development, LLC (Wellington). Its 155 units will provide family, general occupancy, and supportive housing units with income levels served ranging from 30% to 60% Multifamily Tax Subsidy Income Limits (MTSP). The new development will have the first floor occupied by retail function and the remaining 5 top floors for the affordable housing. Roughly 2,000 square feet on the first floor will be used by a local business owner specifically focused on food production, healthy food service and/or food education. Wellington is in discussions with the Seward Neighborhood Group, Seward Redesign, and the Seward Co-op (located across the street) regarding potential uses and users for this space. The City's support for the project is demonstrated by a commitment of Tax Increment Financing (TIF).

Populations Served

- The development will provide 155 units of workforce and permanent supportive housing.
- High Priority Homeless: 10 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Project based Section 8 rental assistance
- Persons with Disabilities: 8 units will serve Persons with Disabilities and will benefit from Section 811 Rental Assistance. These units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP)
- Rental Assistance: 38 units will benefit from project-based Section 8 vouchers rental assistance. Of the 38 units 38 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Serves Lowest Income Tenants: 47 units will have rents restricted to 50% MTSP rent.

Additional population notes:

- None

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
TBRA Remediation	$378,000
Minneapolis AHTF (2020)	$2,000,000
Additional AHTF (2022)	$1,270,000
DEED Redevelopment Grant	$650,000
EDHC	$1,850,000
Hennepin County TOD	$300,000
First Mortgage	$19,243,000
DEED Cleanup	$308,350
Hennepin Co. ERF	$116,710

Deferred Developer Fee	$1,840,657
Syndication Proceeds	$20,886,559
Energy Rebates	$75,000
Metropolitan Council LCDA	$1,250,000
Hennepin County AHIF/ARPA	$1,850,000
Total Permanent Financing	$52,018,276

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Minnesota Indian Women's Resource Center

Developer	Minnesota Indian Women's Resource Center
Location	Minneapolis
Property Number (D#)	D0860
Project Number	M19074

Project Description

Minnesota Indian Women Resource Center is rehabilitation and reconfiguration of an existing building. The development is owned and managed by Minnesota Indian Women's Resource Center, and they have proposed the development with an experienced team. The 24 units will provide culturally specific services for Native women within the community. The City of Minneapolis and Hennepin County are in support of this development and will be recommitting existing debt as well as providing new deferred funds. The development was also funded by Family Housing Fund who has also agreed to extend their existing loans.

Populations Served

- The development will provide 24 units of permanent supportive housing.
- High Priority Homeless: 20 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from either Housing Support or Project Based Section 8 through Minneapolis Public Housing Authority
- Persons with Disabilities: 4 units will serve Persons with Disabilities and will benefit from Housing Support or Project Based Section 8 through Minneapolis Public Housing Authority
- Rental Assistance: 24 units will benefit from project-based Section 8/Housing Support. Of the 24 units, 24 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- None.

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
Hennepin County Supportive Housing Funding	$400,000
Energy Rebates	$25,000
Sales Tax Rebate	$110,000
Syndication Proceeds	$8,137,205
General Partner Cash	$425,000
PARIF	$110,000
Assumption of Existing Debt	$2,085,496
Hennepin Accelorator	$400,000
City of Minneapolis AHTF	$720,000
Total Permanent Financing	$12,412,701

Development Summary

Selected Applications: 12/15/2022

Native American Community Clinic - Housing

Developer	Wellington Management Inc.
Location	Minneapolis
Property Number (D#)	D8506
Project Number	M19090

Project Description

Native American Community Clinic Housing Project (NACC-H) is new construction mixed-use development in South Minneapolis being proposed by Native American Community Clinic (NACC) and Wellington Management, Inc. (Wellington). Its 83 units will provide family, general occupancy and supportive housing units with income levels served ranging from 30% to 60% Multifamily Tax Subsidy Income Limits (MTSP). NACC currently owns the site and operates the community clinic out of the existing building (which will be demolished). The new building will include an expanded Native American Community Clinic on the first two levels of the development and will create a bridge between culturally centered healthcare services and housing. Six floors of affordable housing atop the clinic space. The City's support for the project is demonstrated by a commitment of Tax Increment Financing (TIF).

The long-term ownership structure will likely be a Common Interest Community/Condominium that will allow NACC to retain 100% ownership of the clinic space. NACC and Wellington will create a Limited Partnership – of which they will both be General Partners. The housing portion is interlinked with the clinic expansion; the projects cannot move along independently as they will be located in the same building. The clinic budget is approximately $17.4 million. Approximately 39% ($6.7 million) of the clinic's development budget is secured and it has pending state and federal legislative requests for an additional $6.5 million. The remaining clinic capital sources is proposed to be funded by New Markets Tax Credits (NMTC), and NACC has received initial letters of interest from various NMTC allocators.

Populations Served

- The development will provide 83 units of workforce/permanent supportive housing.
- <u>High Priority Homeless:</u> 3 units will serve families that meet the definition of High Priority Homeless (HPH) and will be underwritten at Supportive Housing rent levels.
- <u>High Priority Homeless:</u> 8 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support rental assistance.
- <u>Persons with Disabilities:</u> 9 units will serve Persons with Disabilities (families) and will benefit from the Section 811 Rental Assistance. These units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- <u>Rental Assistance:</u> 8 units will benefit from Housing Support rental assistance. Of the 8 units with Housing Support rental assistance, 8 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- <u>Serves Lowest Income Tenants:</u> 66 units will have rents restricted to 50% Multifamily Tax Subsidy Income Limits (MTSP) rent. Of the 66 units, 17 units will be deeply affordable to households at 30% of Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- None.

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
TBRA Remediation	$300,000
Minneapolis AHTF	$2,530,000
Federal Home Loan Bank	$750,000
Minneapolis Foundation Funding	$750,000
DEED Redevelopment Fund	$600,000
Hennepin County TOD	$750,000
Hennepin County AHIF/Accelerator Funding	$2,000,000
First Mortgage	$6,966,000
Met Council LHIA	$750,000
Hennepin Co. ERF	$200,000
General Partner Cash	$100
General Partner Land Contribution	$950,000
Deferred Developer Fee	$875,447
Syndication Proceeds	$13,065,228
Energy Rebates	$50,000
EDHC - American Indian Set-aside	$1,208,000
Total Permanent Financing	$31,744,775
FUNDING GAP REMAINING	$880,000

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Carver Place

Developer	Carver County CDA
Location	Carver
Property Number (D#)	D8293
Project Number	M19061

Project Description

Carver Place is a 60-unit new construction development proposed by Carver County Community Development Agency. The development will be located on 2.15 acres in Carver. This development will contribute to the final phase of a community masterplan on the developing edge of the Twin Cities metropolitan area that includes single and multifamily housing as well as future planned commercial uses. The site is across the street from Carver Elementary School and two blocks from the Southwest Transit Carver Station park and ride, offering a connection to the Metro Transit Green Line Extension upon its completion.

The proposed structure includes two wings of a single building, structured financially as two separate projects. Carver Place, the subject of this narrative, includes family and workforce units. Carver Oaks is a proposed 43-unit senior development that would comprise the north wing of the building and share some amenities, which is not being recommended for selection this year. Carver Place can proceed independently both financially and architecturally (with minor design changes).

