



## MEETINGS SCHEDULED FOR JANUARY

Date: 01/22/26, 1 p.m.

### HYBRID OPTION AVAILABLE:

*In Person:* Minnesota Housing, Lake Superior Conference Room, 400 Wabasha Street N. Suite 400 St. Paul, MN 55102

*Conference Call:* Toll Free: 1.866.901.6455 Access Code: 467-130-910

### 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, January 22, 2026.

**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.*

This page intentionally left blank.



## Agenda: Minnesota Housing Board Meeting

Date: 01/22/2026, 1 p.m.

### Our Mission and Vision

*Mission:* Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

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

### 1. Call to Order

### 2. Roll Call

### 3. Agenda Review

### 4. Approval of Minutes

- a. (page 5) Regular meeting of December 18, 2025

### 5. Reports

- Chair
- Commissioner
- Committee

### 6. Consent Agenda

- A. (page 13) Approval, 2026 Minnesota City Participation Program (MCPP)
- B. (page 25) Approval, Resolution Modifications to the 2025-2027 Homeownership Education & Counseling Unified Request for Proposals (RFP) Selections

## **7. Action Items**

- A. (page 31) Approval, Funding Modification, Clare Housing, Housing Opportunities for People With AIDS (HOPWA) Grant
- B. (page 37) Approval, Amendment to the Housing Infrastructure Program Guide
- C. (page 131) Approval, Community Stabilization: Naturally Occurring Affordable Housing (NOAH) - Multifamily Rental Housing Selections
- D. (page 163) Funding Modification, Publicly Owned Housing Program (POHP) – Mt. Airy Hi-Rise, D8681, St. Paul
- E. (page 169) Approval, Modifications and Addition to Multifamily Division Board Delegations

## **8. Discussion Items**

- A. (page 189) Climate Resilience and Housing Decarbonization Roadmap
- B. (page 235) Preservation Framework for the Targeted Stabilization of Regulated Affordable Housing

## **9. Information Items**

None.

## **10. Other Business**

None.

## **11. Adjournment**



## Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, December 18, 2025, at 12 p.m.

### 1. Call Attendance

Chair DeCramer called to order the regular meeting of the board of Minnesota Housing Finance Agency at 12:01 p.m.

### 2. Roll Call

**Members present via hybrid:** Auditor Julie Blaha, Eric Cooperstein, Chair John DeCramer, Stephanie Klinzing, and Stephen Spears.

**Minnesota Housing staff present via hybrid:** Tal Anderson, Erika Arms, Abigail Behl, Ryan Baumtrog, Jennifer Bergmann, Scott Beutel, Nick Boettcher, Stacie Brooks, Cassandra Busch, Alex Campbell, Eric Chapin, Karen Chelgren, Erin Coons, Nicole DeMario, Renee Dickinson, Matt Dieveney, Cindy Diel, Hannah Dressen, Sam Dyer, Allison Ehlert, Diane Elias, Peter Elwell, Jennifer Finnesgard, Sarah Foley, Shannon Fortune, Graydon Francis, Rachel Franco, Mark Freeman, Terese Fritchman, Emily Fulton-Foley, Dory Goebel, Sara Gomoll, Vanessa Haight, Amanda Hedlund, Anne Heitlinger, Darryl Henchen, Kang Her, Genevieve Hernandez, Adam Himmel, Jennifer Ho, Lenee Hoffman, Jon Holmseth, Karin Holmstrand, Laura Jacobson, Kinzy Janssen, Summer Jefferson, Will Jensen-Kowski, Dylan Johnson, Karen Johnson, Jen Judas, Irene Kao, Erin Karkula-Peterson, Aaron Keniski, Tiffany Kibwota, Margaret King, Katey Kinley, Joshua Kirk, Dan Kitzberger, Debbie Krajsa, Kristen Kvalsten, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Ger Lee, Song Lee, James Lehnhoff, Ed LeTourneau, Joshua Love, Sarah Matala, Dylan Mato, Don McCabe, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Krissi Mills, Jon Moler, Judi Mortenson, Kristen Mortenson, Gerald Narlock, Jennifer Nelson, Michael Nguyen, Tenzin Nordon, Andrew Orth, John Patterson, Caryn Polito, Andy Pratt, Melissa Pugh, Rinal Ray, Annie Reierson, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Lael Robertson, Rachel Robinson, Ken Rumbaugh, Dani Salus, Joel Salzer, Kayla Schuchman, Katie Seipel-Anderson, J'onice Smith, Lauren Stelter, Rachael Sterling, Meg Stinchcomb Sorenson, Tim Sullivan, Jodell Swenson, Katherine Teiken, Susan Thompson, Monica Tucker, Nancy Urbanski, David Vang, Kayla Vang, Que Vang, Teresa Vaplon, Nicola Viana, Kerry Walsh, Heidi Welch, Amanda Welliver, Lakisha Whitson, Kelly Winter and Kristy Zack.

**Others present via hybrid:** Ramona Advani, Office of the State Auditor; Andrea Brennan, GMHF; Kirstin Burch, PRG Inc.; Aarica Coleman, Twin Cities Land Bank; Kizzy Downie, Model Cities; Colleen Ebinger, Impact Strategies; Peter Ebnet, GMFH; Cristen Incitti, Habitat for Humanity Minnesota; Roxanne Kimball, Minnesota Homeownership Center; Jean Lee, CHI, RRFC; Ellen Sahli, Family Housing Fund; Deidre Schmidt, CommonBond Communities; Chad Schwitters, The McKnight Foundation; Anne Smetak, Housing Justice Center, and Jeff Washburne.

### **3. Agenda Review**

None.

### **4. Approval**

#### **A. Regular Meeting Minutes of November 20, 2025**

**Motion:** Stephanie Klinzing moved to approve the November 20, 2025, Regular Meeting Minutes. Seconded by Stephanie Spears. Roll call was taken. Motion carries 5-0.

### **5. Reports**

#### **Chair**

None.

#### **Commissioner**

Commissioner Ho shared the following with the board:

- Welcome New Employees
- Meetings
- Program Updates

#### **Committee**

None.

## 6. Consent Agenda

### A. Extension, Leech Lake Housing Authority, Stable Housing Organization Relief Program (SHORP) Grant Approval

**Motion:** Eric Cooperstein moved the Consent Agenda Item. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

## 7. Action Items

### A. Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - Hilltop Manor, D0501, Eveleth

Sarah Foley presented to the board a request for adoption of two resolutions: 1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$1,360,000; and 2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$2,830,000. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Commitment, Low and Moderate Income Rental Loan and Bridge Loan - Hilltop Manor, D0501, Eveleth. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

### B. Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 A (Hilltop Manor)

Matt Dieveney presented to the board a request for adoption of a Series Resolution Authorizing to Issue Fixed Rate Bonds under the existing rental housing bond resolution. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Stephanie Klinzing moved Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2026 A. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

### C. Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds (RHFB)

Matt Dieveney presented to the board a request for adoption of a Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephen Spears moved Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds. Seconded by Auditor Blaha. Roll call was taken. Motion carries 5-0. All were in favor.

#### **D. Adoption, Series Resolution Authorizing the Issuance and Sale of Variable Rate Residential Housing Finance Bonds (RHFB)**

Matt Dieveney presented to the board a request for adoption of a Series Resolution Authorizing the Issuance and Sale of Variable Rate Residential Housing Finance Bonds. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Adoption, Series Resolution Authorizing the Issuance and Sale of Variable Rate Residential Housing Finance Bonds. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 5-0. All were in favor.

#### **E. Approval, Housing Tax Credit (HTC) Development Limit Waivers for Carryover Applications – Leech Lake Homes IX, D8773, Cass Lake, and Melrose Commons, D8514, Medina**

Tim Sullivan presented to the board a request for approval of the Housing Tax Credit Development Limit Waivers for both projects so that additional 2025 HTCs can be allocated at carryover. Since the cumulative allocation for each development will be in excess of the \$1,700,000 per development limit, the additional allocation requires board approval of a waiver. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Housing Tax Credit Development Limit Waivers for Carryover Applications – Leech Lake Homes IX, D8773, Cass Lake, and Melrose Commons, D8514, Medina. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. All were in favor.

#### **F. Approval, Housing Tax Credit (HTC) Apportionment of 2025 9% HTCs — Red Rock Square III, D8806, Newport**

Tim Sullivan presented to the board a request for approval of an apportionment of 2025 9% Housing Tax Credits to Washington County Community Development Agency for Red Rock Square III, D8806, Newport. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Housing Tax Credit Apportionment of 2025 9% HTCs — Red Rock Square III, D8806, Newport. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

#### **G. Approval, Reallocation of Housing Tax Credits — Silverarrow Apartments, D8498, Sauk Centre**

Tim Sullivan presented to the board a request for approval of a resolution to implement a reallocation action in accordance with Chapter 2.V of the 2026-2027 QAP. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Reallocation of Housing Tax Credits — Silverarrow Apartments, D8498, Sauk Centre. Seconded by Auditor Blaha. Roll call was taken. Motion carries 5-0. All were in favor.

## **H. Approval, Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan**

Nicola Viana and Summer Jefferson presented to the board a request for approval to amend the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan, including the 2026-2027 Self-Scoring Worksheet. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Amendments to the 2024-2025 Housing Tax Credit Qualified Allocation Plan and the 2026-2027 Qualified Allocation Plan. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. All were in favor.

## **I. Approval, Amendment and Extension of the Direct Purchase Revolving Line of Credit Notes with Royal Bank of Canada**

Matt Dieveney presented to the board a request for approval of a resolution authorizing the amendment of certain terms of the Agency's Direct Purchase Revolving Line of Credit Note Agreement. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Amendment and Extension of the Direct Purchase Revolving Line of Credit Notes with Royal Bank of Canada. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. All were in favor.

## **J. Approval, 12-month Extension of Investment Banking/Underwriting Team**

Matt Dieveney presented to the board a request for approval of a 12-month Extension of Investment Banking/Underwriting Team. Additionally, Agency staff and its financial advisors recommend and request approval to promote Northland Securities from the bond selling group to a regular co-manager. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, 12-month Extension of Investment Banking/Underwriting Team. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

## **K. Approval, 2025 Single Family Request for Proposals (RFP) Selections**

Sam Dyer and Amanda Hedlund presented to the board a request for approval of funding recommendations for proposals submitted to the Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development through the 2025 Single Family Request for Proposals. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Stephanie Klinzing moved Approval, 2025 Single Family Request for Proposals Selections. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 5-0. All were in favor.

## **L. 2025 Multifamily Consolidated Request for Proposals (RFP) Selections for Deferred and Amortizing Loans, 2026 Housing Tax Credit (HTC) Round 1 and the United States Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA) Programs**

Que Vang and Summer Jefferson presented to the board a request for approvals of resolutions related to the 2025 Multifamily Consolidated RFP/2026 HTC Round 1. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Adoption of a resolution approving the selection of projects for an allocation of federal 9% Low Income Housing Tax Credits and applicable waivers. Seconded by Auditor Blaha. Roll call was taken. Motion carries 5-0. All were in favor.

**Motion:** Eric Cooperstein moved Adoption of a resolution approving the selection of projects, applicable waivers for further processing, 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, Housing Infrastructure Program, HOME Investment Partnership, National Housing Trust Fund, and Preservation Affordable Rental Investment Fund excluding the Zaria Project. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. All were in favor.

**Motion:** Eric Cooperstein moved Adoption of a resolution approving the selection of projects, applicable waivers for further processing, 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, Housing Infrastructure Program, HOME Investment Partnership, National Housing Trust Fund, and Preservation Affordable Rental Investment Fund including the Zaria Project. Seconded by Stephanie Klinzing. Stephen Spears abstained. Roll call was taken. Motion carries 4-0.

**Motion:** Eric Cooperstein moved Adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental Program loans and Bond Bridge Loans. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

**Motion:** Stephanie Klinzing moved Adoption of a resolution approving the selection of projects and units for further processing under the HUD Section 811 PRA and, subject to final underwriting and due diligence, to execute the Rental Assistance Contract. Seconded by Auditor Blaha. Roll call was taken. Motion carries 5-0. All were in favor.

## **8. Discussion Items**

None.

## **9. Information Items**

### **A. 1st Quarter FY26 Financial Results**

## **10. Other Business**

None.

## **11. Adjournment**

The meeting was adjourned at 2:53 p.m.

---

John DeCramer, Chair

This page intentionally left blank.



## Item: Approval, 2026 Minnesota City Participation Program (MCPP)

**Consent Item:** 6.A  
**Date:** 01/22/2026  
**Staff Contacts:** Greg Krenz, 651.297.3623, greg.krenz@state.mn.us  
Laura Bolstad Grafstrom, 651.296.6346, laura.bolstad.grafstrom@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval for local governments to participate in the Minnesota City Participation Program (MCPP). The program allows Minnesota Housing to apply for the portion of the annual private activity bond volume cap allocated by Minnesota Statutes Section 474A.03, subdivision 1 to the Housing Pool, \$80,205,544 of which is available in 2026 for single family housing programs. Funding is authorized by Minnesota Statutes Section 474A.061, subdivision 2a, to enable local governments to provide first-time homebuyer loans in their communities.

### Fiscal Impact

Minnesota Housing is able to issue over \$80.2 million of volume-limited tax-exempt bonds to provide loans to first-time homebuyers with lower incomes as a result of administering the Minnesota City Participation Program.

### Agency Priorities

<input type="checkbox"/> Improve the Housing System	<input checked="" type="checkbox"/> Make Homeownership More Accessible
<input checked="" type="checkbox"/> Preserve and Create Housing Opportunities	<input type="checkbox"/> Support People Needing Services
<input type="checkbox"/> Strengthen Communities	

### Attachments

- Background
- Request Details
- Summary of 2026 MCPP Allocations
- MCPP Usage Maps
- Resolution

## **Background:**

Since 1990, under the Minnesota City Participation Program (MCPP), Minnesota Housing has sold tax-exempt private activity bonds on behalf of local governments to assist them in meeting local housing goals, pursuant to Minnesota Statutes Section 474A.061, subdivision 2a. In accordance with that statute, cities, counties and consortia of local government units apply annually for participation in MCPP.

MCPP is an important statewide tool that supports local governments in meeting their continuum of housing needs. Self-issuance of bonds is not economically feasible for most communities, given the economies of scale necessary for successful self-issuance. Under the MCPP, Minnesota Housing efficiently sells bonds on behalf of the participating communities so residents can access affordable mortgage loans with downpayment and closing cost loan options. Communities report many benefits to participating in the program, including:

- Continuous, dedicated funding for their community.
- Access to local lenders as well as nonprofit agencies that provide homebuyer education.
- Minnesota Housing support through ready to use marketing and outreach templates, program reporting, industry updates, training and sharing of best practices.

In their application, local governments confirm that MCPP helps the community meet an identified housing need and the program is economically viable in their community. Loans are eligible for MCPP if they meet all requirements below:

- The loan is an eligible first-time homebuyer Start Up loan.
- The property is located in the applicants' jurisdiction as stated on their application.
- The borrower's income must not exceed 80% of the area median income.

The attached maps show the location of Start Up loans originated in the jurisdictions of the participating MCPP communities in 2025 and between 2021 and 2025. Two maps show loans in the metro area and two maps contain loans in Greater Minnesota. Minneapolis, Saint Paul, and Dakota County are not eligible to participate in the MCPP program because they each receive an entitlement allocation of tax-exempt bonding authority.

In 2025, participating MCPP communities originated a total of 1,508 Start Up loans, resulting in loan volume of \$333,117,519. For the 2026 program year, MCPP has received 57 applications, representing an increase from 56 applicants in the 2025 program year. A new participant for the 2026 program is the City of Marshall. Additionally, Traverse County has been added and will be administered by Stevens County.

**Request Details:**

Staff requests that the board approve the attached resolution which:

- Approves applying local governments for participation in MCPP for the allocation amounts shown in the resolution; and
- Authorizes Minnesota Housing to take necessary actions to apply to Minnesota Management and Budget for amounts available for tax-exempt private activity bonding authority on behalf of the same eligible local governments under Minnesota Statutes Chapter 474A.

## Summary of 2026 MCPP Allocations:

The amounts of the allocations set forth in Table 1 are determined based on a pro rata allocation of the \$80,205,544 total amount available, according to the population of each community that has applied and meets the above requirements.

**Table 1: Summary of 2026 MCPP Allocations**

Community	2026 MCPP Allocation
Aitkin County	\$317,955
Albert Lea, City of	\$353,868
Alexandria, City of	\$291,931
Anoka County	\$7,281,283
Becker County	\$689,906
Benton County	\$310,053
Blue Earth County	\$1,375,918
Blue Earth, City of	\$100,000
Bluff Country HRA	\$775,686
Breckenridge, City of	\$100,000
Carver County	\$2,222,884
Chippewa County	\$551,025
Chisago County	\$1,150,459
City of Fairmont	\$199,046
Clay County	\$1,301,174
Cloquet, City of	\$245,664
Crow Wing County	\$1,336,736
Fergus Fall & Perham HRAs	\$347,386
Foley, City of	\$100,000
Grant County	\$118,929
Headwaters Regional Dev. Commission	\$1,684,375
Hennepin County	\$16,924,819
Isanti County	\$850,294
Kandiyohi County	\$869,545
Marshall, City of	\$273,070
McLeod County	\$717,993
Meeker County	\$457,283
Mower County	\$796,066
NW MN Multi-Co. HRA	\$1,601,767
New Prague, City of	\$162,043
New Ulm, City of	\$275,347
North Mankato, City of	\$282,043
Oakdale, City of	\$552,933
Olmsted County	\$3,239,387
Osakis, City of	\$100,000

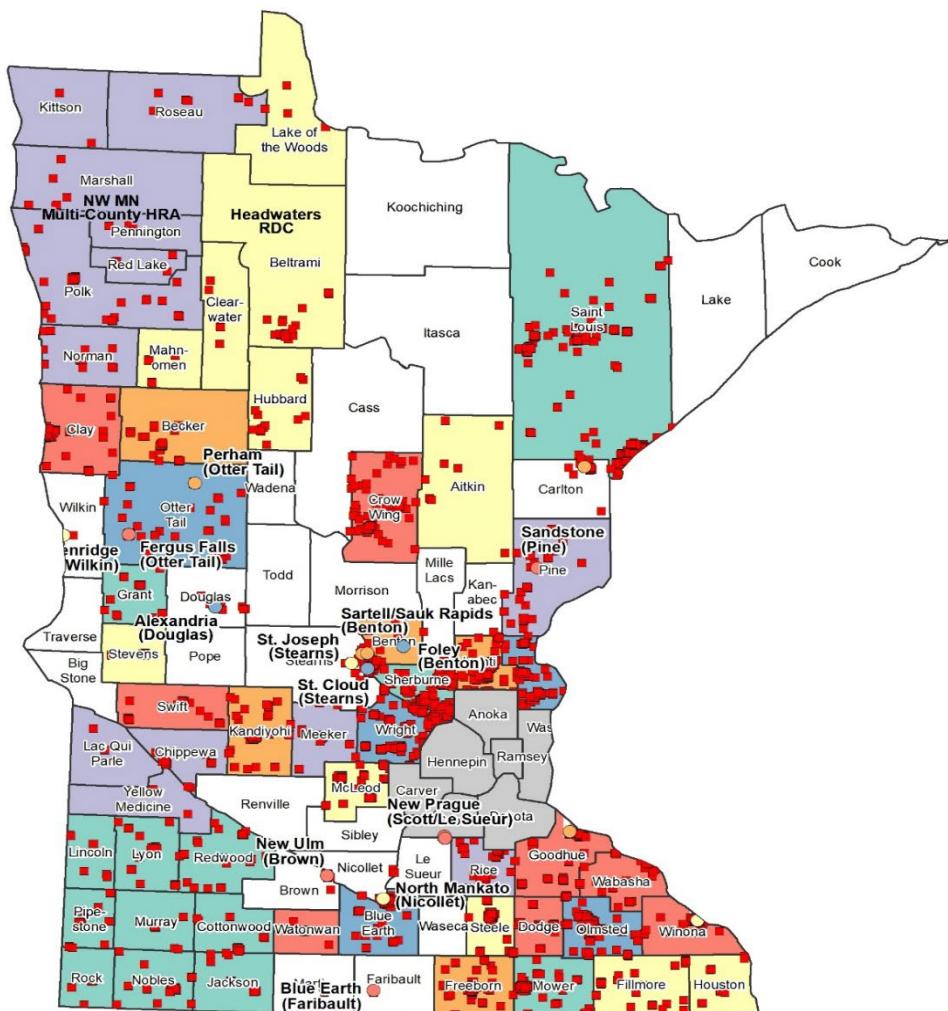
Item 6.A

Attachment: Summary of 2026 MCPP Allocations

Otter Tail County	\$837,662
Pine County, HRA	\$539,249
Ramsey County	\$4,752,162
Red Wing, City of	\$325,313
Rice County	\$1,343,587
SE MN Multi-Co. HRA	\$1,489,436
SW Regional Development Commission	\$1,989,503
Sandstone, City of	\$100,000
Sartell, City of	\$388,417
Sauk Rapids, City of	\$270,423
Scott County	\$2,976,751
Sherburne County	\$1,861,562
St. Cloud, City of	\$1,413,407
St. Joseph, City of	\$139,542
St. Louis County	\$3,908,446
Steele County (Owatonna administers)	\$728,640
Stevens/Traverse County	\$252,087
Swift County	\$188,145
Washington County	\$5,005,202
Watonwan County	\$218,043
Winona, City of	\$511,979
Wright County	\$3,009,120
<b>Total</b>	<b>\$80,205,544</b>

