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NOTES ON READING THE PROGRAM DESCRIPTIONS:

- “Housing Investment Fund” and “Pool 2” refer to the same resource, which is described in Appendix A.
- “Housing Affordability Fund” and “Pool 3” refer to the same resource, which is described in Appendix A.
- The sum of the projections for the number of housing units or households assisted by individual programs during the plan period exceed the total number of households projected to be served across all programs. This occurs because some households or housing units will receive assistance from multiple programs to achieve needed affordability levels.
- The projections for the number of households or units assisted generally are based on the average assistance per household or unit for the last five years, by program, adjusted for inflation and program trends and changes.
- The funding levels described in the narratives are estimates of the amounts we expect to deploy in 2022-2023. The number of households the Agency expects to serve with each funding source is an estimate, and the final numbers will depend on actual expenditures and will be reported in the annual Program Assessment Report.
- “Program” is used broadly throughout the Affordable Housing Plan to refer to Minnesota Housing programs, initiatives and activities.

HOME BUYER FINANCING AND HOME REFINANCING

HOME MORTGAGE LOANS

We offer two home mortgage programs – Start Up, serving first-time home buyers, and Step Up, for borrowers who do not qualify for Start Up. Step Up offers both purchase and refinance options. Under the programs, participating lenders originate fully amortizing first mortgages throughout the state. To support home mortgage borrowers, we also offer downpayment and closing cost loans structured to meet the needs of low- and moderate-income homeowners. To promote successful homeownership, our home mortgage programs also require at least one borrower in a first-time homebuyer household to complete homebuyer education.

In our current business model for homeownership, we access capital to finance the purchase of mortgage-backed securities containing our program mortgages primarily by selling bonds in the municipal bond market. Program mortgages not eligible for bond sales are sold on the secondary market.

We remain committed through our programs to serve Black and Indigenous households, households of color, and households with incomes below 80% of area median income.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	\$104,900	\$120,600
Dodge & Olmstead Counties	\$101,200	\$116,300
All Other Counties	\$93,100	\$107,000

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$156,800
Dodge & Olmstead Counties	\$156,800
All Other Counties	\$139,200

Purchase price limits for Start Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$352,300
All Other Counties	\$311,900

Purchase price limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$402,500
All Other Counties	\$356,362

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5,667 loans
- \$1,122,941,722 total loan amount
- \$198,155 average loan

- A median household income of \$63,116 or 69% of the statewide median family income
- 33% of households were Black, Indigenous or households of color overall, and 34% of first-time Start Up borrowers were Black, Indigenous or households of color

Our home mortgage programs are experiencing high production, which is heavily supported by downpayment and closing-cost loans. Ninety-seven percent of home mortgage borrowers use some type of downpayment and closing-cost loan, which is comparable with other top-producing housing finance agencies nationally.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$2.2 billion. Industry changes or changes in market conditions could affect production.

Based on resources available for new activity, we expect to finance mortgages for about 4,890 households each of the two years. Reducing the homeownership disparity for Black, Indigenous and households of color will continue to be a priority.

DEFERRED PAYMENT LOANS

We offer two downpayment and closing-cost loans—Deferred Payment Loans (DPLs) and Monthly Payment Loans (MPLs)—that support homeowners receiving Start Up and Step Up first lien mortgages. For the past two years, approximately 97% of our borrowers have received one of these downpayment and closing-cost loans.

The Deferred Payment Loan provides an interest-free, deferred loan for downpayment and closing costs to income-eligible first-time homebuyers purchasing a home under the Start Up program. Borrowers that receive DPL lack the necessary funds for standard mortgage downpayment and closing costs. The maximum loan amount is \$15,000. The program serves lower income households than the amortizing Monthly Payment Loan and is funded through a combination of state appropriations and Pool 3 funds.

To ensure that funds support successful homeownership, DPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or \$1,000 and have a credit score of at least 640.

Current income limits are adjusted by household size. Limits for households of one to two members are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$72,000
Dodge & Olmstead Counties	\$72,000
All Other Counties	\$64,000

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$330,100
All Other Counties	\$283,300

Current purchase price limits match the Start Up program purchase price limits.

Program Performance and Trends

The availability of DPL is a driver of overall home mortgage production, particularly among lower-income and more targeted borrowers. DPL has been our most effective tool for serving Black and Indigenous communities and communities of color.

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 3,361 loans
- \$29,293,275 total loan amount
- \$8,716 average loan
- A median household income of \$53,899 or 59% of the statewide median income
- 36% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$74,770,000.

If home mortgage demand is very strong, additional resources may be needed to support DPL, or we will have to make program changes.

Based on resources available for new activity, we expect to support 3,120 households each of the two years.

MONTHLY PAYMENT LOANS

Monthly Payment Loans (MPLs) are interest-bearing, amortizing loans that provide downpayment and closing-cost funds. MPLs support our Start Up and Step Up home mortgage loan programs. Borrowers who qualify for MPLs receive up to \$17,000. MPLs use Pool 2 resources and have a 10-year term with an interest rate equal to that of the first mortgage.

To ensure that funds support successful homeownership, MPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or \$1,000 and have a credit score of at least 640.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	\$100,000	\$115,000
Dodge & Olmsted Counties	\$93,800	\$107,800
All Other Counties	\$88,600	\$101,800

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$149,500
Dodge & Olmsted Counties	\$149,500
All Other Counties	\$132,500

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	\$330,100
All Other Counties	\$283,300

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,995 loans
- \$21,443,919 total loan amount
- \$10,749 average loan

- A median household income of \$81,180 or 88% of the statewide median income
- 30% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$47,000,000.

We anticipate approximately one-third of overall home mortgage production will involve MPL. MPL production is subject to overall home mortgage production trends, the interest-rate environment, the overall percentage of our borrowers who need a downpayment and closing-cost loan, and program design. Given that MPL is available with both home mortgage options, the demand for MPL depends upon the demand for first mortgage loans.