Populations Served

- The development will provide 60 units of workforce and permanent supportive housing.
- <u>High Priority Homeless:</u> 7 units will serve 4 single adults and 3 families that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support rental assistance.
- <u>Persons with Disabilities:</u> 7 units will serve Person with Disabilities (all single adults) and will benefit from Section 811 Rental Assistance. These units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- <u>Rental Assistance:</u> 7 total units will benefit from Housing Support rental assistance. All 7 units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- <u>Serves Lowest Income Tenants:</u> 37 units will have rents restricted to 50% MTSP rent.

Additional population notes:

- At Selection, it is estimated that 11 out of the 60 units will be subject to HOME rent restrictions.

**Units may be counted more than once, as allowed by the Self-Scoring Worksheet*

Capital Sources of Funding

Name of Source	Award Amount
ARPA	$1,000,000
Energy Rebates	$24,600
Sales Tax Rebate	$345,743
Syndication Proceeds	$6,123,591
Met Council - LHIA	$450,000
EDHC	$4,550,000

HOME	$2,000,000
Community Growth Partnership Initiative	$52,500
Minnesota Housing First Mortgage	$4,475,000
Total Permanent Financing	$19,021,434
FUNDING GAP REMAINING	$22,526

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Gladstone Village

Developer	JB Vang Partners
Location	Maplewood
Property Number (D#)	D8209
Project Number	M19104

Project Description

Gladstone Village is the new construction of a 65-unit, 4-story elevator apartment building proposed by JB Vang Partners. The project will be sited on approximately 1.58 acres in Maplewood at the corner of Frost Avenue and English Street in the Gladstone neighborhood. The project will address the need for additional affordable units in Maplewood, with an emphasis on providing larger bedroom units for families. This is the sponsor’s first project to be financed by Minnesota Housing.

Populations Served

- The development will provide 65 units of workforce and permanent supportive housing.
- High Priority Homeless: 3 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- High Priority Homeless: 4 units will serve single adults that meet the definition of HPH and will benefit from Housing Support.
- Persons with Disabilities: 7 units serving Persons with Disabilities (5 families and 2 single adults) and will benefit from Section 811 rental assistance. These units will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Rental Assistance: 7 units will benefit from Housing Support. Of the 7 units, 7 will be limited to households with incomes at or below 30% MTSP.
- Serves Lowest Income Tenants: 33 units will have rents restricted to 50% MTSP rent. Of the 33 units, 4 units will be deeply affordable to households at 30% of MTSP.

Additional population notes:

- The units serving Persons with Disabilities will focus on people exiting institutions and people who are unsheltered.

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
Ramsey County HOME Funding (2022)	$1,053,337
Energy Rebates	$15,000
Syndication Proceeds	$12,517,505
Deferred Developer Fee	$1,000,000
EDHC	$2,830,000
Ramsey County HOME Funding (2021)	$160,000
Ramsey County ARPA Funding	$1,973,001
GP Cash	$100
Minnesota Housing First Mortgage	$6,011,000
Total Permanent Financing	$25,559,943

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Prairie Pointe Apartments

Developer	Beacon Interfaith Housing Collaborative
Location	Shakopee
Property Number (D#)	D8328
Project Number	M19174

Project Description

Prairie Pointe is a new construction, 42-unit building in Shakopee, sponsored by Beacon Interfaith Housing Collaborative. It will provide both workforce housing, for households at risk of homelessness and permanent supportive housing and would be the first development with a majority supportive housing units in Scott and Carver Counties and meets a local need for these affordable units and access to services. The building will have large community and programming spaces and a playground area for families. Scott County Child Protective Services has been a core partner in the "Keeping Families Together" initiative and will refer appropriate families to Prairie Pointe. The project includes units with Housing Support, private rental assistance provided by Beacon and units without rental assistance. Scott County and Shakopee Mdewakanton Sioux Community as well as the developer have all made financial commitments in support of this development.

Populations Served

- The development will provide 42 units of workforce and permanent supportive housing.
- High Priority Homeless: 16 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefitfromprivate rental assistance provided by the project sponsor.
- High Priority Homeless: 5 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from either Housing Support or private rental assistance provided by the project sponsor.
- Persons with Disabilities: 7 units will serve Persons with Disabilities and will benefit from private rental assistance provided by the project sponsor.
- Rental Assistance: 28 units will benefit from Housing Support (12 units) or private rental assistance (16 units). Of the 28 units, all 28 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- The project is targeting families involved with Scott County Child Protective Services.

**Units may be counted more than once, as allowed by the Self-Scoring Worksheet*

Capital Sources of Funding

Name of Source	Award Amount
Scott County Deferred Loan	$900,000
Energy Rebates	$16,580
Sales Tax Rebate	$247,749
Syndication Proceeds	$11,743,826
Deferred Developer Fee	$290,000
Met Council LHIA	$350,000
EDHC	$1,224,000
Shakopee Mdewakanton Sioux Community	$100,000

FHLB Des Moines	$750,000
Met Council LHIA	$900,000
Scott County CDA INVEST	$500,000
Total Permanent Financing	$17,022,154
FUNDING GAP REMAINING	$77,875

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Wangstad Commons

Developer	JO Companies, LLC
Location	Brooklyn Center
Property Number (D#)	D8393
Project Number	M19168

Project Description

Wangstad Commons is a new construction affordable housing development that is proposed by JO Companies, LLC. Wangstad Commons will be built on vacant land in the City of Brooklyn Center. It will feature 54 units for family, general occupancy, and supportive housing households. The two, three and four bedroom units will be particularly valuable as there is a critical need for larger units in the community. The City's support for the project is demonstrated by a commitment of a land write-down and of Tax Increment Financing (TIF). Hennepin County has also committed $1.20 million. This is the sponsor's first project to be financed by Minnesota Housing.

Populations Served

- The development will provide 54 units of workforce, permanent supportive, and senior housing.
- High Priority Homeless: 4 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support-Long Term Homeless (LTH).
- High Priority Homeless: 3 units will serve single adults that meet the definition of HPH and will benefit from Housing Support-LTH.
- Persons with Disabilities: 9 units will serve Persons with Disabilities (5 families and 4 single adults) and will benefit from Housing Support-LTH.
- Rental Assistance: 16 units will benefit from Housing Support rental assistance. Of the 16 units with rental assistance, 16 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Serves Lowest Income Tenants: 43 units will have rents restricted to 50% MTSP rent. Of the 43 units, 27 units will be deeply affordable to households at 30% of MTSP.

Additional population notes:

- None

Capital Sources of Funding

Name of Source	Award Amount
GP Equity	$100
Energy Rebates	$15,000
Syndication Proceeds	$16,300,057
Deferred Developer Fee	$394,130
Hennepin County ARPA	$569,463
Hennepin County HOME	$550,000
GP Capital Contribution - Met Council Grant	$50,000
Minnesota Housing First Mortgage	$3,509,000
Total Permanent Financing	$21,387,750

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Silverarrow Apartments

Developer	D. W. Jones Development, Inc.
Location	Sauk Centre
Property Number (D#)	D8498
Project Number	M19208

Project Description

Silverarrow Apartments is acquisition and preservation of a three building, 28-unit Rural Development (RD) project proposed by DW Jones that is currently at risk of loss due to critical physical needs. The development has been providing affordable housing since 1975 and represents the only subsidized affordable housing within Sauk Centre, making preservation of the RD subsidy very important to the community. The project is located within a short distance of services and retail options, the Lake Wobegon Trail, schools, health care, and primary roadways.