## MCPP Usage Maps

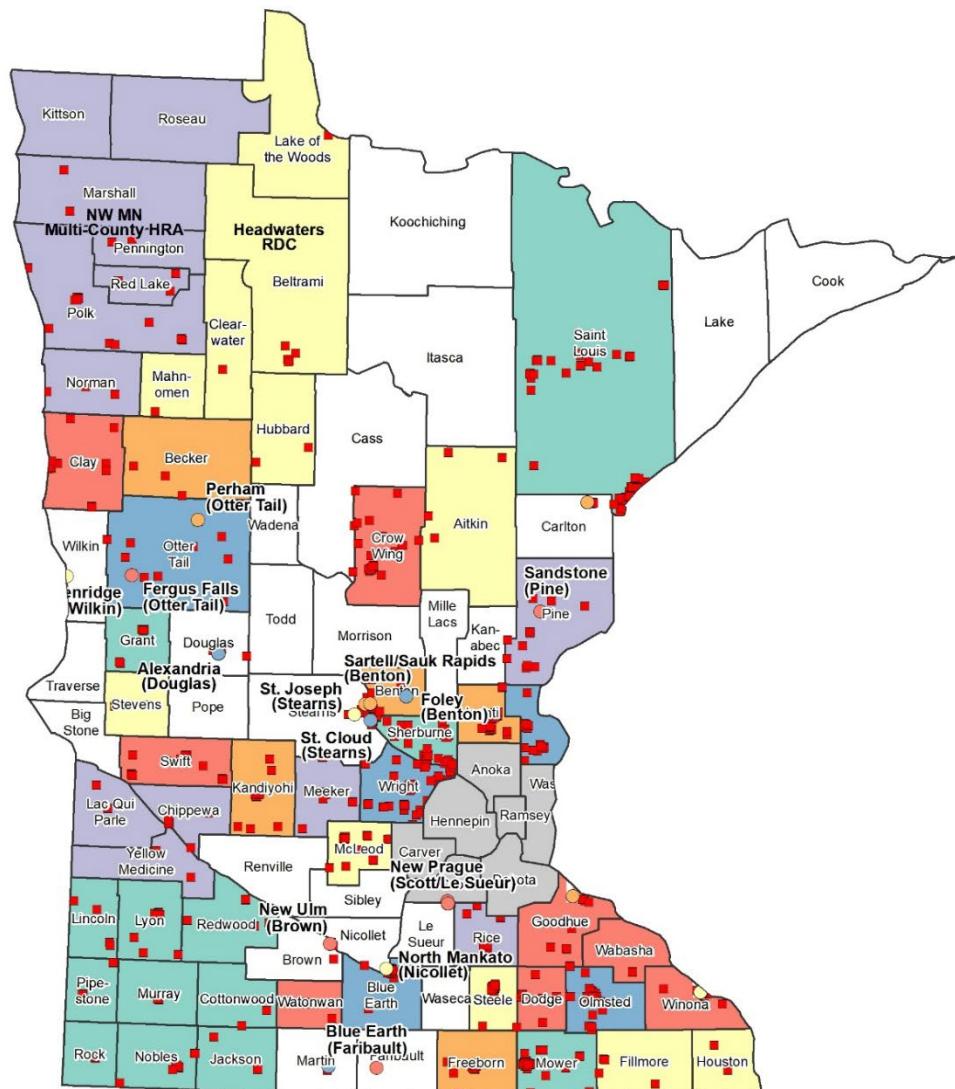
### Minnesota City Participation Program - 2021 - 2025 Start Up Loans, partly funded with MCPP



Created: 12.19.2025

2021 - 2025 Start Up  
Loans, partly funded  
with MCPP

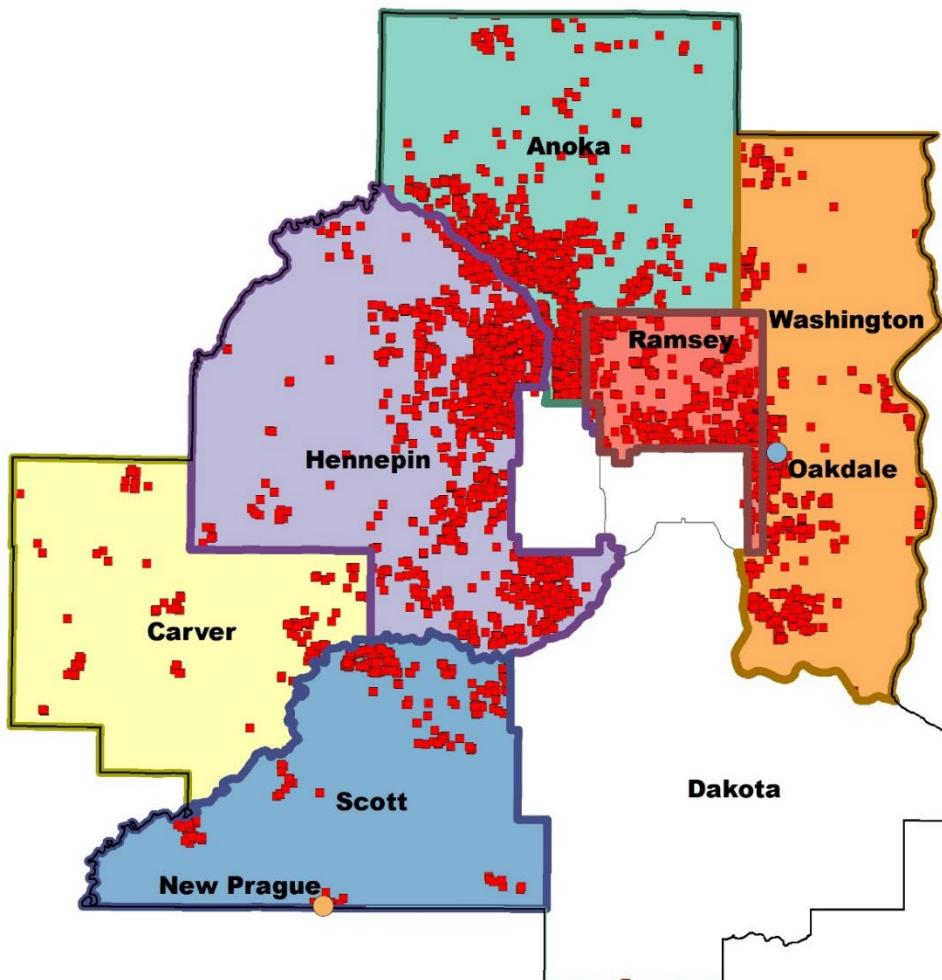
## Minnesota City Participation Program - 2025 Start Up Loans, partly funded with MCPP



Created: 12.19.2025

2025 Start Up Loans,  
partly funded with  
MCPP

**Minnesota City Participation Program -  
2021 - 2025 Start Up Loans, partly funded with MCPP**

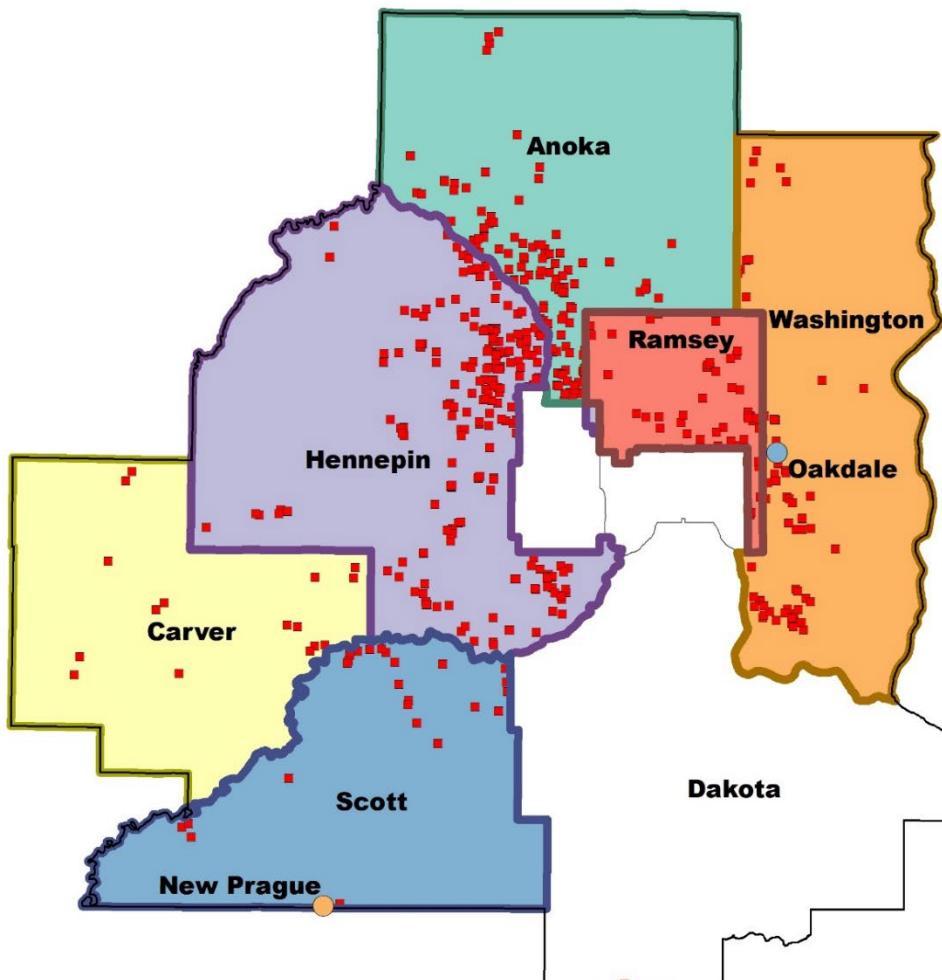


- 2021 -2025 Start Up  
Loans, partly funded  
with MCPP



Created: 12.19.2025

**Minnesota City Participation Program -  
2025 Start Up Loans, partly funded with MCPP**



- 2025 Start Up Loans,  
partly funded with  
MCPP



Created: 12.19.2025

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

**RESOLUTION NO. MHFA 26-XXX**

**RESOLUTION AUTHORIZING APPLICATION FOR BONDING AUTHORITY  
 ON BEHALF OF THE 2026 MINNESOTA CITY PARTICIPATION PROGRAM  
 PARTICIPANTS**

WHEREAS, Minnesota Statutes, Section 474A.061 subdivision 2a, paragraph (e) authorizes the Minnesota Housing Finance Agency to request an allocation of private activity bonding authority for the applicants who applied in January of 2026 and choose to have the Minnesota Housing Finance Agency issue bonds on their behalf, and the participating applicants are eligible for bonding authority in a total amount of not less than \$80,205,544; and

WHEREAS, the Minnesota Housing Finance Agency is willing to take those actions necessary to make the private activity bonding authority available under Minnesota Statutes Chapter 474A available to the Minnesota City Participation Program participants.

**NOW THEREFORE, BE IT RESOLVED:**

That the Commissioner of the Minnesota Housing Finance Agency is hereby granted the authority to take all actions necessary to apply to the Commissioner of Minnesota Management and Budget for amounts available for tax-exempt private activity bonding authority during the times set forth in Minnesota Statutes Chapter 474A on behalf of the 2026 Minnesota City Participation Program participants as listed below:

<b>Community</b>	<b>2026 MCPP Allocation</b>
Aitkin County	\$317,955
Albert Lea, City of	\$353,868
Alexandria, City of	\$291,931
Anoka County	\$7,281,283
Becker County	\$689,906
Benton County	\$310,053
Blue Earth County	\$1,375,918
Blue Earth, City of	\$100,000
Bluff Country HRA	\$775,686
Breckenridge, City of	\$100,000
Carver County	\$2,222,884
Chippewa County	\$551,025

Chisago County	\$1,150,459
City of Fairmont	\$199,046
Clay County	\$1,301,174
Cloquet, City of	\$245,664
Crow Wing County	\$1,336,736
Fergus Fall & Perham HRAs	\$347,386
Foley, City of	\$100,000
Grant County	\$118,929
Headwaters Regional Dev. Commission	\$1,684,375
Hennepin County	\$16,924,819
Isanti County	\$850,294
Kandiyohi County	\$869,545
Marshall, City of	\$273,070
McLeod County	\$717,993
Meeker County	\$457,283
Mower County	\$796,066
NW MN Multi-Co. HRA	\$1,601,767
New Prague, City of	\$162,043
New Ulm, City of	\$275,347
North Mankato, City of	\$282,043
Oakdale, City of	\$552,933
Olmsted County	\$3,239,387
Osakis, City of	\$100,000
Otter Tail County	\$837,662
Pine County, HRA	\$539,249
Ramsey County	\$4,752,162
Red Wing, City of	\$325,313
Rice County	\$1,343,587
SE MN Multi-Co. HRA	\$1,489,436
SW Regional Development Commission	\$1,989,503
Sandstone, City of	\$100,000
Sartell, City of	\$388,417
Sauk Rapids, City of	\$270,423
Scott County	\$2,976,751
Sherburne County	\$1,861,562
St. Cloud, City of	\$1,413,407
St. Joseph, City of	\$139,542
St. Louis County	\$3,908,446
Steele County (Owatonna administrates)	\$728,640
Stevens/Traverse County	\$252,087
Swift County	\$188,145
Washington County	\$5,005,202
Watowwan County	\$218,043
Winona, City of	\$511,979

Wright County	\$3,009,120
<b>Total</b>	<b>\$80,205,544</b>

Adopted this 22<sup>nd</sup> day of January 2026

---

CHAIR



## Item: Approval, Resolution Modifications to 2026-2027 Homeownership Education & Counseling Unified Request for Proposals (RFP) Selections

**Consent Item:** 6.B  
**Date:** 01/22/2026  
**Staff Contacts:** Abigail Behl, 651.296.8276, abigail.behl@state.mn.us  
Melissa Pugh, 651.296.6559, melissa.pugh@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests board approval of resolution modifications for selections under the Homeownership Education, Counseling and Training (HECAT) program and the Homeownership Capacity program under the 2026-2027 Homeownership Education & Counseling Unified RFP. Staff requests approval of resolution modifications that will establish a June 1, 2026 deadline for grant contract execution, and that will ratify the grant contracts executed after the December 1, 2025 deadline.

### Fiscal Impact

No fiscal impact.

### Agency Priorities

<input checked="" type="checkbox"/> Improve the Housing System	<input checked="" type="checkbox"/> Make Homeownership More Accessible
<input type="checkbox"/> Preserve and Create Housing Opportunities	<input type="checkbox"/> Support People Needing Services
	<input checked="" type="checkbox"/> Strengthen Communities

### Attachments

- Background
- Resolutions

## Background

At its September 26, 2025 meeting, the Minnesota Housing board approved selections for the HECAT program and Homeownership Capacity program through the 2026-2027 Homeownership Education & Counseling Unified RFP, per Resolution No. MHFA 25-066 and Resolution No. MHFA 25-067. Both resolutions state that the execution of the individual grant contracts shall occur no later than December 1, 2025.

As of December 1, 2025, 26 of the 28 selected HECAT organizations are under executed grant contracts and 18 of the 20 selected Homeownership Capacity organizations are under executed grant contracts.

Currently, two of the 28 selected HECAT organizations are not yet under an executed grant contract, and two of the 20 selected Homeownership Capacity organizations are not yet under grant contract.

Additionally, Agency staff erroneously executed both HECAT and Homeownership Capacity grant contracts with the Karen Organization of Minnesota, after December 1, 2025.

Staff recommend resolution modifications that will establish a June 1, 2026 deadline for grant contract execution, and resolution modifications that will ratify the grant contracts executed after the December 1, 2025 deadline.

Staff request board approval of the resolution modifications.

**MINNESOTA HOUSING FINANCE AGENCY**

**400 Wabasha Street North,  
Suite 400 St. Paul, MN 55102**

**RESOLUTION NO. MHFA XX**

**MODIFYING RESOLUTION NO. MHFA 25-066**

**RESOLUTION MODIFYING SELECTION FOR HOMEOWNERSHIP EDUCATION, COUNSELING AND TRAINING FUND**

WHEREAS, at the September 25, 2025 meeting, the Minnesota Housing Finance Agency (Agency) board approved the Housing Education, Counseling and Training Fund selections through Resolution No. MHFA 25-066; and

WHEREAS, the resolution states that the issuance of grant contracts in form and substance acceptable to the Agency staff and the execution of the individual grant contracts occur no later than December 1, 2025; and

WHEREAS, not all grant contracts for the selected organizations were executed by December 1, 2025; and

WHEREAS, staff have determined that additional time is needed to execute the grant contracts.

**NOW THEREFORE, BE IT RESOLVED:**

That the board hereby authorizes Agency staff to enter into grant contract agreements as set forth in Resolution No. MHFA 25-066, modified as follows:

1. The issuance of grant contracts in form and substance acceptable to the Agency staff and the execution of the individual grant contracts shall occur no later than June 1, 2026;

Adopted this 22nd day of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA XX**

**MODIFYING RESOLUTION NO. MHFA 25-066**

**RESOLUTION RATIFYING GRANT AGREEMENT WITH KAREN ORGANIZATION OF MINNESOTA FOR  
HOMEOWNERSHIP EDUCATION, COUNSELING AND TRAINING FUND**

WHEREAS, the Minnesota Housing Finance Agency (Agency) board adopted Resolutions No. MHFA 25-066 approving the Housing Education, Counseling and Training Fund (HECAT) selections; and

WHEREAS, the Karen Organization of Minnesota was selected to receive a HECAT award in the amount of \$29,107 through September 30, 2027; and

WHEREAS, the resolution states that the issuance of grant contracts in form and substance acceptable to the Agency staff and the execution of the individual grant contracts shall occur no later than December 1, 2025; and

WHEREAS, Agency staff erroneously executed a grant contract agreement with the Karen Organization of Minnesota after December 1, 2025; and

WHEREAS, it is the desire of the Board to ratify the grant contract agreement with the Karen Organization of Minnesota to ensure the HECAT funds be committed for housing education, counseling and training activities;

**NOW THEREFORE, BE IT RESOLVED:**

THAT the board hereby ratifies the Karen Organization of Minnesota grant contract agreement dated December 5, 2025.

Adopted this 22nd day of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA XX**

**MODIFYING RESOLUTION NO. MHFA 25-067**

**RESOLUTION MODIFYING APPROVAL OF SELECTIONS FOR THE ENHANCED**

**FINANCIAL CAPACITY HOMEOWNERSHIP PROGRAM (HOMEOWNERSHIP CAPACITY PROGRAM)  
AND FUNDING FOR THE HOMEOWNERSHIP CAPACITY INCENTIVE FUND AND FOR TRAINING**

WHEREAS, at the September 25, 2025 meeting, the Minnesota Housing Finance Agency (Agency) board approved the Enhanced Financial Capacity Homeownership Program (Homeownership Capacity Program) selections through Resolution No. MHFA 25-067; and

WHEREAS, the resolution states that the issuance of grant contracts in form and substance acceptable to the Agency staff and the execution of the individual grant contracts occur no later than December 1, 2025; and

WHEREAS, not all grant contracts for the selected organizations were executed by December 1, 2025; and

WHEREAS, staff have determined that additional time is needed to execute the grant contracts.