Based on resources available for new activity, we expect to fund loans for 1,680 households each of the two years.

HOMEBUYER/OWNER EDUCATION AND COUNSELING HOMEOWNERSHIP EDUCATION, COUNSELING & TRAINING (HECAT) FUND

The Homeownership Education, Counseling and Training (HECAT) Fund supports comprehensive pre-purchase services, including: (1) in-person homeownership education (Home Stretch and Realizing the American Dream), (2) homeownership services (financial wellness and homebuyer counseling), (3) home equity conversion (reverse mortgage) counseling, and (4) foreclosure prevention counseling. Besides the state appropriation, Family Housing Fund, Greater Minnesota Housing Fund and the Minnesota Homeownership Center have annually contributed up to a total of \$550,000 to the program. We award the funds through a competitive annual Request for Proposals (RFP) process. The online homeownership education course, Framework, is an alternate option to HECAT-funded homeownership education. While Framework is part of the overall homebuyer education system that we support, HECAT does not fund Framework.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6,986 households served through HECAT program (and an additional 16,169 households were served through Framework)
- \$1,424,595 total funding
- \$204 average Minnesota Housing assistance per household
- A median household income of \$41,498 or 45% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$3,063,174, a portion of which is contingent on funds being made available by partner organizations.

About 6,960 households will receive homebuyer/owner education and counseling each of the two years through HECAT. Framework will likely serve over 16,000 homebuyers again.

ENHANCED HOMEOWNERSHIP CAPACITY INITIATIVE

Black, Indigenous and households of color are an increasing share of the state's population, yet Minnesota's homeownership disparity (the homeownership rate differential between white/non-Latinx households and

Black Indigenous and households of color) is the fourth highest in the nation. These households often struggle to access the mortgage market.

The Homeownership Capacity program is funded with Pool 3 resources and state appropriations and provides intensive financial education, coaching and case management services to prepare families for sustainable homeownership. It serves a range of households but has targeted efforts to reach households of color and low- to moderate-income households to increase their probability of successful homeownership.

This initiative supports new and expanded homeowner training efforts through existing organizations, which leverage funds from several sources. In the most recent round of funding, 15 organizations will provide services – eight in the Twin Cities metro, four in Greater Minnesota, two in both areas, and one statewide.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,010 households served
- \$1,253,009 total grant amount
- \$1,241 average Minnesota Housing funding per household
- A median household income of \$42,000 or 46% of the statewide median income
- 83% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$3,000,000.

Based on the resources available for new activity, we anticipate serving approximately 1,200 households each of the two years.

HOME IMPROVEMENT LENDING

HOME IMPROVEMENT LOAN PROGRAM

The Home Improvement Loan Program (including Fix Up and Community Fix Up Loans) uses Pool 2 resources to provide fully amortizing home-improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes. The Community Fix Up component is an add-on for eligible Fix Up lending partners and provides affordable financing to support community partnerships that target resources. Lending partners working with Community Fix Up may offer a slightly lower interest rate compared to the regular Fix-Up Loan Program by using leveraged funds. Fix Up and Community Fix Up loans are key tools for addressing the state’s aging housing stock.

The program serves a broad range of incomes and promotes economic diversity in lending. With higher loan-to-value limits than traditional loan products and an unsecured loan option, borrowers are able to improve and preserve their homes when other financing options may not be available to them.

Property Location	Income Limit
Minneapolis/Saint Paul Metro Area (11-county)	\$156,800
Dodge & Olmsted Counties	\$156,800
All Other Counties	\$139,200

(No Income limit for unsecured energy incentive and secured energy or accessibility loans.)

Maximum loan amount:

- \$ 75,000 for secured loans
- \$25,000 for unsecured loans and secured energy or accessibility loans

Program Performance and Trends

For the Program Assessment period of October 1, 2019 —September 30, 2020, we reported:

- 1,097 loans
- \$24,083,355 total loan amount
- \$21,954 average loan
- A median household income of \$78,587 or 86% of the statewide median income
- 11% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$101,000,000.

Based on current loan production trends and the resources available for new activity, we anticipate serving approximately 1,680 households each of the two years.

REHABILITATION LOAN PROGRAM (RLP)

The Rehabilitation Loan Program (RLP) provides zero-interest, deferred loans to extremely low-income homeowners at or below 30% of the area median income (AMI) to improve the safety, livability, or energy efficiency of their homes. The homes are rehabilitated to the greatest extent practicable to meet rehabilitation standards. Homeowners who need emergency assistance or have an essential accessibility need are referred to the Emergency and Accessibility Loan component of the program.

A network of over 30 lender partners, such as community action agencies and local units of government, administer the program throughout the state. The maximum loan term is 15 years for properties taxed as real property and 10 years for manufactured homes taxed as personal property and located in a manufactured home community. All loans are forgiven after the loan term if the borrower does not sell, transfer title, or cease to occupy the property during the loan term.

Current income limits are adjusted by household size, from \$22,100 for a single person household to \$31,500 for a four-person household. Other borrower assets cannot exceed \$25,000.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 212 loans
- \$4,662,685 total loan amount
- \$21,994 average loan
- A median household income of \$15,591 or 17% of statewide median income
- 9% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$15,544,000.

Based on resources available for new activity, we expect to fund rehabilitation loans for approximately 280 households each of the two years.

RENTAL PRODUCTION

MULTIFAMILY FIRST MORTGAGES

We make available Multifamily First Mortgages through our Low and Moderate Income Rental (LMIR) program, using resources from Pool 2 and Agency bond proceeds. Direct loans are generally made under LMIR in combination with HUD's Risk-Sharing Program.

The LMIR program makes interest-bearing, amortizing first mortgages available for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. LMIR loans include both rent and income restrictions. We also finance construction (bridge) loans under this program. Financing is available to housing sponsors both through the Request for Proposals (RFP) process and on a year-round basis. To enhance LMIR loans, we may also offer a companion low- or no-interest, deferred loan under the Flexible Financing for Capital Cost (FFCC) program, resulting in a lower overall interest rate on a blended basis.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income;¹ or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate."