Populations Served

- The development will preserve 28 units that benefit from a United States Department of Agriculture Rural Development (RD) first mortgage and 21 units of RD rental assistance. Additionally, the project will benefit from 1 new unit of RD rental assistance, for a total of 22 units of RD rental assistance.

Capital Sources of Funding

Name of Source	Award Amount
RD Assumption - Arrowsmith	$87,485
Energy Rebates	$1,349
Syndication Proceeds	$3,074,693
Deferred Developer Fee	$26,528
Seller transferred reserves	$50,000
RD Assumption - Silvercrest 2nd	$75,789
RD Assumption - Silvercrest	$117,667
RD Assumption - Arrowsmith 2nd	$106,928
First Mortgage	$693,000
Total Permanent Financing	$4,233,439

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Harbor Highlands VI Townhomes

Developer	Housing and Redevelopment Authority of Duluth
Location	Duluth
Property Number (D#)	D8500
Project Number	M19052

Project Description

Harbor Highlands VI is a new construction, 40-unit townhome development located in Duluth sponsored by the Housing and Redevelopment Authority of Duluth. The project has local support from the City of Duluth in the form of deferred financing, a Tax Increment Financing (TIF) note and Section 8 rental assistance for all 40 units. This is the sixth and final development in the Harbor View neighborhood, which was first envisioned 20 years ago to serve a range of household types. Harbor Highlands VI is independent from all previous phases, will complete the vision for this neighborhood and benefit from previously built amenities like a community center and public transportation access.

Populations Served

- The development will provide 40 units of workforce and permanent supportive housing.
- High Priority Homeless: 7 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefitfromSection 8 rental assistance.
- Persons with Disabilities: 6 units will serve Persons with Disabilities and will benefit from Section 8 rentalassistance.
- Rental Assistance: 40 units will benefit from project-based Section 8 vouchers. Of the 40 units, 13 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- None at this time.

**Units may be counted more than once, as allowed by the Self-Scoring Worksheet*

Capital Sources of Funding

Name of Source	Award Amount
Duluth HRA	$1,000,000
Energy Rebates	$12,617
Sales Tax Rebate	$362,075
Syndication Proceeds	$11,324,225
Duluth HRA TIF Note	$192,000
Minnesota Housing First Mortgage	$2,680,000
Total Permanent Financing	$15,570,917
FUNDING GAP REMAINING	$76,234

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Wadena West Apartments

Developer	Center City Housing Corp
Location	Duluth
Property Number (D#)	D8501
Project Number	M19055

Project Description

Wadena West Apartments will be 60-unit new construction of permanent supportive housing for single adults who are homeless in West Duluth, known as Spirit Valley. Many units are intended to house individuals experiencing behavioral health or chemical dependency issues. Center City Housing Corp (CCHC) is the sponsor of the project. This project will have affordable rents for all tenants with both project-based Section 8 and Housing Support. These rental assistance subsidies have been secured for this project. The City's support for the project is demonstrated by a commitment of $2.05 million in American Rescue Plan Act (ARPA) and HOME funds.

Populations Served

- The development will provide 60 units of permanent supportive/ housing.
- High Priority Homeless: 30 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support (15 units) and Project Based Vouchers (PBV) (15 units) rental assistance
- The remaining 30 units will serve single adults and meet the HIB statutory Other Homeless requirement and will benefit from Housing Support (15 units) and Project Based Vouchers (15 units)
- Persons with Disabilities: 9 units serving Persons with Disabilities (single adults) and will benefit from Housing Support (4 units) and Project Based Vouchers (5 units) rental assistance.
- Rental Assistance: 60 units will benefit from project-based vouchers and Housing Support rental assistance. Of the 60 units with rent assistance, 16 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- At selection, it is estimated that project will have 14 HOME assisted units and 34 NHTF assisted units. The NHTF assisted units will have 30% MTSP rent and income restrictions.

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
City of Duluth ARPA	$1,750,000
Energy Rebates	$7,530
Sales Tax Rebate	$364,958
HOME	$2,087,000
NHTF	$6,000,000
HIB Long-Term	$4,938,000
City of Duluth HOME	$300,000
Total Permanent Financing	$15,447,488

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Red Lake Homes XIV

Developer	Red Lake Reservation Housing Authority
Location	Red Lake Reservation - Scattered Site
Property Number (D#)	D8524
Project Number	M19158

Project Description

Red Lake Homes XIV is new construction of 28 one-story, three-bedroom single family homes located on 5 scattered sites within the boundaries of the Red Lake Reservation. The project will serve low-income families of the Red Lake Band of Chippewa Indians. The development's Land Use Restrictive Covenants will contain provisions for Eventual Tenant Ownership (ETO) following the initial 15-year tax credit compliance period, which will advance the tribe's goal of creating generational wealth within the community.

Populations Served

- The development will provide 28 units of workforce and permanent supportive housing.
- High Priority Homeless: 7 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from tribal rental assistance and services funded through the Native American Housing and Self-Determination Act (NAHASDA).
- Persons with Disabilities: 5 units will serve Persons with Disabilities and will benefit from tribal rental assistance and services funded through NAHASDA.
- Rental Assistance: 12 units will benefit from tribal rental assistance through NAHASDA. Of the 12 units, 12 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Serves Lowest Income Tenants: 14 units will have rents restricted to 50% Multifamily Tax Subsidy Income Limits (MTSP) rent. Of the 14 units, 5 units will be deeply affordable to households at 30% of Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- The project is intended to serve the Red Lake Band of Chippewa Indians tribal members.
- The project also intends to serve households experiencing domestic violence and the three- bedroom units will benefit larger families.

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
RLRHA Deferred, Cash Flow Only Loan @ AFR	$1,380,031
Syndication Proceeds	$10,118,988
First Mortgage	$0
Total Permanent Financing	$11,499,019

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Red Lake Supportive Housing 2

Developer	Red Lake Reservation Housing Authority
Location	Red Lake Reservation - Scattered Site
Property Number (D#)	D8527
Project Number	M19170

Project Description

The project includes the new construction of 28 units of permanent supportive housing sponsored by Red Lake Reservation Housing Authority. This scattered site development includes 13 duplexes and 2 service centers with attached one-bedroom apartments and will serve the following communities on the Red Lake Reservation: Little Rock (4 units), Red Lake (11 units), Redby (9 units), and Ponemah (4 units). This phase 2 of the supportive housing project will continue to expand neighborhoods previously established by Phase I, which was leased up in 2010. This new housing will address overcrowding and homelessness in the community and will provide much needed housing in areas that were formerly manufactured home courts. Native design elements are incorporated into the project which will have an array of culturally specific services, programming, and community activities.

Populations Served

- The development will provide 28 units of permanent supportive housing.
- High Priority Homeless: 20 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Red Lake Reservation rental assistance.
- The remaining 8 units will meet the HIB statutory Other Homeless requirement and will benefit fromRed Lake Reservation rental assistance.
- Persons with Disabilities: 6 units will serve Persons with Disabilities and will benefit from Red Lake Reservation rental assistance.
- Rental Assistance: 28 units will benefit from project-based tribal rental assistance from Red Lake Reservation Housing Authority (not NAHASDA or Indian Housing Block Grant). Of the 28 units, 26 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- The project is intended to serve Red Lake Band tribal members and members of other American Indian tribes and will have a tribal preference for 28 units.