**NOW THEREFORE, BE IT RESOLVED:**

That the board hereby authorizes Agency staff to enter into grant contract agreements as set forth in Resolution No. MHFA 25-067, modified as follows:

1. The issuance of grant contracts in form and substance acceptable to the Agency staff and the execution of the individual grant contracts shall occur no later than June 1, 2026;

Adopted this 22<sup>nd</sup> day of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA XX**

**MODIFYING RESOLUTION NO. MHFA 25-067**

**RESOLUTION RATIFYING GRANT AGREEMENT WITH KAREN ORGANIZATION OF  
MINNESOTA FOR THE ENHANCED**

**FINANCIAL CAPACITY HOMEOWNERSHIP PROGRAM (HOMEOWNERSHIP CAPACITY PROGRAM)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) board adopted Resolution No. MHFA 25-067 approving the Enhanced Financial Capacity Homeownership Program (Homeownership Capacity Program) selections; and

WHEREAS, the Karen Organization of Minnesota was selected to receive a Homeownership Capacity award in the amount of \$34,500 through September 30, 2027; and

WHEREAS, the resolution states that the issuance of grant contracts in form and substance acceptable to the Agency staff and the execution of the individual grant contracts shall occur no later than December 1, 2025; and

WHEREAS, Agency staff erroneously executed a grant contract agreement with the Karen Organization of Minnesota after December 1, 2025; and

WHEREAS, it is the desire of the board to ratify the grant contract agreement with the Karen Organization of Minnesota to ensure the Homeownership Capacity funds be committed to enhanced financial capacity building activities;

**NOW THEREFORE, BE IT RESOLVED:**

THAT the board hereby ratifies the Karen Organization of Minnesota grant contract agreement dated December 5, 2025.

Adopted this 22<sup>nd</sup> day of January 2026

---

CHAIR



## Item: Approval, Funding Modification, Clare Housing, Housing Opportunities for People With AIDS (HOPWA) Grant

**Action Item:** 7.A  
**Date:** 01/22/2026  
**Staff Contacts:** Deran Cadotte, 651.297.5230, deran.cadotte@state.mn.us  
Lauren Stelter, 651.296.3600, lauren.stelter@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval of the attached resolution authorizing a grant term extension through February 29, 2028, and funding modification of \$846,496.42 to the current Housing Opportunities for Persons With AIDS (HOPWA) grant contract with Clare Housing.

### Fiscal Impact

Minnesota Housing will retain 3% from the FY2025 funds in the amount of \$13,603.50 for the administration of this program.

### Agency Priorities

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

### Attachments

- Background
- Resolution

## BACKGROUND

Minnesota Housing receives federal funds for the Housing Opportunities for People With AIDS (HOPWA) program to serve individuals and their families at or below 80% of area median income who are living with HIV/AIDS in Greater Minnesota outside of the 15-county Twin Cities eligible metropolitan statistical area. Funds are made available to eligible households as emergency assistance for Short-Term Rent, Mortgage, and Utility (STRMU) payments.

The goal of these grant funds is to help eligible households maintain affordable and stable housing and reduce their risk of homelessness in Greater Minnesota. HOPWA is governed by specific federal regulations that can be found at the following links:

- AIDS Housing Opportunity Act: United States Code, Title 42, Chapter 131
- Housing Opportunities for Persons with AIDS: [Code of Federal Regulations, Title 24, Subtitle B, Chapter V, Subchapter C, Part 574](#)

On January 25, 2024, Rainbow Health Minnesota and Clare Housing were selected for competitive HOPWA grants by Minnesota Housing's board through [Resolution No. MHFA 24-006](#). The grant contracts were effective from March 1, 2024 through February 28, 2025, with a contract expiration date of May 31, 2025.

On July 18, 2024, Minnesota Housing program staff received notice from the board chair of Rainbow Health Minnesota that, effective immediately, the organization was dissolved. At that time, Rainbow Health Minnesota was a HOPWA grantee and provided STRMU assistance for 52 Greater Minnesota households and had \$111,366 remaining of their HOPWA grant. The board approved [Resolution No. MHFA 24-067](#) (modifying Resolution No. MHFA 24-006) at the September 26, 2024, board meeting, assigning the remaining funds to Clare Housing.

Staff were unable to secure the appropriate signature from the defunct Rainbow Health Minnesota to execute the assignment of the remaining grant funds to Clare Housing. Consequently, the expenditures approved under Resolution No. MHFA 24-067 never came to fruition and the funds remained committed to Rainbow Health Minnesota until the contract expired on May 31, 2025. Their remaining \$111,336 of unspent funds were then decommitted and remain available for a new commitment.

### Clare Housing Contract Modifications History

Additionally on September 17, 2024 and September 24, 2025, Minnesota Housing received additional funds from HUD for program years Fiscal Year (FY) 24 and FY25.

Currently, Minnesota Housing has \$846,496 of HOPWA funding available to commit:

- \$111,336 of uncommitted FY23 HOPWA funding
- \$295,314 of uncommitted FY24 HOPWA funding (received on 09/17/2024)
- \$439,846 of uncommitted FY25 HOPWA funding (received on 09/24/2025)

Staff recommend committing the funds through a grant amendment based on the following considerations:

- The last competitive RFP yielded only two eligible applicants: Clare Housing and Rainbow Health Minnesota;
- During recent research, staff discovered no other operative organizations with a housing program in Greater Minnesota with the potential to carry out program requirements such as providing housing and services to people living with HIV / AIDS; and
- It is unlikely that another organization would make the business decision to stand up a new HOPWA program with the knowledge that the FY25 funding is last HOPWA funding the state of Minnesota will receive (as Minnesota no longer meets the funding formula to receive a balance of state HOPWA award).

Table 1: Clare Housing Funding

Board Meeting	Activity	Starting Amount	Modification Amount	New Amount
1/25/24	Original Contract	\$ 340,000		\$ 340,000
1/23/25	Amendment #1	\$ 340,000	\$ 146,224	\$ 486,224
1/22/26	Proposed Amendment #2	\$ 486,224	\$ 846,496	\$ 1,332,721

*\*A previously proposed Amendment #2 for \$111,336 was never completed*

## Conclusion

Staff recommend the board approve:

- A two-year grant contract extension request moving the contract grant period end date from 03/1/2026 to 02/29/2028; and
- A funding modification of \$846,496.42 for a new grant total of \$1,332,720.77.

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

**RESOLUTION NO. MHFA 26-XXXX  
Modifying Resolution No. 24-067**

**RESOLUTION FOR APPROVING MODIFICATION AND EXTENSION OF REMAINING AND FINAL FUNDS  
FROM THE Housing Opportunities for Persons With AIDS (HOPWA) GRANT PROGRAM TO CLARE  
HOUSING**

WHEREAS at their meeting on January 25, 2024, Rainbow Health Minnesota and Clare Housing were selected for competitive HOPWA grants by Minnesota Housing's board through Resolution No. MHFA 24-006.

WHEREAS at their meeting on September 26, 2024, the Minnesota Housing Finance Agency (Agency) approved the assignment of Rainbow Health Minnesota remaining funds of \$111,336.09 to Clare Housing; and

WHEREAS that assignment was not finalized before the required deadline of December 25, 2024, specified in Resolution No. MHFA 24-067.

WHEREAS Agency staff recommend a resolution re-assigning the funds due to incomplete amendment execution; and

WHEREAS the Agency received final federal HOPWA award fund that include \$111,336.09 uncommitted from FY23, \$295,314 of uncommitted FY24 and \$439,846 of uncommitted FY25 HOPWA funding.

WHEREAS Agency staff recommend committing the remaining funds, including the final award from the Department of Housing and Urban Development through the Agency, to the current grantee; and

WHEREAS Agency staff recommend the two-year extension for the grant period, to expire on February 29, 2028; and

WHEREAS Agency have determined that the grant term extension and additional commitment are in compliance with Agency's rules, regulations and policies and that the extension, re-assignment and additional commitment will assist in fulfilling the purpose of the AIDS Housing Opportunity Act: United States Code, Title 42, Chapter 131 and the Housing Opportunities for People With AIDS : Code of Federal Regulations, Title 24, Subtitle B, Chapter V, Subchapter C, Part 574; and

WHEREAS Agency staff recommend such an extension and commitment to ensure that existing households receiving Short-Term Rent Mortgage and Utilities assistance do not experience a gap in assistance.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to provide additional funding in the amount up to \$846,496.42 of federal HOPWA funds to Clare Housing for a grant term extension from March 1, 2026, through February 29, 2028; and

1. The grant contract agreement amendment shall occur no later than one hundred and twenty days (120) from the adoption date of this Resolution; and
2. The grantee and such other parties shall provide such information and execute all such documents relating to said grant contract agreement, as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of January, 2026

---

CHAIR

This page intentionally left blank.



## Item: Approval, Amendment to the Housing Infrastructure Program Guide

**Action Item:** 7.B

**Date:** 1/22/2026

**Staff Contacts:** Song Lee, 651.296-2291, song.lee.mhfa@state.mn.us  
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us

**Request Type:** Approval, Motion

### Request Summary

Staff recommends approval of amendments to the Housing Infrastructure (HI) Program Guide.

### Fiscal Impact

Generally, deferred financing from state appropriations do not earn interest for the Agency but do provide fee income for the Agency.

### Agency Priorities

<input checked="" type="checkbox"/> Improve the Housing System	<input type="checkbox"/> Make Homeownership More Accessible
<input checked="" type="checkbox"/> Preserve and Create Housing Opportunities	<input checked="" type="checkbox"/> Support People Needing Services
	<input checked="" type="checkbox"/> Strengthen Communities

### Attachments

- Background
- Housing Infrastructure Program Guide (redline)

## Background

In 2012, the Minnesota Legislature authorized Minnesota Housing to issue Housing Infrastructure Bonds (HIBs) in Minnesota Statute 462A.37. HIBs are limited obligation tax-exempt bonds, where the principal and interest are paid from appropriations from the General Fund of the state, and the proceeds are used to fund loans that finance the creation and preservation of low- to moderate-income housing projects of specific uses. In 2023, the HIB statute was amended to expand the eligible uses and utilize Housing Infrastructure Appropriations (HIA), which are direct state appropriations not associated with the issuance of bonds and the state and federal requirements associated with tax-exempt bonds.

Along with administrative updates and reorganizing sections of the HI Program Guide, changes to state and federal law make it necessary to modify and update provisions in the Housing Infrastructure (HI) Program Guide. Staff is also proposing to implement a new statutory tool to align the rent and income limit definitions with the federal Low-Income Housing Tax Credit (LIHTC) program.

### Rent and Income Limit Definition Alignment

The 2024 legislative session added the following tool to Minnesota Statute 462A.37, Subdivision 18:

*Rent and income limits. Notwithstanding any law to the contrary, to promote efficiency in program administration, underwriting, and compliance, the commissioner may adjust income or rent limits for any multifamily capital funding program authorized under state law to align with federal rent or income limits in sections 42 and 142 of the Internal Revenue Code of 1986, as amended. Adjustments made under this subdivision are exempt from the rulemaking requirements of chapter 14.*

Between state and federal multifamily funding programs, there are more than 20 different versions of rent and income limit definitions. Many of those versions use similar but slightly different versions of area median income (AMI) and state median income. Section 42 and Section 142 of the Internal Revenue Code of 1986 established the federal LIHTC program. The LIHTC program uses Multifamily Tax Subsidy Projects-based (MTSP) affordability definitions, which are derived from AMI. LIHTC is a common source of funding in Minnesota Housing's multifamily new construction and preservation projects and is often paired with deferred loan resources. When a project has more than one funding source, each funding source can add a layer of compliance complexity over the life of the project's affordability period.

Where practicable, this new statutory tool allows Minnesota Housing to align affordability definitions in state funded programs with MTSP. This simplifies compliance administration for the property owner, property manager, residents and Minnesota Housing. Staff are reviewing options for all state funded multifamily deferred loan programs to determine where affordability definitions can be aligned with MTSP while maintaining the legislative intent of the program. HI is the first program to undergo this review, and staff are proposing updates in Chapter 2.

## Proposed Program Guide Amendments

Below are highlights of the key changes to the HI Program Guide:

### Chapter 2: Eligible Uses and Eligibility Criteria

- Eligible Applicants
  - Modified eligible applicant “An Indian Tribe or Tribal housing corporation” to “A Federally recognized American Indian Tribe Located in Minnesota or its Tribally Designated Housing Entity.”
- Permanent Supportive Housing
  - Modified language to reflect Minnesota Statute 462A.37, Subdivision 2 (1), to reduce the unit requirement for Permanent Supportive Housing for High Priority Homeless (HPH) and Other Homeless projects from 100% to at least 50% of units are set aside for individuals and families without a permanent residence.
- Preservation
  - Modified language to require that projects with existing project-based rental assistance payment contract must agree to extend the existing low-income, affordability restrictions for the maximum term permitted and the term of the HI loan.
- Housing Related Space and Community Service Facilities
  - Modified language to provide clarity between housing related space and community service facilities as it relates to eligibility to finance the spaces with Tax-Exempt Volume Limited Bonds.
- Mixed Use Projects, Combined Eligible Uses and Level of Funding (Section 2.02 H, I and J)
  - Moved and made general updates to provide clarity for mixed use projects, combined eligible uses and level of funding.
- Income Requirements, Rent Requirements and Preferences
  - Modified and combined income and rent limit requirements into Section 2.03 to allow simplicity of the requirements to be located in one section.
  - Modified the rent and income requirements to align with MTSP limits in accordance with Minnesota Statute 462A, Subdivision 18. This change will help simplify administration, underwriting and long-term compliance. These updates do not change the affordability definitions on any existing project. As such, the HI Program Guide includes provisions for project selected for funding before and after calendar year 2024.
  - Clarified language for when projects have income limits at 50% MSTP or 30% MTSP, there is also a corresponding rent limit at the same level. The statute specifies the income limit but does not include the corresponding rent limit. Without the rent limit, it is possible that rents could rise above what a household income may be able to afford. This clarification is consistent with other Multifamily Division deferred loan programs and is effectively how the program has been operating.
- Design and Construction Review
  - Modified language to reflect Minnesota Statute 462A.37, Subdivision 2(9)(f), to exclude substantial rehabilitation projects and modified accessibility requirements

on new construction projects to include at least one roll-in shower, water closet and kitchen.

### **Chapter 3 - Loan Characteristics and Terms**

In July 2025, Congress passed H.R. 1, and the President signed it into law. One part of the law (Section 70422) makes it easier for projects to qualify for the 4% HTC. It lowers the requirement for tax-exempt bond financing from covering at least 50% of a project's eligible HTC costs to only 25%. The reduced bond threshold means that the same amount of tax-exempt bonds can help more projects qualify for the 4% HTC.

Federal law makes the new threshold available in 2026. Minnesota Housing's Qualified Allocation Plan has amended language in Chapter 7.A of the 2024-2025 HTC QAP and Chapter 7.A, Chapter 7.B and Appendix A of the 2026-2028 QAP to allow for the shift from the 50% test to the "Minimum Percent" test on 4% HTC projects to allow the 2025 (and any future) change in federal housing tax credit law.

Under the previous 50% test and under the new 25% test, incorporating a buffer is an identified best practice. Without a buffer, a project that has a bond allocation could fail the test and no longer qualify for the 4% HTC because of cost increases. The QAP language retains the buffer and does not institute a cap so that we can be responsive to project needs.

The QAP refers to the "Minimum Percent" test instead of specifically the 25% test or a 30% ceiling to allow for flexibility to both meet the test and, when necessary, to meet the project's permanent debt needs. The tax-exempt bonds are necessary to qualify for the 4% HTCs, but the bonds can also be the source of long-term permanent debt. The tax-exempt status of the bonds can provide a more favorable interest rate to the project. The shared goal is to use as few tax-exempt bonds as necessary to qualify the project for 4% HTCs while supporting the financial viability of the project.

The HI Program Guide has been modified to reflect federal legislative changes in the QAP to the required minimum percentage.

### **Appendix A – Terms**

- The terms have been updated to reflect the above noted HI Program Guide updates.

### **Appendix B - Legal Addendum**

- An updated legal addendum has been updated.

### **Effective dates/Applicability**

The HI Program Guide will be applicable to all selected projects in 2024 and after, unless indicated in the HI Program Guide based on the timing of when the state and federal legislative changes went into effect. The HI Program Guide provides information on the applicability of when the changes are effective for selected projects.



## Housing Infrastructure Guide

Program Guide

~~Applicable for the 2023 and 2024 Multifamily Consolidated Request for Proposals and  
2024 and 2025 Housing Tax Credits Funding Rounds~~

Last Updated: November 2023/January 2026



*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

*An equal opportunity employer.*

*This information will be made available in alternative format upon request.*

## Contents

<u>Values Statement</u> .....	1
<u>Chapter 1 – Purpose and Background</u> .....	2
<u>1.01 Program Purpose and Authorizing Statute</u> .....	2
<u>1.02 Definitions</u> .....	2
<u>1.03 Legal Addendum</u> .....	2
<u>Chapter 2 – Eligible Uses and Eligibility Criteria</u> .....	3
<u>2.01 Eligible Applicants</u> .....	3
<u>2.02 Eligible Uses, Requirements and Level of Funding</u> .....	3
<u>2.03 Income Requirements, Rent Requirements and Preferences</u> .....	96
<u>2.04 Design and Construction Review</u> .....	1310
<u>2.05 Tenant Selection Plan</u> .....	1410
<u>Chapter 3 – Loan Characteristics and Terms</u> .....	1511
<u>3.01 Fees</u> .....	1511
<u>3.02 Mortgage Interest Rate and Term</u> .....	1511
<u>3.03 Cash Flow Note</u> .....	1511
<u>3.04 HIB Loan Types</u> .....	1511
<u>3.05 HIA Loan Types</u> .....	1612
<u>3.06 Bond Tests Analysis for HIB Loans</u> .....	1712
<u>3.07 Underwriting and Post-Selection HIB Process</u> .....	2015
<u>3.08 Post Closing HIB Process</u> .....	2117
<u>3.09 Transfers of Ownership and Prepayment</u> .....	2218
<u>3.10 Return on Equity</u> .....	2319
<u>3.11 Management and Operation</u> .....	2319
<u>3.12 Monitoring and Reporting Requirements</u> .....	2420

<u>Appendix A – Terms .....</u>	<u>2821</u>
<u>Appendix B – Legal Addendum .....</u>	<u>3825</u>
1.01    Conflict and Control .....	3825
1.02    Fraud .....	3925
1.03    Misuse of Funds .....	3925
1.04    Conflict of Interest .....	3925
1.05    Assistance to Employees and Affiliated Parties.....	4127
1.06    Suspension .....	4128
1.07    Disclosure and Reporting .....	4128
1.08    Electronic Signatures .....	4228
1.09    Fair Housing Policy .....	4228
1.10    Minnesota Government Data Practices.....	4330
1.11    Prevailing Wage .....	4430
<u>Appendix C – Sample Organizational Charts .....</u>	<u>4532</u>
<u>12222333</u>	

<u>Values Statement .....</u>	<u>1</u>
<u>Chapter 1 – Purpose and Background .....</u>	<u>2</u>

<u>1.01</u> Program Purpose and Authorizing Statute .....	<u>2</u>
<u>1.02</u> Definitions .....	<u>2</u>
<u>1.03</u> Legal Addendum .....	<u>2</u>
<u>Chapter 2</u> Eligible Uses and Eligibility Criteria .....	<u>3</u>
<u>2.01</u> Eligible Applicants .....	<u>3</u>
<u>2.02</u> Eligible Uses, Requirements, and Level of Funding .....	<u>3</u>
<u>2.03</u> Design and Construction Review .....	<u>6</u>
<u>2.04</u> Income Requirements and Preferences .....	<u>7</u>
<u>2.05</u> Rent Limitations and Preferences .....	<u>8</u>
<u>2.06</u> Tenant Selection Plan .....	<u>8</u>
<u>Chapter 3</u> Loan Characteristics and Terms .....	<u>9</u>
<u>3.01</u> Fees .....	<u>9</u>
<u>3.02</u> Mortgage Interest Rate and Term .....	<u>9</u>
<u>3.03</u> Cash Flow Note .....	<u>9</u>
<u>3.04</u> HIB Loan Types .....	<u>9</u>
<u>3.05</u> HIA Loan Types .....	<u>10</u>
<u>3.06</u> Bond Tests Analysis for HIB Loans .....	<u>10</u>
<u>3.07</u> Underwriting and Post Selection HIB Process .....	<u>13</u>
<u>3.08</u> Post Closing HIB Process .....	<u>15</u>
<u>3.09</u> Transfers of Ownership and Prepayment .....	<u>16</u>
<u>3.10</u> Return on Equity .....	<u>17</u>
<u>3.11</u> Management and Operation .....	<u>17</u>
<u>3.12</u> Monitoring and Reporting Requirements .....	<u>18</u>
<u>Appendix A</u> Sample Organizational Charts .....	<u>20</u>
<u>Appendix B</u> Terms .....	<u>22</u>

<u>Appendix C – Legal Addendum</u> .....	<u>32</u>
<u>1.01 Conflict and Control</u> .....	<u>38</u>
<u>1.02 Fraud</u> .....	<u>39</u>
<u>1.03 Misuse of Funds</u> .....	<u>39</u>
<u>1.04 Conflict of Interest</u> .....	<u>39</u>
<u>1.05 Assistance to Employees and Affiliated Parties</u> .....	<u>41</u>
<u>1.06 Suspension</u> .....	<u>41</u>
<u>1.07 Disclosure and Reporting</u> .....	<u>41</u>
<u>1.08 Electronic Signatures</u> .....	<u>42</u>
<u>1.09 Fair Housing Policy</u> .....	<u>42</u>
<u>1.10 Minnesota Government Data Practices</u> .....	<u>43</u>
<u>1.11 Prevailing Wage</u> .....	<u>44</u>

## **Values Statement**

All Minnesotans live and thrive in a stable, safe, and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect, and strengthen communities, and
- Be inclusive, equitable, just, and antiracist in our actions.