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019– September 30, 2020, we reported:

- 18 loans for developments with 1,176 units
- \$81,544,844 total loan amount
- \$69,341 average LMIR assistance per unit
- A median household income of \$26,190 or 29% of the statewide median income
- 59% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$150,000,000 for both permanent first mortgages and construction loans.

Based on resources we expect to be available for new permanent first mortgages (excluding construction/bridge loans), we expect to finance roughly 800 rental units in each of the two years.

¹ It is actually 60% of MTSP (Multifamily Tax Credit Subsidy Projects), which is very similar to AMI (area median income). We are using AMI in this explanation because it is a more widely used term.

FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC)

We provide Flexible Financing for Capital Costs (FFCC) deferred loans at low or no interest, using Pool 3 resources. FFCC is generally available only in conjunction with Agency-originated first mortgage loans for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. FFCC loans may also be used in tandem with Housing Infrastructure Bond (HIB) loans to fund costs not otherwise eligible from HIB proceeds. Loans include both rent and income restrictions.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% of the area median income; and the balance of units may have rents at the Minnesota Housing determined “market rate.”

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of the area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 FFCC loans for developments with 560 units
- \$9,069,000 total loan amount
- \$16,195 average FFCC assistance per unit

Expected Activity for 2022-2023

Expected 2022-2023 resource availability is \$20,000,000.

Based on resources available for new activity, we expect to finance about 420 rental units in each of the two years.

LOW-INCOME HOUSING TAX CREDITS (LIHTC)

Low-Income Housing Tax Credits provide federal income tax credits to owners and investors in the construction or acquisition/substantial rehabilitation of eligible rental housing. The U.S. Department of Treasury’s Internal Revenue Service (IRS) allocates 9% tax credits based on state population and a per capita amount that increases each year with the cost of living. Syndication proceeds are the amounts of private equity invested in developments as a result of federal LIHTC awarded and then sold to investors. The award of 9% LIHTCs to developments is a highly competitive process, with requests far exceeding available credits. Housing financed with 9% LIHTCs must meet income and rent restrictions for a minimum of 30 years.

The Minnesota Legislature designated Minnesota Housing as the primary allocating agency of LIHTC in Minnesota and qualified local cities and counties as suballocators.

We award 9% tax credits in two rounds of a competitive allocation process held each year. Round 1 is held concurrent with our Consolidated Request for Proposals, and a smaller Round 2 is traditionally held early in the next calendar year. We establish a waiting list of unfunded or partially funded applications at the conclusion of Round 2.

Section 42 of the Internal Revenue Code requires that tax credit allocating agencies develop an allocation plan for the distribution of the tax credits within the jurisdiction of the allocating agency. Our Qualified Allocation Plan (QAP) includes selection criteria and preferences required by Section 42 and deemed appropriate to local

conditions and established by us based on input from the public, partners and stakeholders.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 141 LIHTC units receiving 9% tax credits
- \$23,232,952 in syndication proceeds (investor equity from the sale of credits)
- \$164,773 average syndication amount per unit
- A median household income of \$22,103 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

We estimate that that Minnesota Housing will allocate \$20,996,000 in 9% tax credits in 2022-2023, which should generate about \$190 million in syndication proceeds for the two years combined.

Based on the resources available for new activity, we expect to allocate tax credits to support 550 rental units in each of the two years.

NATIONAL HOUSING TRUST FUND (NHTF)

The National Housing Trust Fund (NHTF) is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of safe, affordable housing for extremely low-income households, including families experiencing homelessness. The Fund is capitalized through contributions from the government sponsored enterprises Fannie Mae and Freddie Mac and administered by U.S. Department of Housing and Urban Development.

The program provides financing for:

- New construction,
- Acquisition with rehabilitation,
- Rehabilitation without acquisition, or
- Operating subsidies for one of the above developments that produces new units meeting the permanent supportive housing strategic priority (up to 30% of the grant)

Current Rent Restrictions: Rents for an extremely low-income tenant shall not exceed affordability at 30% of the area median income (AMI).

Current Income Restrictions: NHTF-assisted units must be occupied by households with incomes at or below 30% of the AMI.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020 we reported:

- 1 loan for development with 40 units
- \$2,511,840 total loan amount
- \$62,796 average NHTF assistance per unit

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$18,506,000.

Based on the resources available for new activity, we expect to support 120 units in each of the two years.

HOME

HOME provides deferred loans for new construction, rehabilitation or acquisition/rehabilitation of permanent affordable rental housing, including housing with state or federal project-based rental subsidies. The program is funded with federal appropriations.

We allocate HOME funds through the annual Request for Proposals (RFP) process.

Tenant income limit: The U.S. Department of Housing and Urban Development (HUD) annually sets limits for the HOME program.

Rent limits: HUD annually sets limits for the HOME program.

Maximum assistance amount: HUD annually sets the maximum per-unit subsidy.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 2 loans for developments with 34 units
- \$7,324,462 total loan amount
- \$215,435 average HOME assistance per unit
- A median household income of \$12,205 or 13% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$18,794,000, which is a substantial increase from previous years.

Based on resources available for new activity, we expect to fund about 100 rental units in each of the two years.

PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)

PARIF provides loans to fund the preservation of: 1) permanent affordable rental housing with federal project-based rent subsidies that are in jeopardy of being lost, 2) existing supportive housing developments, and 3) the newly added use of Naturally Occurring Affordable Housing properties. Eligible activities under PARIF include rehabilitation, acquisition and rehabilitation, and debt restructuring.

We allocate PARIF funds, which are state appropriations, through our annual Request for Proposals (RFP) process and on a year-round basis, allowing us to act more quickly to meet the immediate needs of developments that would be adversely impacted if required to wait for the next RFP.