**Units may be counted more than once, as allowed by the Self-Scoring Worksheet*

Capital Sources of Funding

Name of Source	Award Amount
Flexible Financing Cap Costs	$470,000
HIB SH Homeless	$6,965,000
Red Lake Band of Chippewa Indians Grant	$675,000
Federal Home Loan Bank of Des Moines Grant	$750,000
Energy Rebates	$1,675
Total Permanent Financing	$8,861,675

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

1st & 3rd Apartments

Developer	Three Rivers Community Action, Inc.
Location	Austin
Property Number (D#)	D8502
Project Number	M19058

Project Description

1st & 3rd Apartments is a 40-unit new construction development proposed by Three Rivers Community Action. The development will be sited on 1.23 acres in Austin, Minnesota. The site is near Austin Community Action, Austin Housing and Redevelopment Authority, a farmer's market, and community gardens. This allows future tenants to access services and amenities in their own community and without requiring access to a car.

The Project has received considerable support from local governments and community groups, including significant funding from Mower County, the Austin Housing and Redevelopment Authority, and the Hormel Foundation. The City of Austin will provide Tax Increment Financing (TIF).

Populations Served

- The development will provide 40 units of workforce and permanent supportive housing.
- High Priority Homeless: 4 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- Persons with Disabilities: 5 units will serve Persons with Disabilities and will benefit from Housing Support.
- Rental Assistance: 9 total units will benefit from Housing Support rental assistance. Of these 9 units, all 9 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Serves Lowest Income Tenants: 18 units will have rents restricted to 50% MTSP rent. Of these 18 units, 2 units will be deeply affordable to households at 30% of MTSP.

Additional population notes:

- None.

**Units may be counted more than once, as allowed by the Self-Scoring Worksheet*

Capital Sources of Funding

Name of Source	Award Amount
Hormel Foundation	$600,000
Energy Rebates	$20,900
Sales Tax Rebate	$432,773
Syndication Proceeds	$12,442,499
General Partner Cash	$97
City of Austin TIF-Supported loan	$615,000
City of Austin Contribution (Additional TIF)	$300,000
City of Austin Contribution (Unobligated TIF)	$540,000
Mower County ARPA	$250,000
First Mortgage	$1,268,000
Total Permanent Financing	$16,469,269

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Edge Apartments

Developer	Access Development, LLC
Location	Kasson
Property Number (D#)	D8430
Project Number	M19085

Project Description

The Edge is a new construction mixed income development in Kasson being proposed by SCI Associates. Its 48 units will provide both family general occupancy and supportive housing units. The development will consist of one-, two-, three- and four-bedroom units. The city is in support of the project, which is demonstrated by writing down the land, waiving fees and committing Tax Increment Financing (TIF).

Populations Served

- The development will provide 48 units of workforce and permanent supportive housing.
- High Priority Homeless: 4 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- Persons with Disabilities: 5 units will serve Persons with Disabilities and will benefit from Housing Support.
- Rental Assistance: 9 units will benefit from Housing Support.
- Serves Lowest Income Tenants: 30 units will have rents restricted to 50% Multifamily Tax Subsidy Income Limits (MTSP) rent. Of the 30 units, 9 units will be deeply affordable to households at 30% of Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- At selection, it is estimated that project will have 18 HOME assisted units and 12 NHTF assisted units. The NHTF assisted units will have 30% MTSP rent and income restrictions.

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
EDHC	$1,618,000
Energy Rebates	$13,200
Syndication Proceeds	$6,143,254
Deferred Developer Fee	$75,000
General Partner Cash	$808
NHTF	$2,087,000
HOME MF	$4,920,000
Minnesota Housing First Mortgage	$2,939,000
Total Permanent Financing	$17,796,262

MINNESOTA HOUSING

Development Summary

Selected Applications: 12/15/2022

Valleyhigh Flats II

Developer	Joseph Development, LLC
Location	Rochester
Property Number (D#)	D8509
Project Number	M19108

Project Description

Valleyhigh Flats II is the acquisition and new construction of a 3-story, 51-unit affordable housing development proposed by Joseph Development. The project is located in Rochester and will align well with Valleyhigh Flats I, the adjacent 61-unit, tax credit development completed by Joseph Development in 2018. The developer worked with the local Muslim Coalition of ISAIAH to incorporate design elements into both the units and common spaces to better serve the large immigrant families in the area. Funding for the project includes deferred funds from the Coalition for Rochester Area Housing, a funding collaborative of the Mayo Clinic, the City of Rochester, Destination Medical Center, Olmsted County, and Rochester Area Foundation.

Populations Served

- The development will provide 51 units of workforce and permanent supportive housing.
- High Priority Homeless: 7 units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- Persons with Disabilities: 5 units of Section 811 PWD units serving families/single adults with disabilities and will benefit from the Section 811 Rental Assistance.
- Rental Assistance: 7 units will benefit from Housing Support. Of the 7 units, 7 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Serves Lowest Income Tenants: 26 units will have rents restricted to 50% Multifamily Tax Subsidy Income Limits (MTSP) rent. Of the 26 units, 3 units will be deeply affordable to households at 30% of Multifamily Tax Subsidy Income Limits (MTSP).

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
Energy Rebates	$15,107
Syndication Proceeds	$13,817,628
Deferred Developer Fee	$514,098
General Partner Cash	$1,000
Coalition Funds	$395,000
Minnesota Housing First Mortgage	$4,687,000
Total Permanent Financing	$19,429,833

Development Summary

Selected Applications: 12/15/2022

Walnut Towers

Developer	Trellis Walnut Towers Development LLC
Location	Mankato
Property Number (D#)	D3349
Project Number	M19131

Project Description

Walnut Towers is a preservation development in Mankato being proposed by Trellis Co. Trellis acquired the building in July 2022 from the long-time owner. Its 86 units serve seniors and disabled persons of any age. The one-bedroom units are in critical need of rehab. The city of Mankato is in support of the proposed rehab and have committed a $275,000 city deferred loan, and a $100,000 Community Block Development Grant (CBDG loan). The county of Blue Earth is also in support committing a $275,000 deferred loan.

Populations Served

- The development will preserve 86 units that benefit from a project-based Section 8 contract.
- The project serves a senior and disabled population.