## Chapter 1 – Purpose and Background

### 1.01 Program Purpose and Authorizing Statute

The Housing Infrastructure Bond (HIB) Program was established in 2012 by Minnesota Statutes, Section 462A.37 ~~in 2012~~. HIBs are special, limited obligation, Tax-Exempt Bonds issued by Minnesota Housing, the principal and interest on which are paid solely from appropriations from the ~~General Fund of the~~ State of Minnesota.

In 2023, Minn.~~esota~~ Stat.~~ute~~ 462A.37 was amended to expand the eligible uses and to utilize Housing Infrastructure Appropriations (HIAs), which are direct state appropriations not associated with the issuance of ~~B~~bonds and the state and federal requirements associated with ~~T~~ax-~~E~~xempt ~~b~~Bonds.

Except where otherwise noted, HIBs and HIAs (collectively, Housing Infrastructure Funding) have the same requirements and procedures.

Section 462A.37 also authorizes single-family housing projects, the acquisition and improvement of manufactured home parks, the acquisition of certain real estate, and cooperatively owned housing projects. This Program Guide focuses only on the multifamily rental related uses of Housing Infrastructure funding~~Funding~~. For information on single family home ownership related uses, please contact [impact.fund.mhfa@state.mn.us](mailto:impact.fund.mhfa@state.mn.us). For ~~i~~nformation on manufactured housing related uses, please contact [mnhousing.manufacturedhomes@state.mn.us](mailto:mnhousing.manufacturedhomes@state.mn.us).

### 1.02 Definitions

Appendix A - Terms, which is attached and incorporated into this Program Guide, includes definitions of capitalized terms used in this Program Guide.

### 1.03 Legal Addendum

Any recipient of an award pursuant to ~~the Housing Infrastructure~~this Program Guide agrees to comply with the additional requirements and obligations as described in Appendix EB - Legal Addendum, which is attached and incorporated into this Program Guide.

## Chapter 2 – Eligible Uses and Eligibility Criteria

### 2.01 Eligible Applicants

Eligible applicants for Housing Infrastructure Funding resources are:

- A nonprofit, tax-exempt organization as defined under ~~s~~Section 501(c)(3) of the Internal Revenue Code (IRC)
- ~~A governmental entity (excluding the federal government)~~
- A Federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity
- ~~An Indian Tribe or Tribal housing corporation~~
- A for-profit entity

### 2.02 Eligible Uses, Requirements and Level of Funding

#### A. Permanent Supportive Housing – Homeless

Housing Infrastructure Funding resources may be used to finance the costs of acquisition, construction, adaptive reuse, and/or rehabilitation of permanent supportive housing where at least 50% of units are set aside for individuals and families who are without a permanent residence, have multiple barriers to obtaining and maintaining housing, and benefit from the availability of supportive housing services. To be eligible for consideration for funding, projects must meet the following criteria:

- Units in a project must provide permanent supportive housing for individuals and families who are homeless. Eligible homeless populations include:
  - HPH Households ~~high Priority Homeless (HPH)~~
  - Other Homeless Households

If an applicant is intending to finance the development project with Housing Tax Credits (HTCs), the market study submitted with the application must incorporate additional requirements for projects involving special needs populations, housing for homeless households, and supportive housing as required in Minnesota Housing's Housing Tax Credit HTC Market Study Guidelines.

#### B. Senior Housing

Housing Infrastructure Funding resources may be used to finance the costs of the acquisition, rehabilitation, adaptive reuse, or new construction of Senior Housing. To be eligible for consideration for funding, projects must meet the following criteria:

- Senior is defined as a person 55 years of age or older.

- For income and/or rent requirements for Senior Housing projects including preferences, see Section 2.03.
- ~~Units in the project must be leased to a Senior Household with one or more Senior members with an annual combined income that does not exceed 50% of the:~~
  - ~~Metropolitan Area median income for properties within the Metropolitan Area, or~~
  - ~~Statewide median income for properties outside the Metropolitan Area.~~
- ~~There is a preference for projects that serve households with a gross annual income that does not exceed 30% of the metropolitan area median income, not adjusted for household size. Minnesota Housing will prioritize proposals that achieve this preference and demonstrate financial feasibility.~~
- 100% of the units must be intended for and initially occupied by Senior Households with and at least 80% of those units ~~must be~~ occupied by Senior Households for the term of the specified loan.
- The project must have written policies and procedures specifying that demonstrate an intent to provide Senior Housing for Seniors.
- Senior housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.
- The project must leverage other sources of funding to finance the project, including the use of low-income HTC.
- The project must provide access to services to residents and demonstrate the ability to increase physical supports and support services as residents age and experience increasing levels of disability.
- ~~If intending to finance the development with HTCs, the market study submitted with the application must include the materials required in the Senior Addendum to Market Study Guidelines.~~

## C. Preservation

Housing Infrastructure Funding resources may be used to finance the costs of the acquisition and rehabilitation or for the Replacement of federally assisted rental housing and to refinance costs of construction, acquisition, and rehabilitation thereof, including providing funds to refund, in whole or in part, outstanding Bonds previously issued by Minnesota Housing or another government unit to finance or refinance those costs.

- To be eligible for consideration for funding, projects must be eligible for the preservation selection criteria by preserving existing federally assisted (Tier 1) or other existing federal assistance (Tier 2) of the Self-Scoring Worksheet ~~critical affordable units~~. For more information, refer to the Self-Scoring Worksheet.

To be eligible as a Replacement of federally assisted rental housing, the project must demonstrate, to Minnesota Housing's sole satisfaction, that the demolition is warranted, and that rehabilitation is not a viable option for serving the intended population. This includes sufficient documentation that the Replacement is more cost effective than preservation and/or the existing structure is functionally obsolete and would cost more to update than to replace. Any change to the number of units or unit sizes must be approved by Minnesota Housing, at its sole discretion.

#### **Effective for selected projects in 2025 and after:**

Projects with an existing project-based rental assistance payment contract must agree to extend the existing low-income, affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted. For more information, refer to the Self-Scoring Worksheet.

#### **D. General Occupancy Properties**

Housing Infrastructure Funding resources may be used to finance the costs of construction, acquisition, adaptive reuse, and rehabilitation of permanent housing with rents affordable to households with incomes at or below 50% of the area median income (AMI) for the applicable county or Metropolitan Area as published by the United States Department of Housing and Urban Development (HUD), as adjusted for household size. For projects selected for funding in 2024 and after, rents may be restricted to the applicable Multifamily Tax Subsidy Projects (MTSP) rent limit as found in Section 2.03 in Table 2. For more information on rent and income requirements, see Section 2.03.

#### **D.E. Foreclosed Properties**

Housing Infrastructure Funding resources may be used to finance the costs of the acquisition and rehabilitation of a Foreclosed Property or an Abandoned housingProperty Properties to be used for affordable rental housing, or to finance the new construction of rental housing on A abandoned Property or Foreclosed Propertyies where the existing structures will be demolished or removed.

To be eligible for consideration for funding, projects must meet at least one of the strategic priorities as defined in the Self-Scoring Worksheet.

#### **E. Rent Restricted General Occupancy Properties**

Housing Infrastructure resources may be used to finance the costs of construction, acquisition, and rehabilitation of permanent housing with rents affordable to households with incomes at or below 50% of the area median income for the applicable county or metropolitan area as published by the United States Department of Housing and Urban Development (HUD), as adjusted for household size.

## **F. Projects**

~~A project may be either a multifamily housing residence or a portion of a mixed-use multifamily residence that has a property legal description and ownership structure distinct from any other portion of the residence.~~

~~The amount of Housing Infrastructure resources will be based upon the number of units that meet an eligible use. A project may include units that meet multiple eligible uses. For example, a 50-unit project may include 25 units set aside for permanent supportive housing (homeless) and 25 units set aside for households with incomes at or below 50% area median income.~~

~~Senior Housing projects are not able to mix with other eligible uses and all units must meet the Senior Housing eligible use.~~

## **F. Housing--Related Space and Community Service Facilities**

### **Housing-related space**

~~Projects funded with Housing Infrastructure Funding resources may include housing-related space exclusively used by residents of the building such as community, administrative, or program space. Per the Multifamily Underwriting Standards, a community service facility is defined as a facility that is part of the qualified low-income housing project designed to serve primarily individuals, including tenants and non-tenants, whose income is 60% or less of area median income.~~

~~Generally, community service facilities are not eligible for financing with Housing Infrastructure resources. Minnesota Housing will analyze the following factors when determining the amount of housing-related space in a housing project that is eligible to be funded:~~

- ~~• Whether the space will be used exclusively by tenants~~
- ~~• The extent to which the proposed use of the space fits with the service needs of the tenants and does not expose the tenants to security risks or the project to financial risk~~
- ~~• The ease with which the space is convertible to residential space~~
- ~~• The financial and operational capacity of the applicant or any partner organization to operate and manage the space~~
- ~~• Whether similar services or facilities that are appropriate for the tenants are located nearby~~
- ~~• The availability of other funding for the construction and/or rehabilitation of space, as well as the maintenance and operation of that space~~

### **Community service facilities**

~~Generally, community service facilities are not eligible for financing with Housing Infrastructure Funding resources. Per the Multifamily Underwriting Standards, a community service facility is defined as a facility that is part of the qualified low-income housing project development designed to serve~~

primarily individuals, including tenants and non-tenants, whose income is 60% or less of area median income AMI. For projects selected for funding in 2024 and after, the applicable MTSP income limits may be used.

Projects that will include a community service facility component are strongly encouraged to visit the Multifamily Consolidated RFP/HTC Funding Rounds webpage to request technical assistance from Minnesota Housing's Multifamily Division staff well in advance of application submission.

## **G. Ineligible Projects**

Temporary uses such as shelters, transitional housing, or residential hotels *are not* eligible for funding with Housing Infrastructure Funding resources.

For Senior Housing, housing must be of an independent living model. Assisted living facilities *are not* eligible for funding with Housing Infrastructure Funding resources.

## **H. Level of Funding**

~~In determining the amount of Housing Infrastructure resources, Minnesota Housing reviews cost reasonableness on a per unit and total project cost basis. Minnesota Housing also analyzes the developmental and operational costs to determine that the amount of funds provided to the project is not more than is necessary to make it financially feasible.~~

## **I. Housing Related Space and Community Service Facilities**

~~Projects funded with Housing Infrastructure resources may include housing related space such as community, administrative, or program space. Per the Multifamily Underwriting Standards, a community service facility is defined as a facility that is part of the qualified low income housing project designed to serve primarily individuals, including tenants and non-tenants, whose income is 60% or less of area median income.~~

~~Generally, community service facilities are not eligible for financing with Housing Infrastructure resources. Minnesota Housing will analyze the following factors when determining the amount of housing related space in a housing project that is eligible to be funded:~~

- ~~• Whether the space will be used exclusively by tenants~~
- ~~• The extent to which the proposed use of the space fits with the service needs of the tenants and does not expose the tenants to security risks or the project to financial risk~~
- ~~• The ease with which the space is convertible to residential space~~
- ~~• The financial and operational capacity of the applicant or any partner organization to operate and manage the space~~
- ~~• Whether similar services or facilities that are appropriate for the tenants are located nearby~~

- The availability of other funding for the construction and/or rehabilitation of space, as well as the maintenance and operation of that space

Projects that will include a community service facility component are strongly encouraged to request technical assistance from Minnesota Housing's multifamily staff well in advance of application submission.

## **2.03 Design and Construction Review**

Projects financed with Housing Infrastructure resources must meet Minnesota Housing's Rental Housing Design and Construction Standards and are subject to plan reviews by staff architects per Minnesota Housing's Architect's Guide.

Housing Infrastructure projects that are new construction or substantial rehabilitation with more than four units per building must meet the following statutory design requirements. Additional information can be found in the Rental Housing Design and Construction Standards.

- At least 5% of the total units, with a minimum of one unit, must be accessible units, as defined by Section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include at least one roll in shower;
- At least 5% of the total units, with a minimum of one unit, must be sensory accessible units that include:
  - Soundproofing between shared walls for first and second floor units;
  - No fluorescent lighting in units and common areas;
  - Low fume paint;
  - Low chemical carpet; and
  - Low chemical carpet glue in units and common areas.
- Senior Design Requirements. Minnesota Housing's Rental Housing Design and Construction Standards includes Senior design requirements and recommended (not required) best practice Senior design features.

## **H. Mixed Use Projects**

A project may qualify as a multifamily housing residence or a portion of a mixed-use multifamily residence that has a property legal description and ownership structure distinct from any other portion of the mixed-use facility/residence. Specific review by Minnesota Housing is necessary to ensure that Housing Infrastructure Funding is allocated to eligible uses under Section 462A.37.

## **I. Combined Eligible Uses**

Projects are encouraged to select one Housing Infrastructure Funding eligible use. However, subject to approval by Minnesota Housing, a project may include units that meet more than one Housing Infrastructure Funding eligible use. For projects proposing to combine different eligible Housing Infrastructure Funding uses into a single project, Minnesota Housing will consider such factors as project feasibility and market demand.

Senior Housing projects cannot be combined with other eligible uses and all units must meet the Senior Housing eligible use.

## **J. Level of Funding**

The amount of Housing Infrastructure Funding will be based on the number of units that meet an eligible use. In determining the amount of Housing Infrastructure Funding, Minnesota Housing reviews cost reasonableness on a per-unit and total project cost basis. Minnesota Housing also analyzes the developmental and operational costs to determine that the amount of funds provided to the project is not more than is necessary to make it financially feasible.

## **2.042.03 Income Requirements, Rent Requirements and Preferences**

The following sections do not supersede or replace any rent or income requirements in a project's loan documents.

For income and rent requirements that are applicable to projects selected prior to 2024 and for projects selected in 2024 and after, see section 2.03.AB and 2.03.BC below.

### **A. Income Limits**

All units in a project financed with Housing Infrastructure Funding resources must be occupied by households whose income at the time of initial occupancy does not exceed 80% of the greater of the statewide median or area median income (AMI) for projects selected for funding prior to 2024 (see Table 1), not adjusted for household size. For projects selected for funding in 2024 and after, see Table 2 for the MTSP income limits, not adjusted for household size. Lower income limits may be required for all or some of the units based on Minnesota Housing's funding priorities, state law applicable to a financing with the proceeds of Housing Infrastructure Funding resources, or federal tax law.

Additional income restrictions that are applicable to the eligible uses can be found in section 2.03.A and 2.03.B.

~~For acquisition and rehabilitation projects, the owner must contact each household prior to mortgage commitment and have them certify their gross annual household income on an Initial Occupancy Statement by Tenant Form (other, more detailed income certification forms may be acceptable as long as information on the more detailed form(s) matches the information requested on the Initial Occupancy Statement by Tenant Form). As assisted units become vacant, they must continue to be leased to income qualifying households. New households must similarly certify their gross annual household income prior to occupancy.~~

~~NOTE: If there are other funding sources for the project, there may be additional income requirements.~~

#### **A. Minimum Term**

~~The income restrictions for the assisted units are in effect for a minimum of the term of the loan or the declaration.~~

#### **C. Senior Household Income Limits**

~~For projects to qualify units under the Senior Housing eligible use of Housing Infrastructure resources, the household must have an annual combined income not greater than 50% of metropolitan Area median income for properties within the Metropolitan Area, or 50% of statewide area median income for properties outside the Metropolitan Area.~~

#### **D. Preference**

~~Statute gives preference to Senior Housing projects that serve households with a gross annual income that does not exceed 30% of the metropolitan area median, not adjusted for household size. Minnesota will prioritize proposals that achieve this preference and demonstrate financial feasibility.~~

~~Applicable household and individual income limits can be found on Minnesota Housing's Multifamily Rent and Income Limits webpage.~~

### **2.05 Rent Limitations and Preferences**

#### **A. Maximum Gross Rents**

~~Limitations on the amount of rent that may be charged for each unit will remain in place for a minimum of the term specified in the property of the loan or declaration. Rents for units assisted with Housing Infrastructure Funding resources may not exceed the rent limits found in Table 1 and Table 2. Affordable to Local Workforce rent limits published by Minnesota Housing. Lower rent limits may be required for all or some of the units based on Minnesota Housing's funding priorities. If any of the assisted units are occupied by a household that is benefited the subject of by project-based or tenant-~~

based rental assistance such as Section 8 or a similar state, or local government rental assistance program ~~or private organization~~, or a ~~H~~ousing ~~S~~upport ~~A~~greement, such units are deemed to satisfy the rent restrictions. Rents are gross rents that include an allowance for tenant paid utilities. An acceptable utility allowance is determined by the Section 8 public housing authority (~~PHA~~) utility allowance for vouchers and must be updated annually.

**Senior Rent limits:** For projects selected for funding in 2025 and after with units that qualify under the Senior Housing eligible use of Housing Infrastructure Funding, units that are restricted to 30% or 50% MTSP income limits and are occupied by households without rental assistance must also restrict rents to the 30% or 50% MTSP rent limit accordingly.

Additional rent restrictions that are applicable to the eligible uses can be found in section 2.03.A and 2.03.B.

## **A. Projects Selected for Funding Prior to 2024**

**Table 1: Summary Rent and Income Requirements by Eligible Uses**

The table below provides a summary of the income and rent requirements. These requirements are effective for projects selected for funding prior to 2024.

<b><u>Eligible uses</u></b>	<b><u>Income limits</u></b>	<b><u>Rent limits</u></b>
<b><u>Permanent Supportive Housing – Homeless</u></b>	<u>Does not exceed 80% of the greater of statewide median or area median income, not adjusted for household sizearea.</u>	<u>Affordable to Local Workforce</u> <u>Preference: 30% AMI</u>
<b><u>Senior Housing</u></b>	<u>Metro: 50% metropolitan AMI, not adjusted for household size, for projects within the Metropolitan Area.</u> <u>Statewide: 50% statewide median income, not adjusted for household size, for projects outside the Metropolitan Area.</u> <u>Preference: 30% metropolitan AMI, not adjusted for household size</u>	<u>Affordable to Local Workforce</u> <u>Preference: 30% AMI</u>
<b><u>Preservation</u></b>	<u>Does not exceed 80% of the greater of statewide median or area median income, not adjusted for household size.</u>	<u>Affordable to Local Workforce</u> <u>Preference: 30% AMI</u>

<u><b>General Occupancy Properties</b></u>	<u>Does not exceed 80% of the greater of statewide median or area median income, not adjusted for household size.</u>	<u>Rents must be affordable to households with incomes at or below 50% AMI for the applicable county or metropolitan area as published by HUD, as adjusted for household size.</u>  <u>Preference: 30% AMI</u>
--	---	--

**Preference:** Statute gives preference to projects that will provide housing with rents or income at or below certain rent and income levels. Minnesota Housing will prioritize proposals that achieve this preference and demonstrate financial feasibility.

If there are other funding sources for the project, there may be additional rent limitations.

Projects will need to reference the requirements in the loan documents, which may be different and are controlling unless otherwise approved by Minnesota Housing.

## **B. Projects Selected for Funding in 2024 and After**

To promote efficiency in program administration, underwriting and compliance, the income and rent limits established in Minnesota Statute 462A.37 for the multifamily rental uses listed below are hereby modified to align with Section 42. The modification is authorized pursuant to Minnesota Statutes, Section 462A.07, Subdivision 18. These modifications do not alter or supersede any income or rent restrictions established in existing loan documents.

### **Table 2: Summary Rent and Income Requirements by Eligible Uses**

The table below provides a summary of the income and rent requirements. These income and rent requirements may be effective for projects selected for funding in 2024 and after.