Tenant income limit: PARIF is subject to the federal guidelines for the units being preserved.

Maximum assistance amount: None

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- No PARIF projects completed the financing process in FFY 2020

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$24,436,000.

Based on resources available for new activity, we expect to fund 290 rental units in each of the two years.

ASSET MANAGEMENT

Under the Asset Management program, resources are available on a year-round basis to fund deferred maintenance, capital improvements, or acquisition or to buy out partners. Properties with Minnesota Housing financing are eligible, including those with existing affordability restrictions or rental assistance contracts administered by Minnesota Housing. Because we prioritize properties already in Minnesota Housing's portfolio, referrals primarily come from Minnesota Housing's asset management and compliance staff.

Under the Asset Management program, we can provide a range of loan types, including interest-bearing, non-interest bearing, amortizing, and/or deferred loans.

Owners receiving funds under this program must agree to extend affordability restrictions to be coterminous with the new loan.

Funding for Asset Management comes from two sources: (1) Financing Adjustment Factor (FAF)/Financing Adjustment (FA), and (2) Pool 3. FAF/FA are federal funds and come from a financing agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we provided \$3,049,743 in asset management assistance for 289 units in four developments.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$6,000,000.

Based on resources available for new activity, we expect to fund about 150 rental units in each of the two years.

RENTAL REHABILITATION DEFERRED LOAN PILOT PROGRAM (RRDL)

RRDL provides deferred loans at no interest to individuals, developers, nonprofits, units of government, and tribal housing corporations for the moderate rehabilitation of existing affordable permanent rental housing throughout Greater Minnesota. The program is funded with state appropriations and designed to serve owners of smaller federally-assisted properties or naturally affordable properties that do not apply or would not be competitive in our regular Consolidated Request for Proposals process.

RRDL funds are available on a year-round basis and through targeted RRDL Request for Proposals. Owners may apply directly to Minnesota Housing for RRDL funds. Loan terms range from 10 to 30 years depending on the loan amount. Properties containing eight or more units may apply for loans where 10% of the loan amount is forgiven after the loan term has been met.

Current tenant income limit: 80% of the greater of the statewide or area median income (AMI) for a family of four, not adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 loans for developments with 86 units
- \$1,344,928 total loan amount
- \$15,639 average RRDL assistance per unit
- A median household income of \$17,125 or 19% of the statewide median income

- 15% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$9,486,000.

Based on resources available for new activity, we expect to fund about 190 rental units in each of the two years.

PUBLICLY OWNED HOUSING PROGRAM (POHP)

Through the Publicly Owned Housing Program (POHP), we provide deferred, forgivable loans at no interest to eligible public housing authorities or housing and redevelopment authorities to preserve/rehabilitate properties that they own and operate under HUD's Public Housing program. The program is funded with state General Obligation (GO) bond proceeds, which can be used only for eligible capital costs of a non-recurring nature that add value or life to the buildings.

POHP funds are available through targeted Request for Proposals. Owners apply directly to Minnesota Housing for POHP funds. Loans are structured with a 20-year term and a 35-year compliance period. The loan amount is forgiven after the loan term has been met.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 16 loans for developments with 996 units
- \$9,655,756 total loan amount
- \$9,695 average POHP assistance per unit
- A median household income of \$11,676 or 13% of the statewide median
- 24% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$0; however, if the Legislature passes next year a capital investment bill with GO bonds for this program, resources will be available.

Based on resources currently available for new activity, we expect to fund no rental units in each of the two years.

WORKFORCE HOUSING DEVELOPMENT PROGRAM

This competitive program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funds may be used for qualified expenditures that result in the direct development of rental properties, including: (1) acquisition of a property, (2) construction or improvements, or (3) provision of loans, grants, interest rate subsidies, public infrastructure and related financing costs. Funds are targeted to proposals with the greatest proportion of market-rate units but can be used for developments with rent and income restrictions imposed by other funding sources for some units. Communities with 30,000 or fewer residents have a funding priority.

Funding is available under a stand-alone request for proposals (RFP). Proposals are ranked and scored according to the Workforce Housing Development Program statute. Proposed rents are evaluated against the current and projected jobs and wages within the community. Funding is solely from state appropriations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4 loans for developments with 99 units
- \$2,806,020 total loan amount

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$4,000,000.

Based on resources available for new activity, we expect to fund about 130 rental units over the two years. We plan to have just one RFP, which will occur later this year, over the two years.

RENTAL ASSISTANCE CONTRACT ADMINISTRATION

SECTION 8 – PROJECT-BASED RENTAL ASSISTANCE

The Housing and Community Development Act of 1974 created the project-based Section 8 Housing Assistance Payments Program. Under the program, the U.S. Department of Housing and Urban Development (HUD) entered into contracts with property owners to provide rental assistance for a fixed period of time for families with incomes no greater than 80% of the area median income. No new development has been funded under this program since the mid-1980s; however, HUD and the agency collaborate to not only preserve and extend existing contracts but also transfer project-based budget authority from developments with owners that want to exit the program to partially-assisted or previously-unassisted properties. Under existing contracts, tenants pay no more than 30% of adjusted household income for rent. HUD pays the difference between tenant rent payments and the contract rent of assisted units.

We provided permanent mortgage financing for more than 235 Section 8 Traditional Contract Administration (TCA) properties developed from 1975 to the mid-1980s. We currently manage 18 of these TCA contracts. Most have been converted to Performance-Based Contract Administration (PBCA) contracts.

Through a contract with HUD under the Performance Based Contract Administration (PBCA) authority, the agency, as a PHA, administers existing project-based Section 8 contracts for another 506 properties, which is expected to increase as more contracts convert to PBCA.