Additional population notes:

- None

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
Energy Rebates	$19,788
Sales Tax Rebate	$204,370
Syndication Proceeds	$8,020,691
Deferred Developer Fee	$1,189,688
HIB Preservation	$1,282,000
PARIF	$5,883,000
Interim Income	$312,126
Blue Earth County Loan	$275,000
City of Mankato CDBG Loan	$100,000
City of Mankato Loan	$275,000
Minnesota Housing First Mortgage	$4,896,000
Total Permanent Financing	$22,457,663

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Board Agenda Item: 8.A
Date: 12/15/2022

Item: FY2023 Quarter 1 Financial Update

Staff Contact(s):
Michael Solomon, 651.297.4009, michael.solomon@state.mn.us
Debbi Larson, 651.296.8081, debbi.larson@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff will review 1st quarter financial results.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

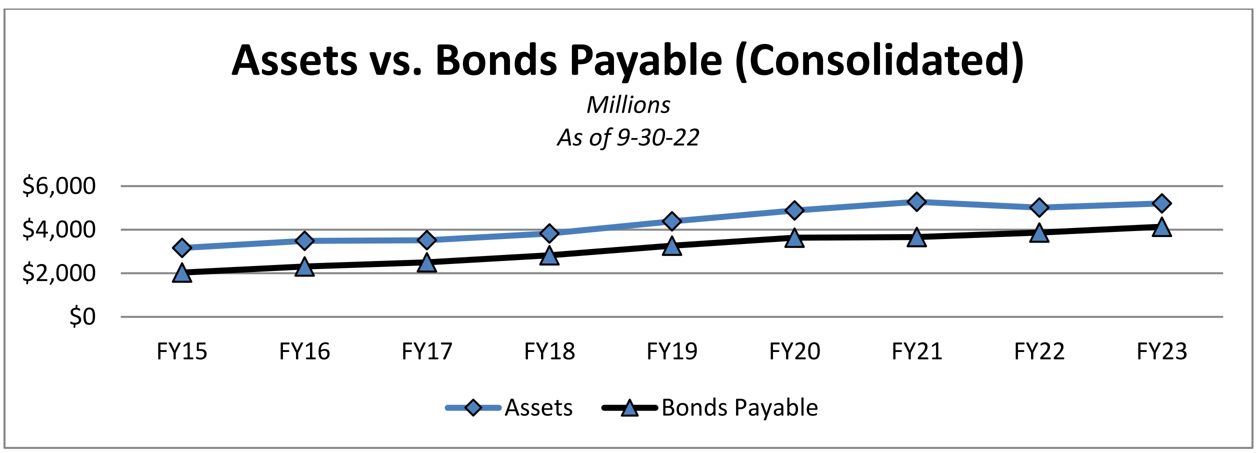
Attachment(s):
- Noteworthy Items
- Financial Dashboard
- Selected Financial Statements – 1st quarter FY 2023

Minnesota Housing Finance Agency
FY 2023 1st Quarter Financial Results
Noteworthy Items

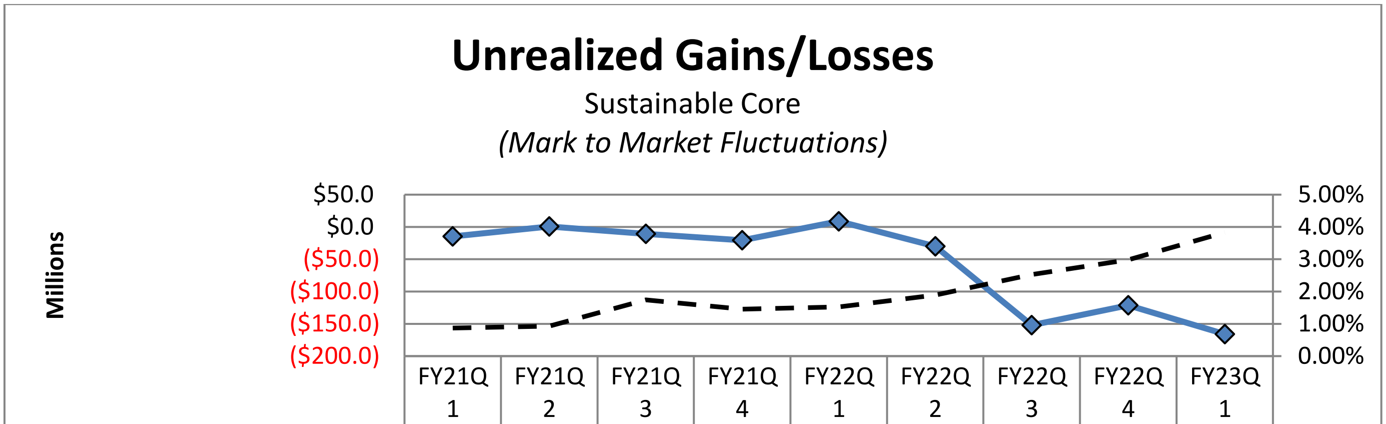
Balance Sheet

In the consolidated and sustainable core, total assets are up from prior quarter and from the comparative quarter in FY22. In terms of the Mortgage Backed Securities (MBS) portfolio, program securities remain steady compared to previous quarter and down from prior year. The MBS portfolio of investments-program securities, has decreased due to a change in the process of purchasing MBSs when bonds close. There is a lag of some months in purchasing as the Agency is now issuing bonds to "lock-in" the cost of financing prior to originating mortgages and acquiring the related MBS. In the current rising interest rates environment this helps to ensure the Agency is able to earn revenue via the spread between the interest rate on the bond issue and that of the MBS. The bond proceeds remain in the cash equivalent account until the MBSs are purchased, which will then be reported in the MBS portfolio.

Overall in FY23, non-securitized loan assets had a slight increase, mainly attributed to an increase in rental housing loans.



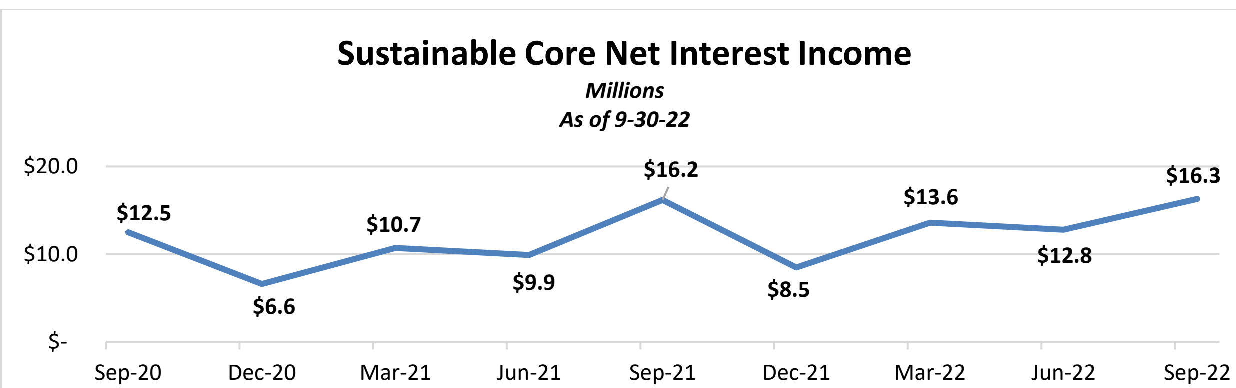
The cash from the federal programs has been a main driver related to the net position balances for the past few years. In FY23 we will also be impacted by disbursements made from funds received in FY22 which will negatively impact our net position. In addition, inputs we recognize related to unrealized depreciation and unrealized gains/losses related to market volatility is negatively impacting our net position. During Q1 FY23 we accounted for a ($353.0) million loss for unrealized depreciation compared to Q1 FY22 which resulted in a $165.0 million gain. In Q1 FY23 we booked a ($166.0) million unrealized loss and in Q1 FY22 we recognized a $9.0 million gain. These transactions are required accounting entries but do not impact the financial position of the Agency on a cash basis.