<u><b>Eligible uses</b></u>	<u><b>Income limits</b></u>	<u><b>Rent limits</b></u>
<u><b>Permanent Supportive Housing – Homeless</b></u>	<u>80% MTSP</u>	<u>80% MTSP</u>  <u>Preference: 30% MTSP</u>
<u><b>Senior Housing</b></u>	<u>Metro: 50% MTSP (annual combined household income)</u>  <u>Greater Minnesota: 80% MTSP (annual combined household income)</u>  <u>Preference: 30% MTSP (annual combined household income)</u>	<u>Rent limits are applicable for projects selected for funding in 2025 and after.</u>  <u>Metro: 50% MTSP</u>  <u>Greater Minnesota: 80% MTSP</u>  <u>Preference: 30% MTSP</u>

<u>Preservation</u>	<u>80% MTSP</u>	<u>80% MTSP</u> <u>Preference: 30% MTSP</u>
<u>General Occupancy Properties</u>	<u>80% MTSP</u>	<u>Rents must be affordable to households with incomes at or below 50% MTSP rents</u> <u>Preference: 30% MTSP</u>

### Preference:

Statute gives preference to projects that will provide housing with rents affordable at or below 30% of the area median incomethe MTSP rent limits in Table 2. Minnesota Housing will prioritize proposals that achieve this preference and demonstrate financial feasibility.

If there are other funding sources for the project, there may be additional rent limitations.

### C. Acquisition and Rehabilitation Projects – Household Income

For acquisition and rehabilitation projects, the owner must contact each household prior to loan commitment and have them certify their gross annual household income on an Initial Occupancy Statement by Tenant Form (other, more detailed income certification forms may be acceptable as long as information on the more detailed form(s) matches the information requested on the Initial Occupancy Statement by Tenant Form). As assisted units become vacant, they must continue to be leased to income-qualifying households. New households must similarly certify their gross annual household income prior to occupancy.

### B.D. Minimum Term

The income and rent restrictions for the assisted units are in effect for a minimum of the term of loan or the property declaration.

### 2.04 Design and Construction Review

Projects financed with Housing Infrastructure Funding resources must meet Minnesota Housing's Rental Housing Design and Construction Standards and are subject to plan reviews by staff architects per Minnesota Housing's Architect's Guide.

Minnesota Housing's Rental Housing Design and Construction Standards include Senior design requirements and recommended (not required) best practice Senior design features.

In accordance with Minnesota Statutes, Section 462A.37, ~~S~~ubdivision 2(f), Housing Infrastructure projects that are new construction or adaptive reuse with four or more units per building must also meet each of the following requirements:

- At least 5% of the total units, with a minimum of one unit, must be accessible units, and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and
- At least 5% of the total units, with a minimum of one unit, must be sensory-accessible units that include:
  - Soundproofing between shared walls for first and second floor units;
  - No fluorescent lighting in units and common areas;
  - Low-fume paint;
  - Low-chemical carpet; and
  - Low-chemical carpet glue in units and common areas.

#### **C.A. Preference**

~~Statute gives preference to projects that will provide housing with rents affordable at or below 30% of the area median income. Minnesota will prioritize proposals that achieve this preference and demonstrate financial feasibility.~~

~~If there are other funding sources for the project, there may be additional rent limitations.~~

#### **2.062.05 Tenant Selection Plan**

Minnesota Housing requires all properties financed with applicable Minnesota Housing program and funding sources to have a Tenant Selection Plan ~~(TSP)~~. A list of program and funding sources, as well as ~~TSP~~ Tenant Selection Plan best practices and performance requirements, can be found on Minnesota Housing's Tenant Selection Plan Guidelines webpage.

## Chapter 3 – Loan Characteristics and Terms

Minnesota Housing primarily selects projects for a loan to be made with the proceeds of ~~HIBs-Housing Infrastructure Funding, when, as and if issued by Minnesota Housing, or HIA funds~~, during Minnesota Housing's annual Multifamily Consolidated RFP/HTC Funding Round process. Minnesota Housing's underwriting parameters for all projects include an analysis of financial feasibility and development costs, and a review of sponsor capacity (financial and organizational), management, marketability, and architectural requirements. Refer to Minnesota Housing's [Multifamily Underwriting Standards for more information](#).

### 3.01 Fees

Please review the [Multifamily Loan Programs and Housing Tax Credit Program Fee Schedule](#) for all applicable fees associated with Housing Infrastructure ~~Funding resources~~.

### 3.02 Mortgage Interest Rate and Term

Loans are made as a 0% deferred payment loan unless a higher interest rate is necessary to allow Housing Infrastructure ~~Funding resources~~ to be used with other funding sources. Principal and interest, if any, may be due and payable at the end of the loan term, which is typically 30 years.

### 3.03 Cash Flow Note

Minnesota Housing may, at its sole discretion, require a cash flow note. More information regarding the cash flow note requirement can be found in the [Multifamily Underwriting Standards](#).

### 3.04 HIB Loan Types

This section only applies to ~~Housing Infrastructure Bond~~<sup>HIB</sup> proceeds.

#### A. Tax-Exempt Volume Limited Bond Funded

~~These~~ <sup>H</sup>loans are structured as deferred payment loans, repayable at maturity. HIBs issued by Minnesota Housing to fund these loans require an allocation of a portion of the state ~~of Minnesota~~'s volume cap on Tax-Exempt Volume Limited Bonds. Loans funded with the proceeds of ~~this type of~~ HIBs may help to qualify a project for 4% HTC~~s~~ if the proceeds of HIBs, together with the proceeds of any other Tax-Exempt Volume Limited Bonds issued to finance that project, will fund at least the Required ~~Bond Minimum~~ Percentage of the aggregate basis of the project plus land. The project must meet the Bond Tests Analysis discussed in section 3.06 and the requirements of the applicable [Qualified Allocation Plan \(QAP\)](#). The borrower must be a for-profit entity.

Minnesota Housing, at its sole discretion, may make a short-term, Tax-Exempt Volume Limited Bond\$-funded bridge loan in the event that the principal amount of the HIB loan, including any portion required to be repaid after construction at placed in service or stabilization, is not sufficient to meet the Required Bond Percentage test.

The bridge loan will have a term of approximately 18 months and will generally mature one month prior to maturity of the Tax-Exempt Volume Limited Bonds ~~that fund the bridge loan~~. The loan may be prepaid ~~in whole~~ at the option of the borrower, but not earlier than one month prior to the first date that the Bonds can be redeemed at the option of Minnesota Housing (not less than 12 months after issuance); prepayment should be discussed with Minnesota Housing if this option is desired. The loan term may be longer based on the project's construction schedule and schedule of equity installments.

## B. Governmental Bond Funded

These Hloans are structured as deferred payment loans, and will be either forgivable at maturity, if the borrower is not a governmental entity, or forgivable or repayable at maturity if the borrower is a governmental entity, as determined by Minnesota Housing. HIBs issued by Minnesota Housing to fund these loans do not require an allocation of a portion of the state of Minnesota's volume cap on Tax-Exempt Volume Limited Bonds. These loans will not qualify a project for 4% HTCs. The borrower may be any type of a governmental or 501(c)(3) entity.

## C. 501(c)(3) Bond Funded

These Hloans are structured as deferred payment loans and are repayable at maturity; these loans may also be classified as governmental bond funded. HIBs issued by Minnesota Housing to fund these loans do not require an allocation of a portion of the state of Minnesota's volume cap on Tax-Exempt Volume Limited Bonds. These loans do not qualify a development project for 4% HTCs. The borrower must be a 501(c)(3) nonprofit organization.

### 3.05 HIA Loan Types

This section only applies to HIAs.

Loans are structured as deferred payment loans, either repayable or forgivable at maturity, as determined by Minnesota Housing. By themselves, these loans do not qualify a development project for 4% HTCs but can be used for eligible projects to fill funding gaps.

~~Projects that receive an allocation of Tax-Exempt Volume Limited Bonds issued to finance that project may qualify for 4% HTCs if the amount is at least the Required Bond Percentage of the aggregate basis of the project plus land. The project must meet the Bond Tests Analysis discussed in section 3.06 and the requirements of the applicable QAP.~~

## 3.06 Bond Tests Analysis for HIB Loans

This section only applies to ~~Housing Infrastructure Bond~~<sup>HIB</sup> proceeds.

Projects that receive an allocation of Tax-Exempt Volume Limited Bonds issued to finance that project may qualify for 4% HTCs if the amount is at least the Required ~~Bond~~<sup>Minimum</sup> Percentage of the aggregate basis of the project building and the ~~plus~~ land it is located on. The project must meet the Bond Tests Analysis discussed in section 3.06 and the requirements of the applicable QAP.

During Minnesota Housing's annual Multifamily Consolidated RFP/HTC Funding Round, applicants are required to submit a completed Bond Tests Analysis spreadsheet. This tool assists applicants in determining if the proposed project meets specific Bond tests.

### A. Required ~~Minimum Bond~~ Percentage Test

One of the major requirements for a project to preliminarily qualify for 4% HTCs is the use of the proceeds of Tax-Exempt Volume Limited Bonds to ~~finance pay for~~ at least the Required ~~Bond~~<sup>Minimum</sup> Percentage of the total aggregate basis of the ~~project building and plus~~ land set forth in Section 42 through the placed-in-service date. To initially estimate the Bond amount required, use the following equation:

Tax-Exempt Volume Limited Bonds required for Required ~~Bond~~<sup>Minimum</sup> Percentage test = Required ~~Bond~~<sup>Minimum</sup> Percentage  $\times^*$  (total aggregate basis + land acquisition cost)

This is a rough estimate that may be used during initial selection. The borrower should consult with their accountant to verify that the project will meet the Required ~~Bond~~<sup>Minimum</sup> Percentage test as set forth in required by Section 42.

### B. Good Costs ~~and~~ Bad Costs

Certain eligible development costs, also known as good costs, may be allocated to the proceeds of Tax-Exempt Volume Limited Bonds, while other ineligible (bad) costs may not. There must be sufficient good costs to support the final loan amount. Generally, good costs consist of capital expenditures of the project, such as land acquisition, construction, or rehabilitation. Good costs are usually financed from Tax-Exempt Bonds and are documented in the Bond issue's closing documents. Bad costs are typically related to the issuance of Tax-Exempt Bonds but are not capital expenditures. For example, consultant fees (e.g. financial advisor, bond trustee, legal), underwriter fees, printing costs, and overhead expenses are bad costs.

Good costs and bad costs are listed on the Bond Tests Analysis spreadsheet under the Bond Costs from Workbook tab. Some bad costs will not automatically categorize and will need to be adjusted manually. For example, developer fees, general contractor overhead and profits (such as amounts not payable by the general contractor to a third party), or architect's fees are considered bad costs when there is an

identity of interest between the borrower and one of these parties, since payments to related parties (as defined by federal tax law) are not eligible to be financed with the proceeds of Tax-Exempt Volume Limited Bonds.

**NOTE:** For a project to qualify for an HIB loan, there must be sufficient other (non-Bond funded) sources to allocate to bad costs.

**NOTE:** Special attention should be paid to the good cost/bad cost analysis for projects that are governmental ~~b~~Bonds or 501(c)(3) ~~B~~bonds funded as described in section 3.04. Under these loan structures, the HIB loan may be a substantial portion of the total project sources. Thus, it is important to analyze if there are other (non-Bond funded) sources to allocate to bad costs. Further, these structures do not include participation of a tax credit investor as part of the ownership entity and increase the likelihood of an identity of interest between the borrower and the developer.

The Bond Tests Analysis, Bond Costs from Workbook tab of the Bond Tests Analysis spreadsheet calculates the anticipated amount of good costs ~~and, if~~ For Tax-Exempt Volume Limited Bond funded loans, the amount of Tax-Exempt Volume Limited Bonds needed to meet the Required Bond Percentage test (the total aggregate basis + land amount), plus a ~~3%~~ buffer determined by Minnesota Housing, which is generally 3% for projects with a Bond issuance effective in 2025 or prior, or 5% for projects with a Bond issuance after December 31, 2025. Minnesota Housing retains discretion to adjust the buffer percentage. If the former is not at least equal to the latter, there are not enough good costs to support the amount of Bonds needed to meet the Required Bond Percentage test.

If a project contains commercial or non-residential space, costs related to those portions of the development project are considered bad costs.

If at any time during post-selection there are updates to good/bad costs, the borrower shall submit that information to the Minnesota Housing underwriter ~~who is~~ assigned to the~~your~~ project. Minnesota Housing's finance counsel and external ~~B~~bond counsel will make the final determination of ~~good costs~~. ~~Minnesota Housing's counsel must determine there are adequate whether there are sufficient~~ good costs to support the amount of Bonds; however, Minnesota Housing finance counsel and external ~~B~~bond counsel make no determination as to the satisfaction of ~~about~~ the Required Bond Percentage test for purposes of ~~housing tax credits~~HTC eligibility. The Required Bond Percentage test is determined by the borrower's accountant.

## C. Ownership Assessment

Organizational charts for the current and future ownership entities showing the ownership percentage, cash flow, and residuals must be sent to Minnesota Housing post-selection. Minnesota Housing will determine what, if any, additional costs are ineligible to be Bond financed (bad costs) because of the relationships between the parties and if there are sufficient eligible costs (good costs) to support the

loan amount. Refer to Appendix CA (Sample Organizational Charts) for sample organizational charts pre- and post-sale.

**NOTE:** If the developer is a related party to the borrower, the developer fee may be ineligible to be financed with Bond proceeds. Special attention should be paid to the good cost/bad cost analysis~~test~~ due to the potential of developer fees, general contractor overhead and profits (such as amounts not payable by the general contractor to a third party), or architect's fees not being eligible to be reimbursed with Bond proceeds. Projects financed with governmental or 501(c)3 Bonds should evaluate this carefully as these structures will not include a tax credit investor as a limited partner, thus increasing the likelihood of an identify of interest between the borrower and developer.

#### **D. Rehabilitation/Acquisition Ratio**

Rehabilitation expenditures must equal or exceed 15% of the portion of the cost of acquiring the building financed by Bonds. Use the following equation:

$$\frac{\text{rehabilitation costs} \div (\text{building acquisition} - \text{land cost}) \text{ financed by Bonds}}{\text{rehabilitation costs}} = \frac{(\text{building acquisition} - \text{land cost}) \text{ financed by Bonds}}{(\text{building acquisition} - \text{land cost}) \text{ financed by Bonds}}$$

This calculation is included in the Bond Costs from Workbook tab of the Bond Tests Analysis.

#### **E. Bond Income Restrictions**

If the project is funded with a 4% HTCs financial structure, units must be income-restricted to meet the requirements of the elected minimum set-aside in accordance with Section 42 and Section 142(d). This restriction is in addition to income limits applicable to projects financed with the proceeds of HIBs and associated with any other funding sources or financing costs of the project. Refer to Section 2.03 for income requirements.

#### **F. State Requirements Applicable to Tax-Exempt Volume Limited Bonds**

**F.** State requirements applicable to Tax-Exempt Volume Limited Bonds include:

- Fair Mmarket rRents (FMR): At least 20% of units in the proposed residential rental project do not must have rents at or below exceed the area FMR or exception FMR for existing housing, if applicable, as established by HUD. Units that have project-based federal rental assistance (for example, Section 8) are deemed to meet this condition.
- Rental Assistance: The borrower is obligated to extend any existing rental assistance agreements for the maximum term permitted.

- Term of State requirements: The borrower must maintain the maximum rental rates and income levels for 15 years.
- Reserves for Preservation Projects: Projects with existing project-based rental assistance must have project reserves at the time of Bond issuance and maintained in future years at the lesser of (1) the greater of 40% of the outstanding first mortgage or \$5,000 per unit, or (2) the amount of reserves at the time of Bond issuance, provided sufficient funds are available at Bond issuance to complete immediate repairs.

## G. Scattered Site Projects

For a scattered site ~~development project~~, each separate site must meet the income set-aside, the Required Bond Percentage test, the rehabilitation cost test, the ~~G~~ood ~~E~~cost/~~B~~bad ~~E~~costs test, and Minnesota's ~~fair market rent FMR~~ test.

## 3.07 Underwriting and Post-Selection HIB Process

This section only applies to ~~Housing Infrastructure Bond HIB~~ proceeds.

### A. Reimbursement Declaration

After selection, Minnesota Housing will execute a declaration of intent to reimburse costs of the project from the proceeds of HIBs and/or other Tax-Exempt Volume Limited Bonds. That declaration of intent allows eligible expenses incurred and paid up to 60 days prior to execution of the declaration to be reimbursed with the proceeds of HIBs. Some preliminary expenditures are reimbursable even if incurred and paid earlier than 60 days prior to execution of the declaration (for example, architect, engineering, surveying, soil testing expenses), but not land acquisition or site preparation. These preliminary expenditures may in aggregate not exceed 20 percent of the principal amount of the Bonds. The reimbursement declaration does not expire.

**NOTE:** If land or existing structures are or have been acquired by the borrower, or a related party to the borrower, more than before 60 days prior to the execution of the reimbursement declaration, those costs are ineligible to be financed with Bond proceeds. Special attention should be paid to the ~~G~~ood ~~E~~cost and ~~B~~bad ~~E~~cost analysis due to the potential of acquisition costs not being eligible to be reimbursed with Bond proceeds. Projects financed with governmental or 501(c)(3) Bonds should evaluate this carefully as there may not be sufficient other (non-Bond funded) sources to pay for acquisition costs if ineligible to be reimbursed with Bond proceeds.

### B. Tax Equity and Fiscal Responsibility (TEFRA) Hearing

Minnesota Housing will give notice and hold a TEFRA public hearing for all multifamily housing projects to be financed with the proceeds of HIBs and/or other Tax-Exempt Volume Limited Bonds. The principal amount of Bonds stated in the notice of the TEFRA hearing may include a buffer over the

anticipated amount of the Bonds needed to fund each loan. Following the TEFRA public hearing, Minnesota Housing will request the governor to approve the issuance of Tax-Exempt Volume Limited Bonds for each project. The Bonds must be issued within one year of the governor's approval or another approval must be requested and obtained.

### C. Tax-Exempt Bond Issuance

The proceeds of HIBs usually will finance loans for multiple projects. Neither the principal nor interest, if any, to be repaid with respect to the loans nor the property financed are security for repayment of the HIBs. For approval purposes, a loan made from the proceeds of HIBs is processed in the same manner as a deferred loan. Minnesota Housing's internal Mortgage Credit Committee approval is required for the loan; and, after initial selection, additional Minnesota Housing board approval is not typically required.

The funding of the loans, ~~however~~, will be dependent ~~upon~~, and will not occur until, the issuance of HIBs. Minnesota Housing's ability to issue HIBs is dependent on Minnesota Management and Budget providing updated disclosure with respect to the state of Minnesota and its finances. ~~Currently, that disclosure is only prepared when the state issues its Bonds in late summer or early fall.~~

Minnesota Housing's board resolution approving the issuance of HIBs will identify each ~~development project~~ that is authorized to be financed with the proceeds of those HIBs.

### D. Minnesota Statute 474A.047 Compliance

Prior to loan closing, projects with an existing project-based federal rental assistance payment contract must enter into a binding agreement with Minnesota Housing to extend affordability restrictions and any contract or agreement for rental assistance for the maximum term permitted. Minnesota Housing must also certify, based on information certified to Minnesota Housing by the borrower, that project reserves will be maintained at the closing of the loan and budgeted in future years at the lesser of:

- The greater of 40% of the outstanding first mortgage or \$5,000 per unit; or
- The level of project reserves available prior to the closing of the loan, provided that additional money is available to accomplish repairs and replacements needed at the time of loan closing.

## 3.08 Post Closing HIB Process

This section only applies to Housing Infrastructure Bond proceeds.

**Bond Compliance Agreement or Tax Exemption Agreement.** The provisions of the Bond Compliance Agreement relating to income and rent requirements begin on the date 10% of project units are first occupied and continue, regardless if the loan is prepaid or assumed, through the later of:

- The date the Bonds are paid in full, or

- 15 years from the date 50% of units are first occupied, or
- Termination of Section 8 contract, if any.

The Bond Compliance Agreement is required in connection with any loan, made from the proceeds of Tax-Exempt Volume Limited Bonds. It is also required for deferred repayable loans made from the proceeds of HIBs to an entity that is a 501(c)(3) nonprofit corporation for acquisition and rehabilitation of a project. The Tax Exemption Agreement is required in connection with any other type of loan made with the proceeds of HIBs and terminates when the HIBs have been paid in full.

Minnesota Housing's asset manager monitors the property for compliance under the Bond Compliance Agreement. The Bond Compliance Agreement must be an attachment to the Management Agreement, and the Management Agreement must contain a provision requiring the manager of the project to comply with the provisions of the Bond Compliance Agreement.