Under these contracts, the agency helps administer this important federal program, including performing management and occupancy reviews, processing contract renewals and annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns, and following up on Real Estate Assessment Center physical inspections. In addition to ensuring that this deeply affordable housing resource remains viable and in compliance with federal requirements, these activities assist us in identifying and planning for the preservation needs of developments with Section 8 assistance.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

TCA	PBCA
<ul style="list-style-type: none"> • 4,481 households assisted • \$29,384,173 in Housing Assistance Payments (HAP) • \$6,558 average HAP assistance per household • A median household income of \$12,502 or 14% of the statewide median income • 23% of households were Black, Indigenous or households of color 	<ul style="list-style-type: none"> • 23,438 households assisted • \$170,763,266 in Housing Assistance Payments (HAP) • \$7,286 average (HAP) assistance per household • A median household income of \$12,680 or 13% of the statewide median income • 38% of households were Black, Indigenous or households of color

Geographic distribution of developments is important in understanding differences in assistance (and tenants assisted) between PBCA and TCA. A greater proportion of PBCA units are in the Twin Cities Metropolitan Area than TCA units.

Expected Activity for 2022-2023

Our current PBCA agreement with HUD has been extended several times. The Agency continues to work with HUD regarding extensions to that agreement and the possibility of a federal RFP regarding PBCA services in the future. We currently manage 506 PBCA contracts under this agreement. PBCA revenue earned through administration of the contracts pays 100% of the cost of administering the program.

The estimated 2022-2023 resource availability is \$465,000,000.

Based on resources available for new activity, we expect to support about 29,700 rental units each of the two years.

**HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT
HOUSING TRUST FUND (HTF)**

Historically, funding for the HTF has been used to fund capital, rental assistance and operating subsidy expenses. In recent years, we have used HTF state appropriations for rental assistance and operating subsidies at some developments previously financed by Minnesota Housing. Households served by HTF include High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System for homelessness services.

Current tenant income limit: 60% of the area median income (AMI) for the Minneapolis/Saint Paul metro region, with priority for proposals at 30% of AMI and proposals to serve High Priority Homeless households.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,464 households assisted
- \$9,969,447 in total disbursements
- \$8,638 average HTF assistance per household
- A median household income of \$9,636 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing provides HTF rental assistance and operating subsidies under two-year contracts with local administrators. For rent assistance, we entered into new two-year contracts in October 2021. For operating subsidies, we will issue a Request for Proposals in 2022.

The estimated 2022-2023 resource availability is \$29,685,490.

Based on resources available for new activity, we expect to support about 2,300 renter households each of the two years, about 1,490 through rental assistance and 810 through operating subsidies.

HOMEWORK STARTS WITH HOME

Homework Starts with Home is a state-funded program that provides rent assistance and other supports to families with school-age children experiencing housing instability. We administer it in partnership with the Department of Education (MDE) and others. The program was created in response to the increasing number of students experiencing homelessness and is built upon the successful Housing Trust Fund Rental Assistance Pilot for Homeless and Highly Mobile Families. The program serves students and their families who are homeless or at imminent risk of homelessness, including: (a) families with children eligible for a pre-Kindergarten through grade 12 academic program, and (b) youth (with or without children of their own) who are eligible for an academic program and facing housing instability without their parent or guardian. The goals of the program are to create housing stability as well as improve academic achievement.

In 2018, the Homework Starts with Home was started with \$4.15 million of one-time funding from Housing Trust Fund (rent assistance), the Family Homeless Prevention and Assistance Program (other supports), and the Heading Home Minnesota Funders Collaborative (other supports). In the 2020-2021 biennial budget from the state Legislature, Homework Starts with Home became a standalone program.

A collaborative approach involving local housing organizations, schools and service providers is a key feature of the local program design.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 191 households assisted
- \$1,028,176 in total disbursements
- \$5,383 average Homework Starts with Home assistance per unit
- A median household income of \$8,052 or 9% of the statewide median
- 77% of households were Black, of color or from Indigenous communities

Expected Activity for 2020-2021

The estimated 2022-2023 resource availability is \$3,500,000.

Based on resources available for new activity, we expect to support about 290 renter households each of the two years.

BRIDGES

Bridges is a state-funded rental assistance program for people with a mental illness. The program goal is to assist individuals so they can live in integrated settings in their communities until a permanent housing subsidy is available. Bridges operates in selected counties throughout the state and is administered through local housing organizations. The Minnesota Department of Human Services and Minnesota Housing collaborate in

the administration of this program.

Tenants are responsible for a portion of the rent, which is generally equal to 30% of their income.

Bridges is an important component of Minnesota Housing's contribution to achieving the goals of both the Minnesota's Olmstead Plan and the state's Plan to Prevent and End Homelessness. In 2015, the program started prioritizing households with:

- Persons residing in an institution, segregated setting, or under correctional supervision who will be homeless upon exit,
- Persons experiencing homelessness who are assessed as High Priority Homeless (HPH) through the Coordinated Entry (CE) system, and
- People experiencing or at imminent risk of homelessness.

Current tenant income limit: 50% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 755 households assisted
- \$3,806,855 in total disbursements
- \$6,911 average Bridges assistance per household
- A median household income of \$10,368 or 11% of the statewide median income
- 32% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Bridges funds rent assistance under two-year contracts with local administrators. Minnesota Housing entered into the most recent contracts in July 2021.

The estimated 2022-2023 resource availability is \$9,940,589.

Based on resources available for new activity, we expect to support about 720 renter households each of the two years.

SECTION 811 SUPPORTIVE HOUSING PROGRAM

Section 811 is a federal program through which the U.S. Department of Housing and Urban Development (HUD) has provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing units for people with disabilities. The goals of the program are to:

- Increase housing opportunities for people with disabilities,
- Transition people with disabilities from institutions to community-based settings,
- Reduce public costs of homelessness and institutional care,
- Create a centralized outreach and referral system for people with disabilities, and
- Develop new service linkages.

We implement the program in partnership with the Minnesota Department of Human Services (DHS). DHS staff coordinates all outreach, screening and referrals for these units and works with property owners to ensure support services are offered to tenants.