	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1	FY22Q2	FY22Q3	FY22Q4	FY23Q1
Unrealized Gains/Losses	($14.5)	$0.7	($10.7)	($20.4)	$8.8	($30.0)	($151.9)	($121.4)	($165.9)
Treasury Rate	0.87%	0.93%	1.74%	1.45%	1.52%	1.89%	2.53%	2.98%	3.83%

Operating Results

In the Sustainable Core, Q1 FY23 net interest income was $16.3 million, up from the prior quarter. YTD net interest income remains relatively the same at FY22 YTD recognizing a slight increase of $0.1 million.



YTD other revenue (fees, MBS sales, etc.) and operating and other expenses remain relatively flat from prior YTD.

BALANCE SHEET*
Quarterly Financial Dashboard - Selected Reporting
As of September 30, 2022 - ($ million)

	Quarter End	Prior Quarter End	Change from Prior Quarter	**see note Year Ago	Change From Year Ago
CONSOLIDATED					
Total Assets	**5,203.8**	**5,017.0**	**186.8**	**5,123.6**	**80.2**
Program Securities	2,795.4	2,804.4	(9.0)	2,951.6	(156.2)
Loans, net	984.8	954.7	30.1	941.9	42.9
Other investments and cash	1,356.7	1,214.3	142.4	1,208.8	147.9
Total Liabilities	**4,327.1**	**4,075.0**	**252.1**	**3,809.6**	**517.5**
other	0.7	0.8	(0.1)	1.9	(1.2)
Total Net Position	**808.9**	**896.0**	**(87.1)**	**1,289.2**	**(480.3)**
CONSOLIDATED EXCLUDING APPROPRIATED					
Total Assets	**4,502.4**	**4,469.5**	**32.9**	**4,464.0**	**38.4**
Net Position	**604.3**	**758.7**	**(154.4)**	**1,019.0**	**(414.7)**
SUSTAINABLE CORE					
Total Assets	**4,366.8**	**4,340.3**	**26.5**	**4,337.8**	**29.0**
Program Securities	2,795.4	2,804.4	(9.0)	2,951.6	(156.2)
Loans, net	823.1	801.3	21.8	791.9	31.2
Other investments & cash	682.2	691.7	(9.5)	573.3	108.9
Total Liabilities	**3,834.3**	**3,674.4**	**159.9**	**3,423.9**	**410.4**
Bonds payable, net	3,648.8	3,476.3	172.5	3,223.3	425.5
Net Position	**464.7**	**619.9**	**(155.2)**	**888.2**	**(423.5)**

* Assets and liabilities do not include deferred inflows/outflows
** FY22 financials were restated at year-end. FY22 quarterly totals for comparison purposes will not be restated on the .
FY23 statements until year end.

STATEMENT OF OPERATIONS
Quarterly Financial Dashboard - Selected Reporting
As of September 30, 2022 - ($ million)

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Revenues	51.8	13.2	38.6	51.8	177.4	(125.6)
Expenses	138.8	237.3	(98.5)	138.8	181.8	(43.0)
Net	**(87.0)**	**(224.1)**	**137.1**	**(87.0)**	**(4.4)**	**(82.6)**
SUSTAINABLE CORE						
Interest revenue	36.2	32.4	3.8	36.2	30.3	5.9
Other revenue	13.8	7.6	6.2	13.8	14.6	(0.8)
Unrealized gain (loss)	(165.9)	(121.4)	(44.5)	(165.9)	8.8	(174.7)
TOTAL REVENUE	**(115.9)**	**(81.4)**	**(34.5)**	**(115.9)**	**53.7**	**(169.6)**
Interest Expense	19.9	19.6	0.3	19.9	14.1	5.8
Operating Expenses(1)	10.2	(4.4)	14.6	10.2	14.6	(4.4)
Other Expenses	9.4	(1.0)	10.4	9.4	5.6	3.8
TOTAL EXPENSE	**39.5**	**14.2**	**25.3**	**39.5**	**34.3**	**5.2**
Revenue over Expense	**(155.4)**	**(95.6)**	**(59.8)**	**(155.4)**	**19.4**	**(174.8)**
Net Interest Income	**16.3**	**12.8**	**3.5**	**16.3**	**16.2**	**0.1**
Annualized Net Interest Margin(2)	*1.50%*	*1.17%*		*0.50%*	*1.47%*	

(1) Salaries, benefits and other general operating; includes YE Pension Adj
(2)Annualized Net Interest Income/Average assets for period

Minnesota Housing Finance Agency
Fund Financial Statements
Statement of Net Position (in thousands) - UNAUDITED
Proprietary Funds
As of September 30, 2022 (with comparative totals as of September 30, 2021)

	General Reserve	Rental Housing	Residential Housing Finance (Bond Funds)	Homeownership Finance Bonds (Bond Funds)	Multifamily Housing Bonds (Bond Funds)	HOMES[SM] (Bond Funds)	State Appropriated (Appropriated Funds)	Federal Appropriated (Appropriated Funds)	Total as of September 30, 2022	*** see note Total as of September 30, 2021
Assets										
Cash and cash equivalents	71,550	$ 28,217	$ 360,510	$ 43,677	$ 1,817	$ -	$ 398,337	$ 214,292	$ 1,118,400	$ 1,043,612
Investments-program mortgage-backed securities	-	-	1,796,051	999,315	-	-	-	-	2,795,366	2,951,597
Investment securities-other	25,003	18,592	139,852	-	-	4,885	50,011	-	238,343	165,178
Loans receivable, net	-	161,236	772,522	-	13,066	-	37,952	-	984,776	941,917
Interest receivable on loans and program mortgage-backed securities	-	601	8,696	3,339	48	-	20	-	12,704	12,197
Interest receivable on investments	168	114	1,231	61	3	14	708	8	2,307	615
Interest rate swap agreements	-	-	37,642	-	-	-	-	-	37,642	-
FHA/VA insurance claims, net	-	-	177	-	-	-	-	-	177	226
Real estate owned, net	-	-	977	-	-	-	-	-	977	975
Capital assets, net	7,873	-	-	-	-	-	-	-	7,873	1,937
Other assets	4,270	34	864	18	-	-	-	93	5,279	5,388
Total assets	108,864	208,794	3,118,522	1,046,410	14,934	4,899	487,028	214,393	5,203,844	5,123,642
Deferred Outflows of Resources										
Deferred loss on refunding	-	-	1	-	-	-	-	-	1	2
Deferred loss on interest rate swap agreements	-	-	-	-	-	-	-	-	-	11,573
Deferred pension expense	12,397	-	-	-	-	-	-	-	12,397	2,434
Total deferred outflows of resources	12,397	-	1	-	-	-	-	-	12,398	14,009
Total assets and deferred outflows of resources	$ 121,261	$ 208,794	$ 3,118,523	$ 1,046,410	$ 14,934	$ 4,899	$ 487,028	$ 214,393	$ 5,216,242	$ 5,137,651
Liabilities										
Bonds payable, net	$ -	$ 48,255	$ 2,485,254	$ 1,097,103	$ 12,700	$ 5,456	$ 489,499	$ -	$ 4,138,267	$ 3,494,396
Interest payable	-	146	15,183	2,343	32	14	2,550	-	20,268	14,489
Interest rate swap agreements	-	-	-	-	-	-	-	-	-	11,573
Net pension liability	2,423	-	-	-	-	-	-	-	2,423	10,189
Accounts payable and other liabilities	5,334	15,406	60,685	50	-	-	164	2,463	84,102	116,406
Interfund payable (receivable)	(857)	(10,011)	8,769	-	-	-	1,859	240	-	-
Funds held for others	75,355	-	-	-	-	(571)	-	8	74,792	162,588
Lease Liability	7,216	-	-	-	-	-	-	-	7,216	-
Total liabilities	89,471	53,796	2,569,891	1,099,496	12,732	4,899	494,072	2,711	4,327,068	3,809,641
Deferred Inflows of Resources										
Deferred gain on interest rate swap agreements	-	-	37,642	-	-	-	-	-	37,642	-
Deferred revenue-service release fee	-	-	13,104	6,632	-	-	-	-	19,736	20,431
Deferred pension credit	22,813	-	-	-	-	-	-	-	22,813	19,329
Total deferred inflows of resources	22,813	-	50,746	6,632	-	-	-	-	80,191	39,760
Total liabilities and deferred inflows of resources	$ 112,284	$ 53,796	$ 2,620,637	$ 1,106,128	$ 12,732	$ 4,899	$ 494,072	$ 2,711	$ 4,407,259	$ 3,849,401
Commitments and contingencies										
Net Position										
Restricted by bond resolution	-	154,998	(55,343)	(59,718)	2,202	-	-	-	42,139	496,323
Restricted by covenant	8,320	-	553,229	-	-	-	-	-	561,549	520,719
Restricted by law	-	-	-	-	-	-	224,158	211,682	435,840	540,341
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	(231,202)	-	(231,202)	(271,070)
Net Investment in Capital Assets	657	-	-	-	-	-	-	-	657	1,937
Total net position	8,977	154,998	497,886	(59,718)	2,202	-	(7,044)	211,682	808,983	1,288,250
Total liabilities, deferred inflows of resources, and net position	$ 121,261	$ 208,794	$ 3,118,523	$ 1,046,410	$ 14,934	$ 4,899	$ 487,028	$ 214,393	$ 5,216,242	$ 5,137,651
		-	-	-	-	-	-	-	-	-