Additional monitoring requirements include:

- **Exhibit B of the Bond Compliance Agreement:** The document is required to be completed when 50% of the units in the project are occupied. Exhibit B is used to document the Bond Compliance Agreement's:
  - Commencement date
  - End dates of occupancy restrictions and rental restrictions
- **Annual Certifications:** During the compliance period, the following forms may need to be submitted annually to Minnesota Housing (refer to Bond Compliance Agreement):
  - IRS Form 8703
  - Certification of Compliance with Minn. Stat. 474A.047
- **Financial Reporting and Annual Inspections:** In addition to the annual certification, the following financial reporting and oversight may be required by Minnesota Housing:
  - Submit monthly operating reports
  - Annual budget approvals
  - Annual inspections by a Minnesota Housing asset manager

## 3.09 Transfers of Ownership and Prepayment

### A. Transfers of Ownership

The project may not be sold, and in connection with any sale the loan may not be assumed by the new owner, without the approval of Minnesota Housing. The borrower must request the approval through Minnesota Housing's Request for Action (RFA) process. Minnesota Housing, at its sole discretion, will consider giving that approval only if each of the following minimum requirements are met:

- The borrower is not in default under any of its agreements with Minnesota Housing

- The new entity is eligible to receive a loan from the proceeds of HIBs of the type that financed the original loan as set forth in section 2.02
- The new entity is creditworthy, at Minnesota Housing's sole discretion
- The new entity assumes all contractual obligations with Minnesota Housing
- An assumption fee is paid equal to the approximate administrative costs incurred by Minnesota Housing in processing the sale and assumption

## B. Prepayment and Assumption

~~For forgivable Housing Infrastructure loans, the loan may not be prepaid for a period of 10 years from the date of the loan. Thereafter, the loan may be repaid in full at any time. For repayable HIB loans, the borrower may prepay the unpaid principal amount, in whole or in part, with the prior written approval of Minnesota Housing, by paying a sum equal to the unpaid principal amount and interest (if any) to the date of repayment, plus a processing fee in an amount to be determined by the Lender Minnesota Housing in its sole discretion, but not exceeding the approximate administrative costs incurred by Minnesota Housing in processing the prepayment. The covenants and conditions in the property declarations run with the land and will remain in effect for the term of the declarations even if the loan is paid in full or an assumption of the loan is permitted.~~

## 3.10 Return on Equity

Minnesota ~~Housing~~ Statutes, Section 462A.03, Subdivision 13 currently allows a maximum return of 15% based on ~~actual~~ borrower equity, as determined by Minnesota Housing.

## 3.11 Management and Operation

### A. Management and Operating Budget

The budget submitted in the project application is reviewed and compared to budgets of comparable projects that have been financed by Minnesota Housing. These comparables are used in the underwriting of the loan, ~~and~~ to project long-term operating costs, and are intended to help ensure the long-term financial viability of the project. For more information, refer to the Minnesota Housing Multifamily Underwriting Standards.

Minnesota Housing reserves the right to reject or adjust the management and operation figures based on the information provided, specific project type and circumstances, and significant changes to the economics of the project's current marketplace.

### B. Utilization of Units

All units must be rented to family sizes appropriate to the unit size, with a ratio of at least one person per bedroom. If, during tenancy, a family size changes, a household may submit a written request to

the management agent to transfer to another unit or be placed on a waiting list for that transfer. In the event of a decrease in family size, the household may be required to move into the next available, ~~suitably~~-sized smaller unit.

## C. Marketing

Minnesota Housing requires that each housing provider carry out an affirmative marketing program to attract prospective buyers or tenants in the housing market area regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation. The owner or management agent must submit a Tenant Selection Plan, Affirmative Fair Housing Marketing Plan, and an Affirmative Housing Marketing Plan Addendum.

## D. Permanent Supportive Housing Documentation

At project application, the borrower must submit a Permanent Supportive Housing Narrative, a Letter of Confirmation from the local (county or tribal) human services department, and a Continuum of Care (CoC) Confirmation ~~(if applicable)~~ ~~form~~ (if applicable). Prior to loan closing, the borrower must submit, among other items, a management plan, a supportive housing services budget, a supportive housing services plan, a memorandum of understanding, and any other documentation deemed necessary for Minnesota Housing staff review and approval. For a complete list of requirements, please contact the Minnesota Housing Supportive Housing Team at [supportive.housing@state.mn.us](mailto:supportive.housing@state.mn.us).

### 3.12 Monitoring and Reporting Requirements

For all loans funded with Housing Infrastructure ~~Funding resources~~, monitoring activities are at Minnesota Housing's sole discretion and may include reviewing tenant incomes, rents, utility allowances, affirmative marketing, resident selection plans, financial reports, ~~Homeless Management Information System~~HMIS data, and financial summary, compilation, or audit information. In addition, projects financed by Minnesota Housing are subject to periodic management reviews and physical inspections.

An ~~annual~~ owner's certification of compliance and occupancy information on all units must be reported annually in the form and manner requested by Minnesota Housing.

The owner must lease assisted units to qualified households who certify their annual household income at initial occupancy on an Initial Occupancy Statement by Tenant Form (other, more detailed income certification forms may be acceptable). This form is used to help verify that households are qualified to occupy an assisted unit. Owners must also request (but cannot require) that qualified households complete a Head of Household Demographic Information Form which provides additional information for program evaluation.

Additionally, each adult member of a household occupying an assisted unit must sign and date a [Government Data Practices Act Disclosure Statement](#). This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state or federal programs that provide housing for low- and moderate-income families.

All relevant forms can be found on Minnesota Housing's [Oversight and Support for Property Managers](#) webpage.

#### **A. Senior**

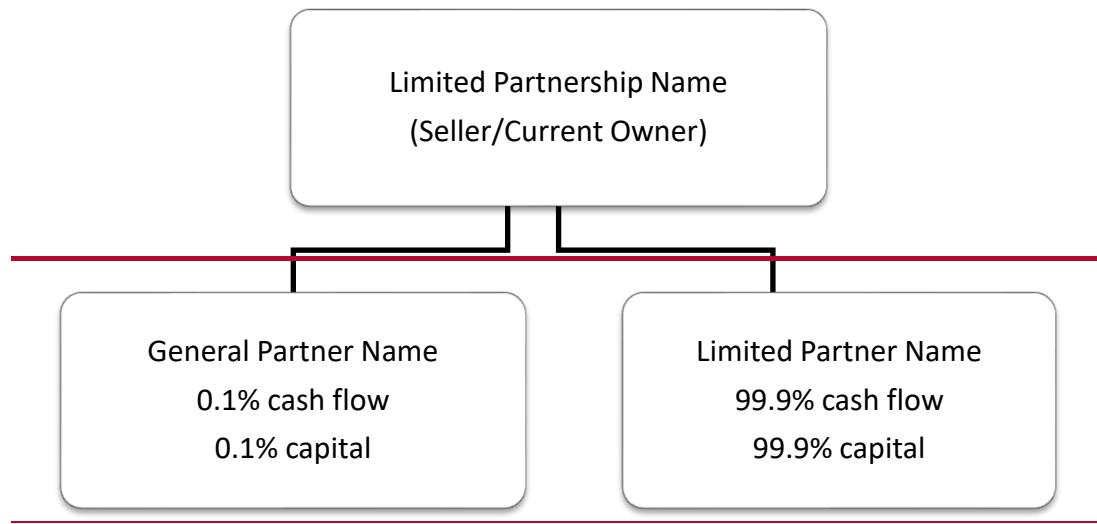
~~As referenced in section 2.02, for projects to qualify units for a loan funded with Housing Infrastructure resources under the Senior Housing eligible use, units in the project must be leased to a Senior Household with one or more Senior members age 55 or older, with a gross annual combined income that does not exceed 50% of metropolitan Area median for properties within the Metropolitan Area or statewide area median income for properties outside the Metropolitan Area.~~

#### **B.A. Permanent Supportive Housing**

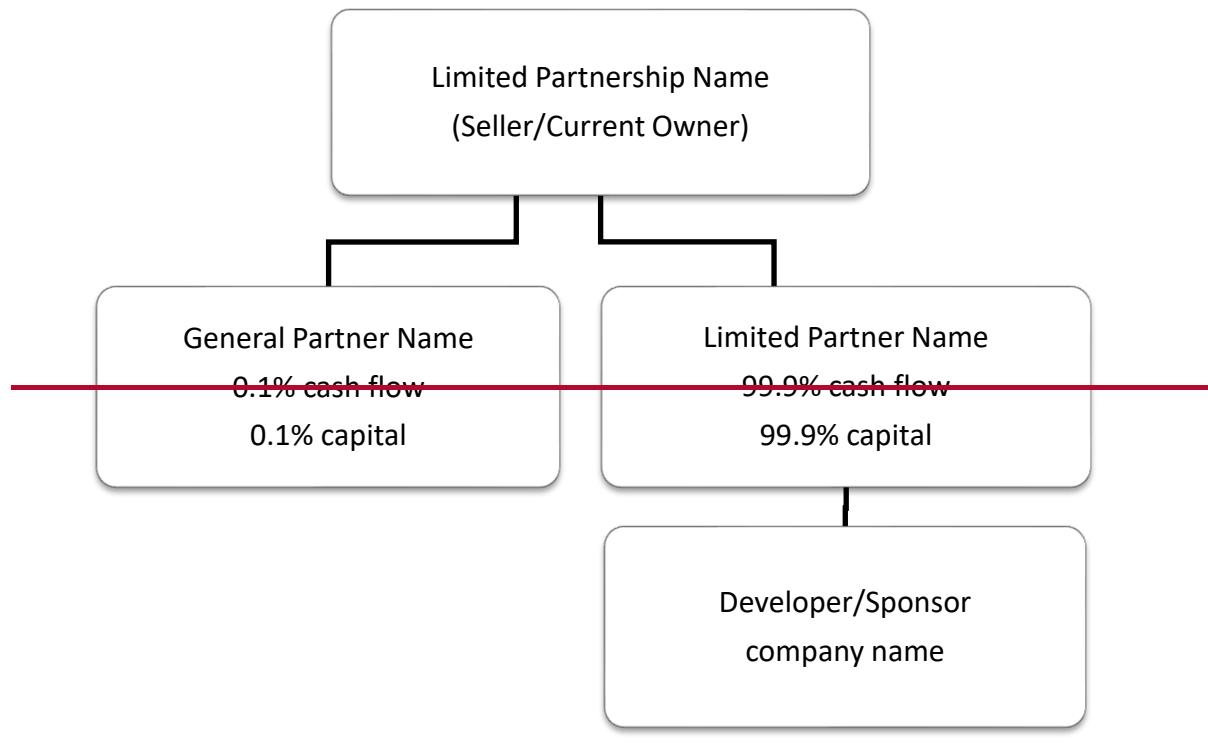
Minnesota Housing requires owners and service providers of permanent supportive housing units to provide specific information beyond general funding reporting requirements. These include, but are not limited to, entering and reporting participant information in ~~Minnesota's Housing Management Information System (HMIS)~~, reporting annually to Minnesota Housing on the operations of the property through an annual budget and financial review and a supportive housing annual online property survey, and periodic inspections by an asset manager or compliance officer that follows the schedule approved by the Minnesota Housing board for deferred loans or, if the loan is eligible for HTCs, the HTCs schedule, if the loan is eligible for housing tax credits. For a complete list of requirements, please contact the Minnesota Housing Supportive Housing Team at [supportive.housing@state.mn.us](mailto:supportive.housing@state.mn.us).

## Appendix A: Sample Organizational Charts

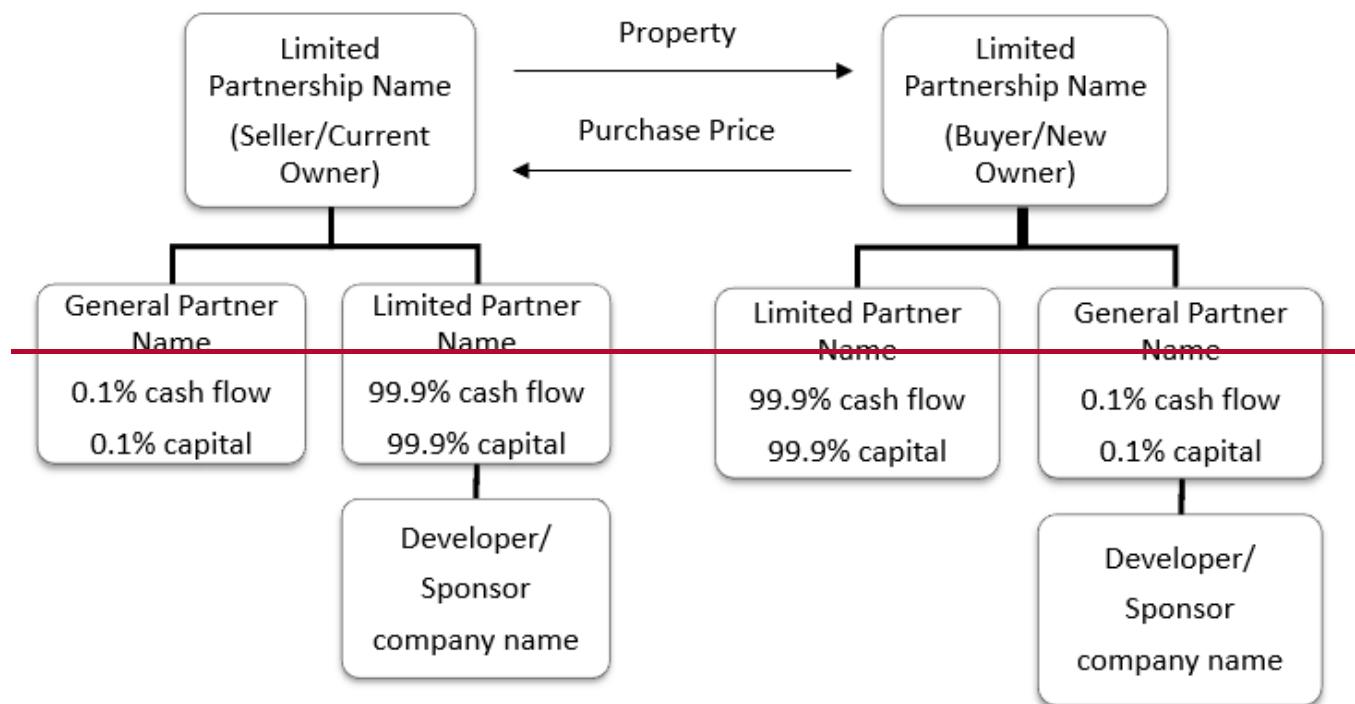
*Figure 1: Original Structure of Seller (from Initial Closing Date)*



*Figure 2: Structure of Seller Following Exit of Limited Partner (as of Date)*



*Figure 3: Structures as of Closing Date for Sale of Project*



## Appendix BA → Terms

Table 3: Terms and Definitions

Term	Definition
<u>4% Housing Tax Credits</u> <u>4% HTCs</u>	<p><u>4% Housing Tax Credits</u>. These credits are not taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(4) of the IRC. Non-competitive <del>housing tax credits</del> (HTCs) that subsidize 30% <del>percent</del> of the low-income unit costs in a project. Multifamily housing projects qualify <del>for</del> if Tax-Exempt Volume Limited Bonds finance at least the Required Bond Percentage of the aggregate basis of the building and land and are outstanding at least until the housing project's placed-in-service date.</p> <p>Multifamily housing projects also must meet the requirements of the applicable year QAP.</p>
<u>9% Housing Tax Credits</u> <u>9% HTCs</u>	<p><u>9% Housing Tax Credits</u>. These credits are taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(1) of the IRC. Competitive <del>housing tax credits</del> (HTCs) that subsidize 70% <del>percent</del> of the low-income unit costs in a project. The total number allocated is limited by the state's annual per capita volume limit.</p> <p>Multifamily housing projects also must meet the requirements of the applicable year QAP.</p>
<u>Abandoned Property</u>	<p><u>Property that: (1) has been substantially unoccupied or unused for any commercial or residential purpose for at least one year by a person with a legal or equitable right to occupy the property; (2) has not been maintained; and (3) for which taxes have not been paid for at least two previous years</u>, as defined in section 117.025, subdivision 5.</p>
<u>Affordable to Local Workforce</u>	<p>Statutory rent limit requiring that the rents to be affordable based on the wages of jobs being created or retained in the local area.</p>
<u>Appropriation</u>	<p><u>Direct legislative appropriation (cash) provided under the HIB statute to fund loans for projects meeting HIB eligible uses.</u></p>
<u>Bond</u>	<p><u>A debt investment in which an investor loans money to an entity (typically corporate or governmental) that borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states, and sovereign governments to raise money and finance a variety of projects and activities. Owners of Bonds are debtholders, or creditors, of the issuer.</u></p>
<u>Bond Tests Analysis</u>	<p>The Microsoft Excel spreadsheet required for all applications eligible for HIBs that provides a preliminary analysis of several of the required tests that must be met for Tax-Exempt <u>Volume Limited</u> Bonds including the good cost/bad cost and 50% <u>test for projects with a Bond issuance in 2025 or prior, or the required minimum percentage is 25%, if</u></p>

Term	Definition
	<p>1. a project is placed in service after December 31, 2025, and  2. at least 5% of the aggregate basis of the building and land is financed with bonds issued after December 31, 2025.<del>tests.</del></p>
<u>Continuum of Care (CoC)</u>	<p><u>Continuum of Care</u>. This is <del>A</del>a local planning body that coordinates housing and services planning and funding for homeless families and individuals. The CoC tracks and manages the homeless needs and services in its area.</p>
Coordinated Entry System	<p>The system defined by the Statewide Coordinated Entry standards and protocol as adopted by the local <u>Continuum of Care</u> or such successor system as determined by Minnesota Housing.</p>
<u>FMR</u>	<p><u>Fair Market Rent</u>. Fair Market Rent are used to determine the amount of housing units (at least 20%) that have rents at or below FMR, to meet state law requirements for the issuance of Tax-Exempt Volume Limited Bonds.</p>
<u>Foreclosed Property</u>	<p><u>Residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.</u></p>
<u>Greater Minnesota</u>	<p><u>The area which is not included in the Metropolitan Area.</u></p>
<u>High Priority Homeless (HPH)</u>	<p><u>Households prioritized for permanent supportive housing by the Coordinated Entry System.</u></p>
<u>HIA</u> s	<p><u>Housing Infrastructure Appropriations</u>. Direct legislative appropriations (cash) that are made available to Minnesota Housing that may be used to fund loans and grants that conform to the provisions of Minnesota Statutes, Section 462A.37.</p>
<u>HIB</u> s	<p><u>Housing Infrastructure Bonds</u>. These are special, limited obligation, Tax-Exempt Bonds issued by Minnesota Housing, the principal and interest on which are paid solely from appropriations to Minnesota Housing from the state general fund. Refer to the <u>Housing Infrastructure Program</u> webpage for more information.</p>
<u>HMIS</u>	<p><u>Homeless Management Information System</u>. This is a web-based information technology system used to collect client-level data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.</p>
<u>Housing Infrastructure Funding</u>	<p>Collectively, HIA and HIBs.</p>
<u>HPH Households</u>	<p><u>High Priority Homeless households prioritized for permanent supportive housing by the Coordinated Entry System.</u></p>
<u>Housing Infrastructure Appropriations (HIA)</u>	<p><u>Appropriations from the General Fund of the state that are made available to Minnesota Housing that may be used to fund loans and grants that conform to the provisions of Minnesota Statute 462A.37.</u></p>
<u>Housing Infrastructure Bonds (HIB)</u>	<p><u>HIBs are special, limited obligation, Tax-Exempt Bonds issued by Minnesota Housing, the principal and interest on which are paid</u></p>

Term	Definition
	<del>solely from appropriations to Minnesota Housing from the General Fund of the state. For more information on HIB, refer to the <a href="#">Housing Infrastructure Program</a> webpage.</del>
<del>Housing Management Information System (HMIS)</del>	<del>A web-based information technology system used to collect client-level data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.</del>
<del>HTCs</del>	<del>Housing Tax Credits. A financing program for qualified residential rental properties. The <a href="#">Housing Tax Credit HTC Program</a> offers investors a 10-year reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation.</del>
<del>Internal Revenue Code (IRC)</del>	<del>The Internal Revenue Code (<a href="#">IRC</a>) refers to Title 26 of the United States Code. The Internal Revenue Code is enforced by the Internal Revenue Service (IRS).</del>
Metropolitan Area	The area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey; Scott (excluding the city of New Prague), and Washington.
<del>Minnesota Housing or Agency</del>	<del>The Minnesota Housing Finance Agency.</del>
Minnesota Management and Budget	The <del>s</del> State of Minnesota <del>d</del> Department that administers the allocation of <del>the p</del> Private <del>a</del> Activity <del>b</del> Bonds volume cap in accordance with the provisions of Minnesota Statutes, Chapter 474A.
Mortgage Credit Committee	A Minnesota Housing cross-divisional management group that approves credit analysis, ownership structures, and financing of projects for multifamily loans and related matters.
<del>MTSP</del>	<del>The HUD Multifamily Tax Subsidy Project limits for the county in which the property is located.</del>
Multifamily Consolidated RFP/HTC Funding Round	<del>The Multifamily Consolidated Request for Proposals/Housing Tax Credits Funding Round offered once a year which consolidates and coordinates multiple housing resources into one application process, including deferred loans and amortizing first mortgages.</del>
Multifamily Underwriting Standards	<del>The documents that</del> The Underwriting Standards sets forth the standards and processes that Minnesota Housing will use to underwrite <del>m</del> Multifamily rental properties.
<del>Municipal Bond/Bond/Bonds</del>	A debt security issued by or on behalf of a state or its political subdivision, or an agency or instrumentality of a state, its political subdivision, or a municipal corporation. Municipal Bonds, for example, may be issued by states, cities, counties, special tax districts, or special agencies or authorities of state or local governments.