The state enters into contracts with selected public and private rental property owners for a minimum of 20 years, with initial funding for a period of five years. Funding beyond the first five years is subject to federal

appropriations. The project-based rent assistance covers the difference between the tenant's payment and the approved gross rent. A small portion of the grant is used to pay for administrative expenses.

The Section 811 program is an important tool for achieving the goals of the Olmstead Plan to provide integrated housing options for people with disabilities. It is a unique opportunity to expand supportive housing for people with disabilities and leverage Medicaid resources for services.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 146 households assisted
- \$952,777 in total disbursements
- \$6,526 average Section 811 assistance per household
- A median household income of \$10,368 or 11% of the statewide median income
- 53% of households were Black, Indigenous or households of color

HUD initially awarded Minnesota \$3 million for up to 85 units of project-based rental assistance. We awarded all this funding for 84 project-based rental assistance subsidies (one unit less than the original goal of 85 units). In 2015, we received a second round of funding for an additional 75 units, which were awarded to existing or new properties through the Multifamily Consolidated RFP process in 2015 through 2017. As these projects are completed and the units lease up, the number of households assisted will increase.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$2,385,000.

Based on resources available for new activity, we expect to support about 160 renter households each of the two years.

FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP)

Under FHPAP, we assist families with children, unaccompanied youth, and single adults who are homeless or are at imminent risk of homelessness. Funds are used for a broad range of purposes aimed at preventing homelessness, shortening the length of stay in emergency shelters, eliminating repeat episodes of homelessness, and assisting individuals and families experiencing homelessness to secure permanent affordable housing.

FHPAP assists extremely low-income people primarily through short-term rent assistance (limited to 24 months but typically less than three months), security deposits, utilities and transportation assistance, and case management services. FHPAP grants also encourage and support innovations at the county, region, or local level for a more seamless and comprehensive homelessness response system.

Grant funds are awarded through a competitive Request for Proposals process. In the seven-county Twin Cities metro area, only counties are eligible to apply for funding. In Greater Minnesota, eligible applicants include counties, groups of contiguous counties acting together, or community-based nonprofit organizations or Tribal Nations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4,557 households assisted
- \$9,191,079 in total disbursements
- \$2,017 average FHPAP assistance per household

- A median household income of \$9,972 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

The total number of households served has declined over the past few years because the program has targeted assistance to households with higher needs and utilized rapid rehousing as a strategy. Rapid rehousing provides short term rental assistance, housing case management and housing navigation services.

Expected Activity for 2020-2021

FHPAP also operates under two-year contracts with local administrators. Minnesota Housing will enter into new contracts in calendar year 2021.

The estimated 2022-2023 resource availability is \$20,577,600. The last three months of funding for the new contracts (July 1 through September 30, 2023) is contingent on funds coming from the 2023-2024 biennial appropriations.

Based on resources available for new activity, we expect to support about 5,140 households each of the two years.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) program provides grants for housing assistance and services (including short-term rent, mortgage and utility assistance) for people with an HIV-positive status and their families. The U.S. Department of Housing and Urban Development (HUD) allocates funds to local jurisdictions based on the number of individuals living with HIV or AIDS. The city of Minneapolis receives and administers a direct award for the 13-county Minneapolis/Saint Paul Metropolitan Statistical Area. We receive a direct award and contract with Rainbow Health to serve eligible households in Greater Minnesota. A small additional formula-based allocation was received this year in response to the COVID-19 global health crisis. These resources provide additional supports to Rainbow Health's HOPWA participants who are at greater risk of serious health implications if they were to contract COVID-19.

Current tenant income limit: 80% of area median income, adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 177 households assisted in 48 counties
- \$178,483 of assistance disbursed
- \$1,008 average HOPWA assistance per household
- A median household income of \$22,029 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing will renew Rainbow Health's HOPWA contract for 2022 and will begin community engagement this fall on the next 5-year Consolidated Plan including an exploration of other eligible HOPWA activities such as Tenant-based Rent Assistance. The 2023 allocation will be awarded through a competitive RFP.

The estimated 2022-2023 resource availability is \$567,000.

Based on resources available for new activity, we expect to support about 280 households each of the two years.

MULTIPLE USE RESOURCES

ECONOMIC DEVELOPMENT AND HOUSING/CHALLENGE (EDHC) – REGULAR

Under the Economic Development and Housing/Challenge Program (EDHC), we provide grants or deferred loans for construction, acquisition, rehabilitation, interest rate reduction, interim or permanent financing, refinancing, and gap funding. Funds are used to support economic and community development within an area by meeting locally identified housing needs for either renter or owner-occupied housing.

Our Multifamily and Single-Family divisions allocate these resources to proposals submitted through competitive Request for Proposals (RFP) processes. Staff evaluates proposals according to EDHC selection standards and our strategic priorities. RFP funding for single family housing is available under the Community Homeownership Impact Fund (Impact Fund), which is the umbrella program for EDHC, Housing Infrastructure Bonds (HIB), and Single-Family Interim Lending for homeownership activities.

We make EDHC loans and grants to local governments, private developers, tribal and urban Indian housing authorities, or nonprofit organizations for both multifamily (minimum of four units) and single-family projects. EDHC requires that 50% of the funds be used for projects that have leveraged funds from non-state resources. Preference is given to proposals with the greatest portion of costs covered by non-state resources.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or state median income for rental housing.

Maximum loan amount: None beyond funding availability.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

Multifamily EDHC	Single Family EDHC - Impact Fund
<ul style="list-style-type: none"> • 2 loans to developments with 83 units • \$9,713,508 total loan amount • \$117,030 average EDHC assistance per unit • A median household of \$20,370 or 22% of the statewide median income • 70% of households were Black, Indigenous or households of color 	<ul style="list-style-type: none"> • 323 units • \$9,670,037 total loan/grant amount • \$29,938 average EDHC assistance per home • A median household income of \$47,982 or 52% of statewide median income • 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$34,650,000.