*** FY22 financials were restated at year-end. FY22 quarterly totals for comparison purposes will not be restated on the FY23 statements until year end.

This information on the funds of the Agency for the three-month period ended September 30, 2022 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, 2022, 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, 2022 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, 2022 (with comparative totals for Three Months Ended September 30, 2021)

		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, 2022	Total for the Three Months Ended September 30, 2021
Revenues										
Interest earned on loans	$ -	$ 1,879	$ 6,776	$ -	$ 144	$ -	$ 173	$ -	$ 8,972	$ 9,325
Interest earned on investments-program mortgage-backed securities	-	-	14,309	8,763	-	-	-	-	23,072	19,303
Interest earned on investments-other	135	254	3,878	154	8	43	1,633	235	6,340	2,344
Net G/L on Sale of MBS Held for Sale/HOMES^{SM} Certificates	-	-	1,132	-	-	-	-	-	1,132	2,939
Appropriations received	-	-	-	-	-	-	85,573	80,081	165,654	122,936
Administrative reimbursement	8,034	-	-	-	-	-	-	-	8,034	7,614
Fees earned and other income	3,131	12	1,086	331	-	-	-	-	4,560	4,119
Unrealized gains (losses) on investments	-	(875)	(103,824)	(61,256)	-	-	-	-	(165,955)	8,783
									-	
Total revenues	11,300	1,270	(76,643)	(52,008)	152	43	87,379	80,316	51,809	177,363
Expenses										
Interest	96	183	12,463	6,983	95	43	2,656		22,519	14,092
Financing, net	-	-	2,046	395	-	-	689		3,130	4,777
Loan administration and trustee fees	-	13	707	100	1	-	29		850	822
Administrative reimbursement	-	315	3,920	1,747	23	-	1,634		7,639	7,247
Salaries and benefits	8,567	-	-	-	-	-	-		8,567	7,947
Other general operating	1,309	3	401	14	-	-	191		1,918	507
Appropriations disbursed	-	-	-	-	-	-	9,297	74,485	83,782	139,914
Reduction in carrying value of certain low interest	-	-	-	-	-	-	-			-
rate deferred loans	-	-	(1,029)	-	-	-	10,555		9,526	6,668
Provision for loan losses	-	482	474	-	-	-	(82)		874	(127)
									-	
Total expenses	9,972	996	18,982	9,239	119	43	24,969	74,485	138,805	181,847
Revenues over (under) expenses	1,328	274	(95,625)	(61,247)	33	-	62,410	5,831	(86,996)	(4,484)
Other changes										
Non-operating transfer of assets between funds & Adj.	(1,242)	27	(427)	2,491	-	-	-	(849)	-	9,690
Change in net position	86	301	(96,052)	(58,756)	33	-	62,410	4,982	(86,996)	5,206
Net Position										
Total net position, beginning of period	8,891	154,697	593,938	(962)	2,169	-	(69,454)	206,700	895,979	1,283,044
Total net position, end of period	$ 8,977	$ 154,998	$ 497,886	$ (59,718)	$ 2,202	$ -	$ (7,044)	$ 211,682	$ 808,983	$ 1,288,250

*** FY22 financials were restated at year-end. FY22 quarterly totals for comparison purposes will not be restated on the FY23 statements until year end.

This information on the funds of the Agency for the three-month period ended September 30, 2022 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, 2022, 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, 2022 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, 2022 (with comparative totals for September 30, 2021)