Term	Definition
Other Homeless Households	Households, other than <del>High Priority Homeless</del> <del>HPH</del> <del>hH</del> ouseholds, that include (i) individuals leaving institutions that do not have a permanent residence or (ii) other homeless populations not referred by the Coordinated Entry System.
Private Activity Bonds	A Municipal Bond issued to fund projects used by a non-governmental entity in its trade or business and secured by property used in a trade or business. Certain types of these obligations may qualify as Tax-Exempt <u>Volume Limited</u> Bonds and bear interest excludable from federal gross income.
Program Guide	<u>This</u> Housing Infrastructure Program Guide.
QAP	<del>The</del> Qualified Allocation Plan. Section 42 of the <del>Internal Revenue Code</del> <del>IRC</del> requires that state allocating agencies develop a QAP for the distribution of <del>housing tax credits</del> <del>HTCs</del> within their jurisdiction. The current and proposed QAPs for each calendar year are available on Minnesota Housing's <u>Qualified Allocation Plan (QAP)</u> webpage.
Replacement	New construction housing which replaces <del>federally assisted units with project-based federal rental assistance or supportive housing units</del> that will be demolished. Replacement housing units must be built on the same site or a contiguous site. For the purpose of this definition, sites across the street from one another will be considered contiguous. The contiguity requirement is not applicable for existing scattered site projects located on Tribal land.
Required <del>Bond Minimum</del> Percentage	The percentage of aggregate basis of the building and land required by Section 42 to be financed by Tax-Exempt Volume Limited Bonds.
Section 142(d)	Section of the Internal Revenue Code that describes what constitutes a qualified residential rental project.
Section 42	Section of the Internal Revenue Code applicable to <del>the low-income housing tax credit (LIHTC)</del> <del>.HTCs</del> .
Self-Scoring Worksheet	<del>The Self Scoring Worksheet</del> <del>s</del> Sets the selection criteria and funding priorities that Minnesota Housing will use to prioritize applications requesting 4% <del>Housing Tax Credits (HTCs)</del> , 9% HTCs, and/or deferred funds that are selected through the Multifamily Consolidated <del>RFP Request for Proposals/HTC Funding Round (Consolidated RFP)</del> or on a pipeline basis for available financing that may be available throughout the year.
Senior	A person 55 years of age or older.
Senior Household	A household with one or more Senior members and with an annual combined income not greater than <del>50% percent</del> of: (1) the <del>M</del> etropolitan <del>A</del> rea median income for persons in the <del>M</del> etropolitan <del>A</del> rea; or (2) the statewide median income for persons outside the <del>M</del> etropolitan <del>A</del> rea. <u>For projects selected for</u>

Term	Definition
	<u>funding in 2024 and after, the use of median income may be converted to MTSP income limits.</u>
Senior Housing	Housing intended and operated for occupancy by Senior Households with at least 80% <u>percent</u> of the units occupied by Senior Households, and for which there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for Seniors. <u>Senior Housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.</u>
Tax-Exempt Bonds	A Municipal Bond that bears interest excludable from federal gross income, and that may also not be subject to state or local income taxation.
Tax-Exempt Volume Limited Bonds	A Municipal Bond that must receive an allocation of a portion of the state's volume cap for the issuance of Private Activity Bonds under section 146 of the <u>Internal Revenue Code</u> <u>IRC</u> in order to qualify as Tax-Exempt Bonds.
<u>TEFRA</u>	<u>Tax Equity and Fiscal Responsibility Act of 1982. Certain types of Private Activity Bonds, to qualify as Tax-Exempt Bonds, must be approved (TEFRA approval) either by an elected official or a body of elected officials of the applicable governmental entity after a public hearing (TEFRA hearing) following reasonable public notice (TEFRA notice) or by voter referendum of the governmental entity.</u>
<u>TEFRA</u>	<u>The Tax Equity and Fiscal Responsibility Act of 1982. Certain types of Private Activity Bonds, to qualify as Tax-Exempt Volume Limited Bonds, must be approved (TEFRA approval) either by an elected official or a body of elected officials of the applicable governmental entity after a public hearing (TEFRA hearing) following reasonable public notice (TEFRA notice) or by voter referendum of the governmental entity.</u>
<u>Tribally Designated Housing Entity</u>	<u>Entities that meet the requirements defined by United States Code, title 25, section 4103(22).</u>
<u>HUD</u>	<u>The United States Department of Housing and Urban Development.</u>
Workbook	The Microsoft Excel spreadsheet used to apply for Minnesota Housing multifamily funding.

## **Appendix C: Legal Addendum**

### **1.01 Conflict and Control**

~~In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.~~

### **1.02 Fraud**

~~Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.~~

~~Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.~~

### **1.03 Misuse of Funds**

~~A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).~~

~~A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.~~

~~Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.~~

### **1.04 Conflict of Interest**

~~A conflict of interest – actual, potential or perceived – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A potential or perceived conflict of interest exists even if no unethical, improper or illegal act results from it.~~

An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

**Actual Conflict of Interest:** An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.

**Potential Conflict of Interest:** A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.

**Partner:** A person's romantic and domestic partners and outside business partners.

**Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children in law, parents in law, and siblings in law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.

**Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

**Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.

**Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self employed individual or any other legal entity which engages either in nonprofit or profit making activities.

**Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

Revising the contracting party's responsibilities to mitigate the conflict

Allowing the contracting party to create firewalls that mitigate the conflict

Asking the contracting party to submit an organizational conflict of interest mitigation plan

Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, potential or perceived conflicts of interest through one of the communication channels described in section 1.07.

~~A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.~~

### **1.05 Assistance to Employees and Affiliated Parties**

~~Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:~~

~~The recipient meets all eligibility criteria for the program;~~

~~The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;~~

~~The assistance does not result in a conflict of interest as outlined in section 1.04;~~

~~The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and~~

~~The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.~~

~~A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.~~

### **1.06 Suspension**

~~By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of suspended individuals and organizations (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).~~

## **1.07 Disclosure and Reporting**

~~Minnesota Housing promotes a “speak up, see something, say something” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (e.g., administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.~~

~~Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);~~

~~Any member Minnesota Housing’s Servant Leadership Team, as denoted on Minnesota Housing’s current organizational chart (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or~~

~~Report Wrongdoing or Concerns ([mnhousing.gov](http://mnhousing.gov)) (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing).~~

## **1.08 Electronic Signatures**

~~Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.~~

## **1.09 Fair Housing Policy**

~~It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.~~

~~Minnesota Housing’s fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.~~

~~In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:~~

~~Discriminate in the selection/acceptance of applicants in the rental of housing units;~~  
~~Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real estate related transactions;~~  
~~Discriminate in the brokering or appraisal of residential property;~~  
~~Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;~~  
~~Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;~~  
~~Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;~~  
~~Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;~~  
~~Represent a dwelling is not available when it is in fact available;~~  
~~Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;~~  
~~Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or~~  
~~Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.~~

~~Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.~~

~~Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.~~

~~As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant based rental assistance.~~

## **1.10 Minnesota Government Data Practices**

~~Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The~~

~~civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.~~

### **1.11 Prevailing Wage**

~~Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes Chapter 177 or Minnesota Statutes Section 116J.871. In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds.~~

~~Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single family affordable homeownership units for which the financial assistance covers no more than ten fully detached single family affordable homeownership units.~~

~~All determinations regarding prevailing wage are made by the Minnesota Department of Labor and Industry. All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:~~

~~Division of Labor Standards and Apprenticeship  
Karen Bugar, State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)~~

~~If, after a determination by the Minnesota Department of Labor that prevailing wage does apply, a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.~~

## **Appendix B – Legal Addendum**

### **1.01 Conflict and Control**

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

## **1.02 Fraud**

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

## **1.03 Misuse of Funds**

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

## **1.04 Conflict of Interest**

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- **Actual Conflict of Interest:** An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- **Potential Conflict of Interest:** A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.

- **Appearance of a Conflict of Interest:** The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- **Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (that is, interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## **1.05 Assistance to Employees and Affiliated Parties**

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient (“Affiliated Assistance”) who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party’s internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## **1.06 Suspension**

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing’s website for a list of suspended individuals and organizations (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## **1.07 Disclosure and Reporting**

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other

concerns without fear of retaliation through one of the communication channels listed below. External business partners (for example, administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);
- Any member Minnesota Housing's Servant Leadership Team, as denoted on Minnesota Housing's current organizational chart (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- Report Wrongdoing or Concerns ([mnhousing.gov](http://mnhousing.gov)) (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing).

## **1.08 Electronic Signatures**

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## **1.09 Fair Housing Policy**

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;

- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

## **1.10 Minnesota Government Data Practices**

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a

request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

### **1.11 Prevailing Wage**

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes Chapter 177 or Minnesota Statutes Section 116J.871. In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to: mhfa.prevailingwage@state.mn.us.

All questions regarding state prevailing wages and compliance requirements should be directed to the Minnesota Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or dli.prevwage@state.mn.us

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

## Appendix C – Sample Organizational Charts

Figure 1: Original Structure of Seller (from Initial Closing-Date)

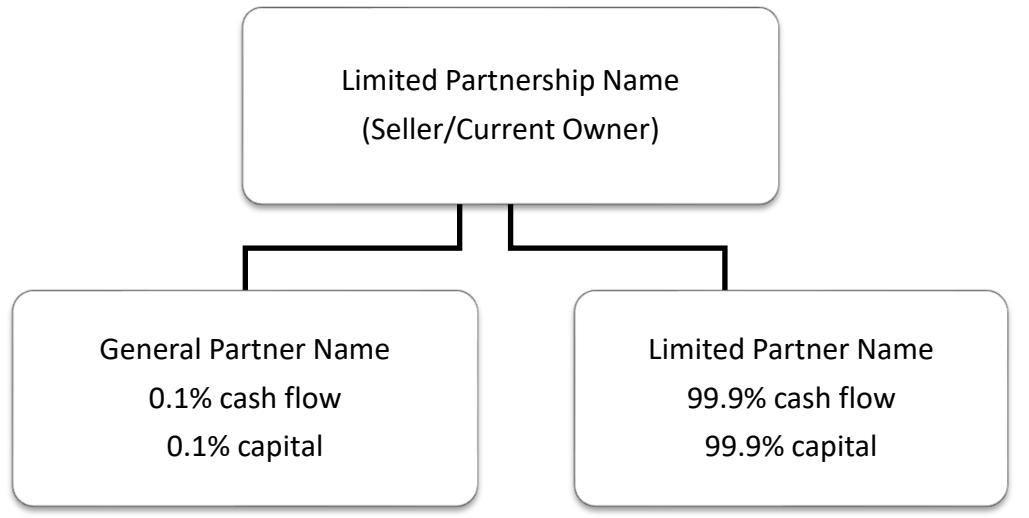


Figure 2: Structure of Seller Following Exit of Limited Partner (as of Date)

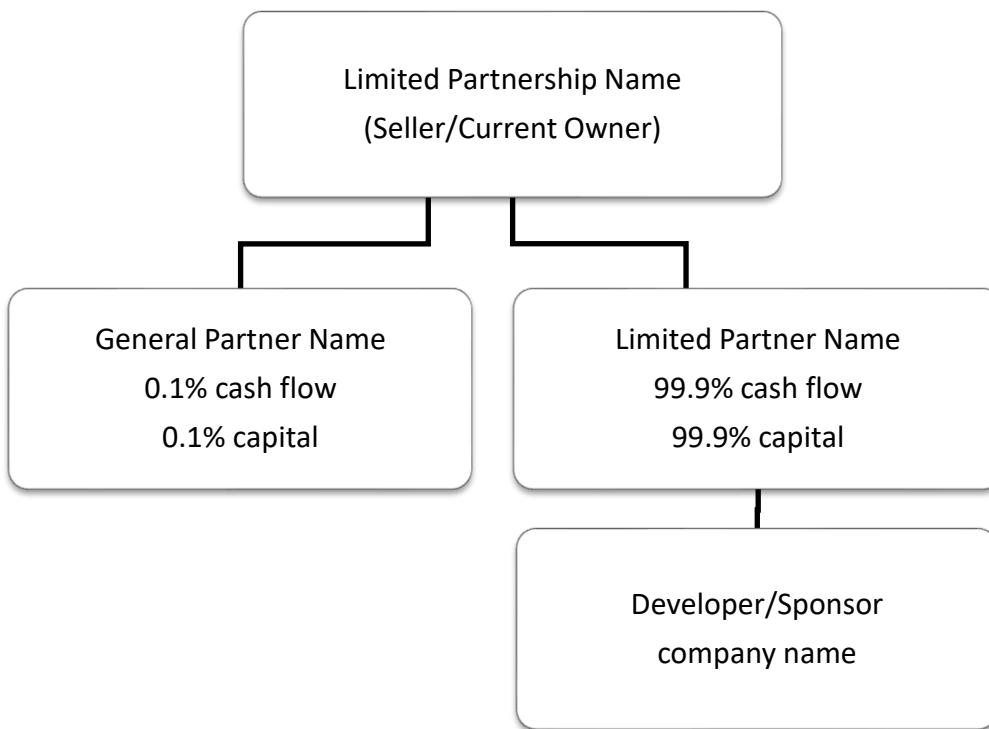
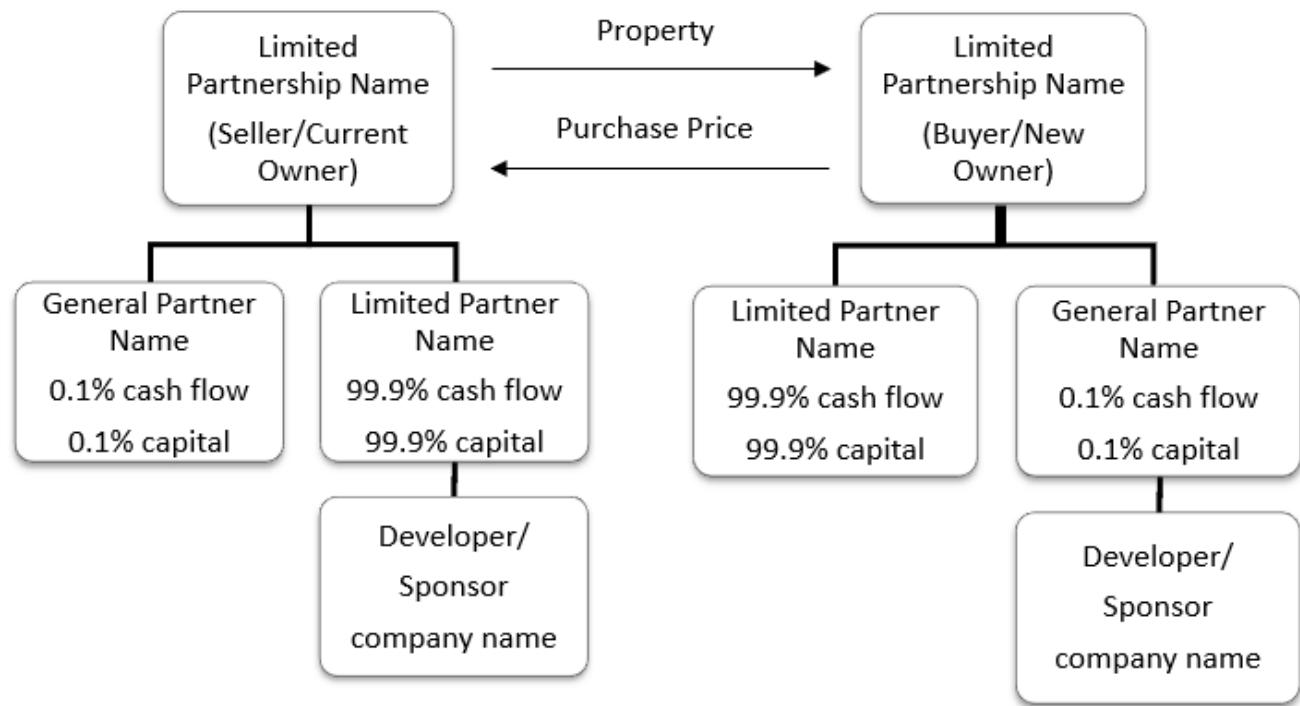


Figure 3: Structures as of Closing Date for Sale of Project



---

## Housing Infrastructure

Program Guide

Last Updated: January 2026

---



*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

*An equal opportunity employer.*

*This information will be made available in alternative format upon request.*

## Contents

Values Statement.....	1
Chapter 1 – Purpose and Background .....	2
1.01    Program Purpose and Authorizing Statute .....	2
1.02    Definitions.....	2
1.03    Legal Addendum .....	2
Chapter 2 – Eligible Uses and Eligibility Criteria .....	3
2.01    Eligible Applicants .....	3
2.02    Eligible Uses, Requirements and Level of Funding .....	3
2.03    Income Requirements, Rent Requirements and Preferences .....	6
2.04    Design and Construction Review .....	10
2.05    Tenant Selection Plan .....	10
Chapter 3 – Loan Characteristics and Terms .....	11
3.01    Fees .....	11
3.02    Mortgage Interest Rate and Term .....	11
3.03    Cash Flow Note .....	11
3.04    HIB Loan Types.....	11
3.05    HIA Loan Types.....	12
3.06    Bond Tests Analysis for HIB Loans .....	12
3.07    Underwriting and Post-Selection HIB Process .....	15
3.08    Post Closing HIB Process .....	17
3.09    Transfers of Ownership and Prepayment.....	18
3.10    Return on Equity .....	19
3.11    Management and Operation .....	19
3.12    Monitoring and Reporting Requirements.....	20

Appendix A – Terms .....	21
Appendix B – Legal Addendum .....	25
1.01    Conflict and Control .....	25
1.02    Fraud .....	25
1.03    Misuse of Funds .....	25
1.04    Conflict of Interest .....	25
1.05    Assistance to Employees and Affiliated Parties .....	27
1.06    Suspension .....	27
1.07    Disclosure and Reporting .....	28
1.08    Electronic Signatures .....	28
1.09    Fair Housing Policy .....	28
1.10    Minnesota Government Data Practices .....	30
1.11    Prevailing Wage .....	30
Appendix C – Sample Organizational Charts .....	32

## Values Statement

All Minnesotans live and thrive in a stable, safe, and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect, and strengthen communities, and
- Be inclusive, equitable, just, and antiracist in our actions.

## Chapter 1 – Purpose and Background

### 1.01 Program Purpose and Authorizing Statute

The Housing Infrastructure Bond (HIB) Program was established in 2012 by Minnesota Statutes, Section 462A.37. HIBs are special, limited obligation, Tax-Exempt Bonds issued by Minnesota Housing, the principal and interest on which are paid solely from appropriations from the State of Minnesota.

In 2023, Minn. Stat. 462A.37 was amended to expand the eligible uses and to utilize Housing Infrastructure Appropriations (HIAs), which are direct state appropriations not associated with the issuance of Bonds and the state and federal requirements associated with Tax-Exempt Bonds.

Except where otherwise noted, HIBs and HIAs (collectively, Housing Infrastructure Funding) have the same requirements and procedures.

Section 462A.37 also authorizes single-family housing projects, the acquisition and improvement of manufactured home parks, the acquisition of certain real estate, and cooperatively owned housing projects. This Program Guide focuses only on the multifamily rental related uses of Housing Infrastructure Funding. For information on single family home ownership related uses, please contact [impact.fund.mhfa@state.mn.us](mailto:impact.fund.mhfa@state.mn.us). For information on manufactured housing related uses, please contact [mnhousing.manufacturedhomes@state.mn.us](mailto:mnhousing.manufacturedhomes@state.mn.us).

### 1.02 Definitions

Appendix A - Terms, which is attached and incorporated into this Program Guide, includes definitions of capitalized terms used in this Program Guide.