We will allocate funds through our Single Family and Multifamily RFPs, with any remaining funds made available on a year-round basis in multifamily and through an incentive fund in Single Family.

Based on resources available for new activity, we expect to support about 470 housing units in each of the two years.

SINGLE FAMILY INTERIM LENDING

Single Family Interim Lending provides loans, most often to smaller nonprofit organizations, to acquire, rehabilitate, demolish, or construct owner-occupied housing under the Community Homeownership Impact Fund (“Impact Fund”). The homes are then sold to households with incomes at or below 115% of the area

median income (AMI). Interim loans are financed with Agency resources and have a term of 26 months. Funds are awarded annually through the Single Family Request for Proposals process in accordance with our mission and priorities.

Program Performance and Trends

Performance data on interim lending are reported under the Impact Fund program in the EDHC description. The Impact Fund is the umbrella program under which we deliver the Economic Development and Housing/Challenge program and interim construction financing for single family owner-occupied housing.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$2,500,000.

Based on resources available for new activity, we expect to support the construction of about 15 homes each of the two years.

HOUSING INFRASTRUCTURE BONDS (HIBs)

Housing Infrastructure Bonds (HIBs) are issued by Minnesota Housing, as authorized by the Minnesota Legislature, to address specific critical housing needs. HIB proceeds may be used to finance the following project types:

- The acquisition, construction, or rehabilitation of affordable permanent supportive housing for individuals and families without a permanent residence and people with behavioral health needs;
- The acquisition, rehabilitation, adaptive reuse or new construction of senior housing;
- The preservation of existing federally subsidized rental housing by funding acquisition, rehabilitation, and refinancing; and
- The acquisition of land by community land trusts and used for affordable single-family homeownership opportunities.
- The costs of acquisition, rehabilitation, adaptive reuse or new construction of single-family housing; and
- The cost of acquisition and infrastructure needs for manufactured home communities.

HIB funds are allocated through the annual Multifamily and Single-Family Requests for Proposals (RFP). HIBs can be issued as governmental, 501(c)(3), and private activity bonds. If the bonds are issued as private activity bonds, applicants also may access 4% housing tax credits. HIB proceeds are typically provided as deferred, no interest loans.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or statewide median income, not adjusted for household size for rental housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported two supportive housing developments:

- 72 units
- \$13,484,406 total loan amount
- \$187,283 average HIB assistance per unit
- A median household income of \$9,493 or 10% of the statewide median income
- 46% of households were Black, Indigenous or households of color

We financed one preservation project:

- 69 units
- \$4,057,163 total loan amount
- \$58,800 average HIB assistance per unit
- A median household income of \$2,436 or 3% of the statewide median income
- 55% of households were Black, Indigenous or households of color

We financed land acquisition by community land trusts:

- 38 homes
- \$716,266 total loan amount
- \$18,849 average HIB assistance per unit
- A median household income of \$36,783 or 40% of the statewide median income
- 38% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$120,000,000.

Of the \$120 million, \$100 million is new authority, and \$20 million is unused resources from previous authorizations. The \$100 million new authorization from the Legislature is conditional, dependent on the federal government not providing additional resources for the same purposes by the end of calendar year 2021. Of that \$100 million, just over \$18 million is restricted for single-family development and \$15 million for manufactured home communities.

Based on resources available for new activity, we expect to support 1,280 housing units in each of the two years. This includes annually supporting about 765 manufactured home lots through infrastructure improvements.

WORKFORCE AFFORDABLE HOMEOWNERSHIP PROGRAM

The funds for the Workforce and Affordable Homeownership Development Program may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development and residential housing. In addition, the legislation allows for manufactured home community infrastructure development and repair and storm shelter development. Eligible program applicants are cities, tribal governments, nonprofit organizations, cooperatives and community land trusts.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$3,750,000.

Based on resources available for new activity, we expect to support about 50 homes each of the two years.

MANUFACTURED HOME COMMUNITY REDEVELOPMENT PROGRAM

While this program was created in statute in 2001, it was funded for the first time for the 2020-2021 biennium. Under this program, we will focus on infrastructure improvements, such as storm shelters and community facilities, to preserve manufactured home communities. Acquisition is also an eligible use.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$3,750,000.

Based on resources available for new activity, we expect to support about 190 manufactured home lots each of the two years. In addition, as described in the HIB program description, we will also be able to annually support roughly another 765 lots with that resource.

TECHNICAL ASSISTANCE AND OPERATING SUPPORT

The Technical Assistance and Operating Support program provides grants that enhance the ability of housing and community development organizations to meet Minnesota's affordable housing needs. This program supports all our strategic objectives by:

- Providing resources for the state's homeless response system – including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry;
- Providing grants to specific organizations – including the Homeownership Center for its statewide counseling network and HousingLink for its statewide affordable housing website; and
- Supporting capacity building programs and initiatives – including the Capacity Building Initiative, Community Developer Capacity, and the Capacity Building Intermediary program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded \$1,426,159 of activity under this program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$3,790,000.

LOCAL HOUSING TRUST FUNDS

The 2021 Legislature appropriated \$1 million for a Local Housing Trust Fund Grants program. This one-time program will provide grants to local housing trust funds established under Minnesota Statutes, section 462C.16, to incentivize increases in local funding dedicated to affordable housing.

Grantees are eligible to receive a grant amount equal to:

- 100 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government, up to \$150,000; and
- Depending on funding availability, an amount equal to 50 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than \$150,000 but not more than \$300,000.

The agency will consult with interested stakeholders when developing the guidelines, applications and procedures for the program.