		Bond Funds						General Reserve & Bond Funds Excluding Pool 3	General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds
	General Reserve	Rental Housing	Residential Housing Finance Bonds	Residential Housing Finance Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	Total As Of September 30, 2022	Total As Of September 30, 2021	Total As Of September 30, 2022	Total As Of September 30, 2022	Total As Of September 30, 2021
Assets												
Cash and cash equivalents	$ 71,550	$ 28,217	$ 257,415	$ 100,051	$ 43,677	$ 1,817	$ -	$ 502,727	$ 417,625	$ 3,044	$ 505,771	$ 426,189
Investments-program mortgage-backed securities	-	-	1,796,051	-	999,315	-	-	2,795,366	2,951,597	-	2,795,366	2,951,597
Investment securities-other	25,003	18,592	6,748	124,267	-	-	4,885	179,495	155,723	8,837	188,332	165,178
Loans receivable, net	-	161,236	219,833	428,999	-	13,066	-	823,134	791,865	123,690	946,824	899,571
Interest receivable on loans and program mortgage-backed securities	-	601	6,936	1,717	3,339	48	-	12,641	12,146	43	12,684	12,182
Interest receivable on investments	168	114	431	771	61	3	14	1,562	562	29	1,591	570
Interest rate swap agreements	-	-	37,642	-	-	-	-	37,642	-	-	37,642	-
FHA/VA insurance claims, net	-	-	177	-	-	-	-	177	226	-	177	226
Real estate owned, net	-	-	568	388	-	-	-	956	975	21	977	975
Capital assets, net	7,873	-	-	-	-	-	-	7,873	1,937	-	7,873	1,937
Other assets	4,270	34	41	822	18	-	-	5,185	5,133	1	5,186	5,170
Total assets	108,864	208,794	2,325,842	657,015	1,046,410	14,934	4,899	4,366,758	4,337,789	135,665	4,502,423	4,463,595
Deferred Outflows of Resources												
Deferred loss on refunding	-	-	1	-	-	-	-	1	2	-	1	2
Deferred loss on interest rate swap agreements	-	-	-	-	-	-	-	-	11,573	-	-	11,573
Deferred pension expense	12,397	-	-	-	-	-	-	12,397	2,434	-	12,397	2,434
Total deferred outflows of resources	12,397	-	1	-	-	-	-	12,398	14,009	-	12,398	14,009
Total assets and deferred outflows of resources	$ 121,261	$ 208,794	$ 2,325,843	$ 657,015	$ 1,046,410	$ 14,934	$ 4,899	$ 4,379,156	$ 4,351,798	$ 135,665	$ 4,514,821	$ 4,477,604
Liabilities												
Bonds payable, net	$ -	$ 48,255	$ 2,361,784	$ 123,470	$ 1,097,103	$ 12,700	$ 5,456	$ 3,648,768	$ 3,223,326	$ -	$ 3,648,768	$ 3,223,326
Interest payable	-	146	15,008	175	2,343	32	14	17,718	14,489	-	17,718	14,489
Interest rate swap agreements	-	-	-	-	-	-	-	-	11,573	-	-	11,573
Net pension liability	2,423	-	-	-	-	-	-	2,423	10,189	-	2,423	10,189
Accounts payable and other liabilities	5,334	15,406	508	60,175	50	-	-	81,473	85,919	2	81,475	85,920
Interfund payable (receivable)	(857)	(10,011)	(44,035)	56,804	-	-	-	1,901	4,599	(4,000)	(2,099)	(398)
Funds held for others	75,355	-	-	-	-	-	(571)	74,784	73,766	-	74,784	73,766
Lease Liability	7,216	-	-	-	-	-	-	7,216	-	-	7,216	-
Total liabilities	89,471	53,796	2,333,265	240,624	1,099,496	12,732	4,899	3,834,283	3,423,861	(3,998)	3,830,285	3,418,865
Deferred Inflows of Resources												
Deferred gain on interest rate swap agreements	-	-	37,642	-	-	-	-	37,642	-	-	37,642	-
Deferred revenue-service release fee	-	-	10,279	2,825	6,632	-	-	19,736	20,431	-	19,736	20,431
Deferred pension credit	22,813	-	-	-	-	-	-	22,813	19,329	-	22,813	19,329
Total deferred inflows of resources	22,813	-	47,921	2,825	6,632	-	-	80,191	39,760	-	80,191	39,760
Total liabilities and deferred inflows of resources	$ 112,284	$ 53,796	$ 2,381,186	$ 243,449	$ 1,106,128	$ 12,732	$ 4,899	$ 3,914,474	$ 3,463,621	$ (3,998)	$ 3,910,476	$ 3,458,625
Commitments and contingencies												
Net Position												
Restricted by bond resolution	-	154,998	(55,343)	-	(59,718)	2,202	-	42,139	496,323	-	42,139	496,323
Restricted by covenant	8,320	-	-	413,566	-	-	-	421,886	389,917	139,663	561,549	520,719
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment in Capital Assets	657	-	-	-	-	-	-	657	1,937	-	657	1,937
Total net position	8,977	154,998	(55,343)	413,566	(59,718)	2,202	-	464,682	888,177	139,663	604,345	1,018,979
Total liabilities, deferred inflows, and net position	$ 121,261	$ 208,794	$ 2,325,843	$ 657,015	$ 1,046,410	$ 14,934	$ 4,899	$ 4,379,156	$ 4,351,798	$ 135,665	$ 4,514,821	$ 4,477,604
	-	-	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the three-month period ended September 30, 2022 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, 2022, 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, 2022 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, 2022 (with comparative totals for the three months ended September 30, 2021)

	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, 2022	General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended September 30, 2021	Residential Housing Finance Pool 3 Total for Three Months Ended September 30, 2022	General Reserve & Bond Funds Total for Three Months Ended September 30, 2022	General Reserve & Bond Funds Total for Three Months Ended September 30, 2021
Revenues												
Interest earned on loans	$ -	1,879	$ 2,603	$ 4,116	$ -	$ 144	$ -	$ 8,742	$ 8,858	$ 57	8,799	$ 8,961
Interest earned on investments-program mortgage-backed securities	-	-	14,309	-	8,763	-	-	23,072	19,303	-	23,072	19,303
Interest earned on investments-other	135	254	1,232	2,578	154	8	43	4,404	2,126	68	4,472	2,143
Net G/L on Sale of MBS Held for Sale/HOMES℠ Certificate	-	-	-	1,132	-	-	-	1,132	2,939	-	1,132	2,939
Appropriations received	-	-	-	-	-	-	-	-	-	-	-	-
Administrative reimbursement	8,034	-	-	-	-	-	-	8,034	7,614	-	8,034	7,614
Fees earned and other income	3,131	12	552	534	331	-	-	4,560	4,089	-	4,560	4,089
Unrealized gains (losses) on Investments	-	(875)	(108,435)	4,687	(61,256)	-	-	(165,879)	8,799	(76)	(165,955)	8,783
Total revenues	11,300	1,270	(89,739)	13,047	(52,008)	152	43	(115,935)	53,728	49	(115,886)	53,832
Expenses												
Interest	96	183	11,247	1,216	6,983	95	43	19,863	14,092	-	19,863	14,092
Financing, net	-	-	2,044	2	395	-	-	2,441	4,777	-	2,441	4,777
Loan administration and trustee fees	-	13	368	332	100	1	-	814	789	7	821	795
Administrative reimbursement	-	315	3,529	-	1,747	23	-	5,614	6,728	391	6,005	7,116
Salaries and benefits	8,567	-		-	-	-	-	8,567	7,947	-	8,567	7,947
Other general operating	1,309	3	29	277	14	-	-	1,632	(34)	95	1,727	253
Appropriations disbursed	-	-			-	-	-	-	-	-	-	-
Reduction in carrying value of certain low interest	-	-			-	-	-	-	-	-	-	-
rate deferred loans	-	-	65	(88)	-	-	-	(23)	269	(1,006)	(1,029)	1,692
Provision for loan losses	-	482	(18)	161	-	-	-	625	(287)	331	956	(279)
Total expenses	9,972	996	17,264	1,900	9,239	119	43	39,533	34,281	(182)	39,351	36,393
	1,328	274	(107,003)	11,147	(61,247)	33	-	(155,468)	19,447	231	(155,237)	17,439
Other changes												
Non-operating transfer of assets between funds	(1,242)	27	4,120	(5,111)	2,491	-	-	285	-	564	849	-
Change in net position	86	301	(102,883)	6,036	(58,756)	33	-	(155,183)	19,447	795	(154,388)	17,439
Net Position												
Total net position, beginning of period	8,891	154,697	47,540	407,530	(962)	2,169	-	619,865	868,730	138,868	758,733	1,001,540
Total net position, end of period	$ 8,977	$ 154,998	$ (55,343)	$ 413,566	$ (59,718)	$ 2,202	$ -	$ 464,682	$ 888,177	$ 139,663	$ 604,345	$ 1,018,979
	-	-			-	-	-			-		

This information on the funds of the Agency for the three-month period ended September 30, 2022 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, 2022 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, 2022 and for the fiscal year then ended.

See accompanying notes to financial statements.

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