A grantee must use grant funds within five years of receipt to (1) pay for administrative expenses, but not more than 10% of the balance of the fund may be spent on administration; (2) make grants, loans and loan guarantees for the development, rehabilitation or financing of housing; (3) match other funds from federal, state or private resources for housing projects; or (4) provide down payment assistance, rental assistance, and home buyer counseling services. The funds must house households with incomes at or below 115% of the state median income.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is \$1,000,000. At this time, we do not have sufficient information to estimate how and when they funds will be used and how many households will be annually assisted.

OTHER

MANUFACTURED HOME RELOCATION TRUST FUND

The Manufactured Home Relocation Trust Fund requires owners of manufactured home parks to pay \$15 per licensed lot into a Trust Fund each year if the fund's balance is below \$2,000,000. Park owners are authorized to collect funds from each manufactured homeowner either monthly or in a lump sum that is paid to Minnesota Management and Budget for deposit into the Trust Fund. The Trust Fund is available to homeowners who must relocate because the park they live in is being closed.

The statute sets out a process for determining the amount of money for which a homeowner is eligible for either moving or selling their home. Minnesota Management and Budget collects the assessment, and we make payments to homeowners for eligible costs, with claims overseen by an appointed neutral third party.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6 households assisted
- \$15,550 total disbursements
- \$2,592 average assistance per household

Expected Activity for 2022-2023

As of March 31, 2021, the fund had a \$1.2 million uncommitted balance, which is below the \$2 million threshold, triggering to continued collection of fees.

Disbursements from the fund vary significantly from year to year, depending on the level of park closures. We are not making an estimate of the assistance needs at this time.

DISASTER RECOVERY

Disaster response programs provide funding for the repair or replacement of renter or owner-occupied housing damaged by natural disasters, such as a flood or tornado. We distribute these funds through the Disaster Recovery program for single-family properties and also assist in: (1) repairing damaged rental buildings, (2) providing relocation services to renters who are displaced or become homeless due to disasters, (3) building organizational capacity to respond to disasters, and (4) covering administrative costs related to disaster outreach.

Funds are typically delivered through administrators under contract to deliver ongoing Agency programs for the areas impacted by a disaster. These include administrators for the single-family Rehabilitation Loan Program (RLP), the multifamily Rental Rehabilitation Deferred Loan Program (RRDL), and the Family Homeless Prevention and Assistance Program (FHPAP).

Disaster Recovery funds provide homeowners and smaller rental property owners with deferred loans at no interest for repair costs that are not covered by federal assistance or insurance proceeds. The loan is forgiven if the homeowner remains in the property for 10 years, or for rental properties, if property owners keep rents affordable for 10 years. There are no income limits under the Disaster Recovery program.

Program Performance and Trends

Typically, activities have been funded by special appropriations from the Minnesota Legislature following a federal disaster declaration and determination of the level of available federal funding from the Federal Emergency Management Agency and the Small Business Administration. State appropriations have ranged from \$1,000,000 for the May 2011 Minneapolis tornado to \$12,720,000 for the August 2012 flooding in northeast Minnesota.

Expected Activity for 2022-2023

At the start of the 2022-2023 AHP, no funds have been appropriated. Typically, the Minnesota Legislature appropriates funds for this program following the declaration of a disaster. If the Minnesota Legislature does not appropriate funds following a federal disaster declaration, the Agency may fund activities through the Disaster Relief Contingency Fund.

DISASTER RELIEF CONTINGENCY FUND

The Minnesota Legislature established this fund in 2001 as the account into which we deposit all repayments of previously made disaster relief loans or grants. Funds deposited in this account are used to assist with rehabilitation or replacement of housing that is damaged by a natural disaster in areas covered by a presidential declaration of disaster. Funding also may be used for capacity building grants for disaster response and flood insurance payments.

The terms and conditions under which the funds are made available are at the sole discretion of Minnesota Housing. Eligible uses of funds have included writing down the interest rate on Home Improvement Loans and activating the Disaster Recovery program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded nine loans for \$198,287.

Expected Activity for 2022-2023

Disbursements from the fund vary significantly from year to year. We are not making an estimate of a funding level at this time. As of March 31, 2021, the fund had a \$2.2 million uncommitted balance.

COVID-19 HOUSING RECOVERY

RENTHelpMN – EMERGENCY RENTAL ASSISTANCE PROGRAM (ERAP)

Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about \$670 million, with Minnesota Housing expecting to receive \$537 million of those funds for our **RentHelpMN** program, with the remaining \$133 million going to six local communities. Under the program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments.

Program Performance and Trends

The program launched in April of 2021, and we have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

Expected Activity for 2022-2023

As a rough estimate, we expect to provide about \$372 million to assist approximately 50,000 renter households during the two-year period of 2022 and 2023 – very roughly 25,000 renter households each year. In all likelihood, we will serve substantially more in 2022, and we may be able to serve some clients in 2023.

HOMEHELPMN – HOMEOWNER ASSISTANCE FUND (HAF)

Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive \$128 million to assist homeowners, with \$109 million being used for financial assistance and counseling. Our HomeHelpMN program is expected to cover past due principal, interest, taxes, insurance and other housing payments; loan modifications; and certain counseling services. The overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of \$35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

We expect to provide about \$109 million to assist approximately 6,700 homeowner households during the two-year period of 2022 and 2023 – very roughly 3,350 homeowner households each year. In all likelihood, we will serve more in 2022 and fewer in 2023.

HOME-ARP – AMERICAN RESCUE PLAN (ARP)

Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately \$31 million in HOME Investment Partnerships funding (HOME-ARP) to assist individuals or households who are experiencing or at risk of homelessness, along with other vulnerable populations. Fifteen percent of the funds can be used for administrative expenses, with the remaining funds dedicated for assistance. We anticipate these funds will provide housing development resources that benefit individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

Program Performance and Trends

We expect to launch the program in program year 2022 and have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

Expected Activity for 2022-2023

We expect to provide about \$26.5 million (\$31 million less administrative costs) to assist approximately 200 households during the two-year period of 2022 and 2023 – very roughly 100 homeowner households each year.