### 1.03 Legal Addendum

Any recipient of an award pursuant to this Program Guide agrees to comply with the additional requirements and obligations as described in Appendix B - Legal Addendum, which is attached and incorporated into this Program Guide.

## Chapter 2 – Eligible Uses and Eligibility Criteria

### 2.01 Eligible Applicants

Eligible applicants for Housing Infrastructure Funding are:

- A nonprofit, tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code (IRC)
- A governmental entity (excluding the federal government)
- A Federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity
- A for-profit entity

### 2.02 Eligible Uses, Requirements and Level of Funding

#### A. Permanent Supportive Housing – Homeless

Housing Infrastructure Funding may be used to finance the costs of acquisition, construction, adaptive reuse, and rehabilitation of permanent supportive housing where at least 50% of units are set aside for individuals and families who are without a permanent residence. To be eligible for consideration for funding, projects must meet the following criteria:

Units in a project must provide permanent supportive housing for individuals and families who are homeless. Eligible homeless populations include:

- HPH Households
- Other Homeless Households

If an applicant is intending to finance the project with Housing Tax Credits (HTCs), the market study submitted must incorporate additional requirements for projects involving special needs populations, housing for homeless households, and supportive housing as required in Minnesota Housing's [HTC Market Study Guidelines](#).

#### B. Senior Housing

Housing Infrastructure Funding may be used to finance the costs of the acquisition, rehabilitation, adaptive reuse, or new construction of Senior Housing. To be eligible for consideration for funding, projects must meet the following criteria:

- Senior is defined as a person 55 years of age or older.
- For income and/or rent requirements for Senior Housing projects including preferences, see [Section 2.03](#).

- 100% of the units must be intended for and initially occupied by Senior Households with at least 80% of those units occupied by Senior Households for the term of the specified loan.
- The project must have written policies and procedures that demonstrate an intent to provide Senior Housing.
- Senior housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.
- The project must leverage other sources of funding to finance the project, including the use of low-income HTC.
- The project must provide access to services to residents and demonstrate the ability to increase physical supports and support services as residents age and experience increasing levels of disability.

### C. Preservation

Housing Infrastructure Funding may be used to finance the costs of the acquisition and rehabilitation or for the Replacement of federally assisted rental housing and to refinance costs of construction, acquisition, and rehabilitation thereof, including providing funds to refund, in whole or in part, outstanding Bonds previously issued by Minnesota Housing or another government unit to finance or refinance those costs.

To be eligible for consideration for funding, projects must be eligible for the preservation selection criteria by preserving existing federally assisted (Tier 1) or other existing federal assistance (Tier 2) of the Self-Scoring Worksheet. For more information, refer to the [Self-Scoring Worksheet](#).

To be eligible as a Replacement of federally assisted rental housing, the project must demonstrate, to Minnesota Housing's sole satisfaction, that the demolition is warranted, and that rehabilitation is not a viable option for serving the intended population. This includes sufficient documentation that the Replacement is more cost effective than preservation and/or the existing structure is functionally obsolete and would cost more to update than to replace. Any change to the number of units or unit sizes must be approved by Minnesota Housing, at its sole discretion.

#### **Effective for selected projects in 2025 and after:**

Projects with an existing project-based rental assistance payment contract must agree to extend the existing low-income, affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted. For more information, refer to the [Self-Scoring Worksheet](#).

### D. General Occupancy Properties

Housing Infrastructure Funding may be used to finance the costs of construction, acquisition, adaptive reuse, and rehabilitation of permanent housing with rents affordable to households with incomes at or

below 50% of the area median income (AMI) for the applicable county or Metropolitan Area as published by the United States Department of Housing and Urban Development (HUD), as adjusted for household size. For projects selected for funding in 2024 and after, rents may be restricted to the applicable Multifamily Tax Subsidy Projects (MTSP) rent limit as found in Section 2.03 in Table 2. For more information on rent and income requirements, see Section 2.03.

## **E. Foreclosed Properties**

Housing Infrastructure Funding may be used to finance the costs of the acquisition and rehabilitation of a Foreclosed Property or an Abandoned Property to be used for affordable rental housing, or to finance the new construction of rental housing on Abandoned Property or Foreclosed Property where the existing structures will be demolished or removed.

To be eligible for consideration for funding, projects must meet at least one of the strategic priorities as defined in the [Self-Scoring Worksheet](#).

## **F. Housing-Related Space and Community Service Facilities**

### **Housing-related space**

Projects funded with Housing Infrastructure Funding may include housing-related space exclusively used by residents of the building such as community, administrative, or program space. Minnesota Housing will analyze the following factors when determining the amount of housing-related space in a housing project that is eligible to be funded:

- Whether the space will be used exclusively by tenants
- The extent to which the proposed use of the space fits with the service needs of the tenants and does not expose the tenants to security risks or the project to financial risk
- The ease with which the space is convertible to residential space
- The financial and operational capacity of the applicant or any partner organization to operate and manage the space
- Whether similar services or facilities that are appropriate for the tenants are located nearby
- The availability of other funding for the construction and/or rehabilitation of space, as well as the maintenance and operation of that space

### **Community service facilities**

Generally, community service facilities are not eligible for financing with Housing Infrastructure Funding. Per the [Multifamily Underwriting Standards](#), a community service facility is defined as a facility that is part of the qualified low-income housing development designed to serve primarily individuals, including tenants and non-tenants, whose income is 60% or less of AMI. For projects selected for funding in 2024 and after, the applicable MTSP income limits may be used.

Projects that will include a community service facility component are strongly encouraged to visit the [Multifamily Consolidated RFP/HTC Funding Rounds](#) webpage to request technical assistance from Minnesota Housing's Multifamily Division staff well in advance of application submission.

## **G. Ineligible Projects**

Temporary uses such as shelters, transitional housing, or residential hotels *are not* eligible for funding with Housing Infrastructure Funding.

For Senior Housing, housing must be of an independent living model. Assisted living facilities *are not* eligible for funding with Housing Infrastructure Funding.

## **H. Mixed Use Projects**

A project may qualify as a multifamily housing residence or a portion of a mixed-use multifamily residence that has a property legal description and ownership structure distinct from any other portion of the mixed-use facility. Specific review by Minnesota Housing is necessary to ensure that Housing Infrastructure Funding is allocated to eligible uses under Section 462A.37.

## **I. Combined Eligible Uses**

Projects are encouraged to select one Housing Infrastructure Funding eligible use. However, subject to approval by Minnesota Housing, a project may include units that meet more than one Housing Infrastructure Funding eligible use. For projects proposing to combine different eligible Housing Infrastructure Funding uses into a single project, Minnesota Housing will consider such factors as project feasibility and market demand.

Senior Housing projects cannot be combined with other eligible uses and all units must meet the Senior Housing eligible use.

## **J. Level of Funding**

The amount of Housing Infrastructure Funding will be based on the number of units that meet an eligible use. In determining the amount of Housing Infrastructure Funding, Minnesota Housing reviews cost reasonableness on a per-unit and total project cost basis. Minnesota Housing also analyzes the developmental and operational costs to determine that the amount of funds provided to the project is not more than is necessary to make it financially feasible.

## **2.03 Income Requirements, Rent Requirements and Preferences**

The following sections do not supersede or replace any rent or income requirements in a project's loan documents.

For income and rent requirements that are applicable to projects selected prior to 2024 and for projects selected in 2024 and after, see section 2.03.A and 2.03.B below.

### Income Limits

All units in a project financed with Housing Infrastructure Funding must be occupied by households whose income at the time of initial occupancy does not exceed 80% of the greater of the [statewide median or area median income](#) (AMI) for projects selected for funding prior to 2024 (see Table 1), not adjusted for household size. For projects selected for funding in 2024 and after, see Table 2 for the MTSP income limits, not adjusted for household size. Lower income limits may be required for all or some of the units based on Minnesota Housing's funding priorities, state law applicable to financing with the proceeds of Housing Infrastructure Funding, or federal tax law.

Additional income restrictions that are applicable to the eligible uses can be found in section 2.03.A and 2.03.B.

### Maximum Gross Rents

Limitations on the amount of rent that may be charged for each unit will remain in place for the term specified in the property declaration. Rents for units assisted with Housing Infrastructure Funding may not exceed the rent limits found in Table 1 and Table 2. Lower rent limits may be required for all or some of the units based on Minnesota Housing's funding priorities. If any of the assisted units are occupied by a household that is benefited by project-based or tenant-based rental assistance such as Section 8 or a similar state, or local government rental assistance program or a housing support agreement, such units are deemed to satisfy the rent restrictions. Rents are gross rents that include an allowance for tenant paid utilities. An acceptable utility allowance is determined by the Section 8 public housing authority utility allowance for vouchers and must be updated annually.

**Senior Rent limits:** For projects selected for funding in 2025 and after with units that qualify under the Senior Housing eligible use of Housing Infrastructure Funding, units that are restricted to 30% or 50% MTSP income limits and are occupied by households without rental assistance must also restrict rents to the 30% or 50% MTSP rent limit accordingly.

Additional rent restrictions that are applicable to the eligible uses can be found in section 2.03.A and 2.03.B.

### A. Projects Selected for Funding Prior to 2024

#### Table 1: Summary Rent and Income Requirements by Eligible Uses

The table below provides a summary of the income and rent requirements. These requirements are effective for projects selected for funding prior to 2024.

Eligible uses	Income limits	Rent limits
<b>Permanent Supportive Housing – Homeless</b>	Does not exceed 80% of the greater of statewide median or area median income, not adjusted for household size.	Affordable to Local Workforce <b>Preference:</b> 30% AMI
<b>Senior Housing</b>	<b>Metro:</b> 50% metropolitan AMI, not adjusted for household size, for projects within the Metropolitan Area.  <b>Statewide:</b> 50% statewide median income, not adjusted for household size, for projects outside the Metropolitan Area.  <b>Preference:</b> 30% metropolitan AMI, not adjusted for household size	Affordable to Local Workforce <b>Preference:</b> 30% AMI
<b>Preservation</b>	Does not exceed 80% of the greater of statewide median or area median income, not adjusted for household size.	Affordable to Local Workforce <b>Preference:</b> 30% AMI
<b>General Occupancy Properties</b>	Does not exceed 80% of the greater of statewide median or area median income, not adjusted for household size.	Rents must be affordable to households with incomes at or below 50% AMI for the applicable county or metropolitan area as published by HUD, as adjusted for household size.  <b>Preference:</b> 30% AMI

**Preference:** Statute gives preference to projects that will provide housing with rents or income at or below certain rent and income levels. Minnesota Housing will prioritize proposals that achieve this preference and demonstrate financial feasibility.

If there are other funding sources for the project, there may be additional rent limitations.

## B. Projects Selected for Funding in 2024 and After

To promote efficiency in program administration, underwriting and compliance, the income and rent limits established in Minnesota Statute 462A.37 for the multifamily rental uses listed below are hereby modified to align with Section 42. The modification is authorized pursuant to Minnesota Statutes,

Section 462A.07, Subdivision 18. These modifications do not alter or supersede any income or rent restrictions established in existing loan documents.

**Table 2: Summary Rent and Income Requirements by Eligible Uses**

The table below provides a summary of the income and rent requirements. These income and rent requirements may be effective for projects selected for funding in 2024 and after.

Eligible uses	Income limits	Rent limits
<b>Permanent Supportive Housing – Homeless</b>	80% MTSP	80% MTSP <b>Preference:</b> 30% MTSP
<b>Senior Housing</b>	<b>Metro:</b> 50% MTSP (annual combined household income) <b>Greater Minnesota:</b> 80% MTSP (annual combined household income) <b>Preference:</b> 30% MTSP (annual combined household income)	Rent limits are applicable for projects selected for funding in 2025 and after. <b>Metro:</b> 50% MTSP <b>Greater Minnesota:</b> 80% MTSP <b>Preference:</b> 30% MTSP
<b>Preservation</b>	80% MTSP	80% MTSP <b>Preference:</b> 30% MTSP
<b>General Occupancy Properties</b>	80% MTSP	Rents must be affordable to households with incomes at or below 50% MTSP rents <b>Preference:</b> 30% MTSP

**Preference:** Statute gives preference to projects that will provide housing with rents affordable at or below the MTSP rent limits in Table 2. Minnesota Housing will prioritize proposals that achieve this preference and demonstrate financial feasibility.

If there are other funding sources for the project, there may be additional rent limitations.

**C. Acquisition and Rehabilitation Projects – Household Income**

For acquisition and rehabilitation projects, the owner must contact each household prior to loan commitment and have them certify their gross annual household income on an [Initial Occupancy Statement by Tenant Form](#) (other, more detailed income certification forms may be acceptable as long as information on the more detailed form(s) matches the information requested on the Initial Occupancy Statement by Tenant Form). As assisted units become vacant, they must continue to be

leased to income-qualifying households. New households must similarly certify their gross annual household income prior to occupancy.

#### **D. Minimum Term**

The income and rent restrictions for the assisted units are in effect for the term of the property declaration.

### **2.04 Design and Construction Review**

Projects financed with Housing Infrastructure Funding must meet Minnesota Housing's [Rental Housing Design and Construction Standards](#) and are subject to plan reviews by staff architects per Minnesota Housing's [Architect's Guide](#).

Minnesota Housing's Rental Housing Design and Construction Standards include Senior design requirements and recommended (not required) best practice Senior design features.

In accordance with Minnesota Statutes, Section 462A.37, Subdivision 2(f), Housing Infrastructure projects that are new construction or adaptive reuse with four or more units per building must also meet each of the following requirements:

- At least 5% of the total units, with a minimum of one unit, must be accessible units, and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and
- At least 5% of the total units, with a minimum of one unit, must be sensory-accessible units that include:
  - Soundproofing between shared walls for first and second floor units;
  - No fluorescent lighting in units and common areas;
  - Low-fume paint;
  - Low-chemical carpet; and
  - Low-chemical carpet glue in units and common areas.

### **2.05 Tenant Selection Plan**

Minnesota Housing requires all properties financed with applicable Minnesota Housing program and funding sources to have a Tenant Selection Plan. A list of program and funding sources, as well as Tenant Selection Plan best practices and performance requirements, can be found on Minnesota Housing's [Tenant Selection Plan Guidelines](#) webpage.

## Chapter 3 – Loan Characteristics and Terms

Minnesota Housing primarily selects projects for a loan to be made with the proceeds of Housing Infrastructure Funding during Minnesota Housing's annual Multifamily Consolidated RFP/HTC Funding Round process. Minnesota Housing's underwriting parameters for all projects include an analysis of financial feasibility and development costs and a review of sponsor capacity (financial and organizational), management, marketability, and architectural requirements. Refer to Minnesota Housing's [Multifamily Underwriting Standards](#) for more information.

### 3.01 Fees

Please review the [Multifamily Loan Programs and Housing Tax Credit Program Fee Schedule](#) for all applicable fees associated with Housing Infrastructure Funding.

### 3.02 Mortgage Interest Rate and Term

Loans are made as a 0% deferred payment loan unless a higher interest rate is necessary to allow Housing Infrastructure Funding to be used with other funding sources. Principal and interest, if any, may be due and payable at the end of the loan term, which is typically 30 years.

### 3.03 Cash Flow Note

Minnesota Housing may, at its sole discretion, require a cash flow note. More information regarding the cash flow note requirement can be found in the [Multifamily Underwriting Standards](#).

### 3.04 HIB Loan Types

This section only applies to HIB proceeds.

#### A. Tax-Exempt Volume Limited Bond Funded

These loans are structured as deferred payment loans, repayable at maturity. HIBs issued by Minnesota Housing to fund these loans require an allocation of a portion of the state's volume cap on Tax-Exempt Volume Limited Bonds. Loans funded with the proceeds of HIBs may help to qualify a project for 4% HTCs if the proceeds of HIBs, together with the proceeds of any other Tax-Exempt Volume Limited Bonds issued to finance that project, will fund at least the Required Minimum Percentage of the aggregate basis of the project plus land. The project must meet the Bond Tests Analysis discussed in section 3.06 and the requirements of the applicable Qualified Allocation Plan (QAP). The borrower must be a for-profit entity.

Minnesota Housing, at its sole discretion, may make a short-term, Tax-Exempt Volume Limited Bonds-funded bridge loan in the event that the principal amount of the HIB loan, including any portion required to be repaid after construction, is not sufficient to meet the Required Bond Percentage test.

The bridge loan will have a term of approximately 18 months and will generally mature one month prior to maturity of the Tax-Exempt Volume Limited Bond. The loan may be prepaid at the option of the borrower, but not earlier than one month prior to the first date that the Bonds can be redeemed at the option of Minnesota Housing (not less than 12 months after issuance); prepayment should be discussed with Minnesota Housing if this option is desired. The loan term may be longer based on the project's construction schedule and schedule of equity installments.

### **B. Governmental Bond Funded**

These loans are structured as deferred payment loans, and will be either forgivable at maturity if the borrower is not a governmental entity, or forgivable or repayable at maturity if the borrower is a governmental entity, as determined by Minnesota Housing. HIBs issued by Minnesota Housing to fund these loans do not require an allocation of a portion of the state of Minnesota's volume cap on Tax-Exempt Volume Limited Bonds. These loans will not qualify a project for 4% HTCs. The borrower may be a governmental or 501(c)(3) entity.

### **C. 501(c)(3) Bond Funded**

These loans are structured as deferred payment loans and are repayable at maturity; these loans may also be classified as governmental bond funded. HIBs issued by Minnesota Housing to fund these loans do not require an allocation of a portion of the state of Minnesota's volume cap on Tax-Exempt Volume Limited Bonds. These loans do not qualify a project for 4% HTCs. The borrower must be a 501(c)(3) nonprofit organization.

## **3.05 HIA Loan Types**

This section only applies to HIA.

Loans are structured as deferred payment loans, either repayable or forgivable at maturity, as determined by Minnesota Housing. By themselves, these loans do not qualify a project for 4% HTCs but can be used for eligible projects to fill funding gaps.

## **3.06 Bond Tests Analysis for HIB Loans**

This section only applies to HIB proceeds.

Projects that receive an allocation of Tax-Exempt Volume Limited Bonds issued to finance that project may qualify for 4% HTCs if the amount is at least the Required Minimum Percentage of the aggregate

basis of the building and the land it is located on. The project must meet the Bond Tests Analysis and the requirements of the applicable QAP.

During Minnesota Housing's annual Multifamily Consolidated RFP/HTC Funding Round, applicants are required to submit a completed Bond Tests Analysis spreadsheet. This tool assists applicants in determining if the proposed project meets specific Bond tests.

### **A. Required Minimum Percentage Test**

One of the major requirements for a project to preliminarily qualify for 4% HTCs is the use of the proceeds of Tax-Exempt Volume Limited Bonds to finance at least the Required Minimum Percentage of the total aggregate basis of the building and land set forth in Section 42 through the placed-in-service date. To initially estimate the Bond amount required, use the following equation:

Tax-Exempt Volume Limited Bonds required for Required Minimum Percentage test = Required Minimum Percentage × (total aggregate basis + land acquisition cost)

This is a rough estimate that may be used during initial selection. The borrower should consult with their accountant to verify that the project will meet the Required Minimum Percentage test as set forth in Section 42.

### **B. Good Costs and Bad Costs**

Certain eligible development costs, also known as good costs, may be allocated to the proceeds of Tax-Exempt Volume Limited Bonds, while other ineligible (bad) costs may not. There must be sufficient good costs to support the final loan amount. Generally, good costs consist of capital expenditures of the project, such as land acquisition, construction, or rehabilitation. Good costs are usually financed from Tax-Exempt Bonds and are documented in the Bond issue's closing documents. Bad costs are typically related to the issuance of Tax-Exempt Bonds but are not capital expenditures. For example, consultant fees (e.g. financial advisor, bond trustee, legal), underwriter fees, printing costs, and overhead expenses are bad costs.

Good costs and bad costs are listed on the Bond Tests Analysis spreadsheet under the Bond Costs from Workbook tab. Some bad costs will not automatically categorize and will need to be adjusted manually. For example, developer fees, general contractor overhead and profits (such as amounts not payable by the general contractor to a third party), or architect's fees are considered bad costs when there is an identity of interest between the borrower and one of these parties since payments to related parties (as defined by federal tax law) are not eligible to be financed with the proceeds of Tax-Exempt Volume Limited Bonds.

For a project to qualify for an HIB loan, there must be sufficient other (non-Bond funded) sources to allocate to bad costs.

Special attention should be paid to the good cost/bad cost analysis for projects that are governmental Bonds or 501(c)(3) Bonds funded as described in section 3.04. Under these loan structures, the HIB loan may be a substantial portion of the total project sources. Thus, it is important to analyze if there are other (non-Bond funded) sources to allocate to bad costs. Further, these structures do not include participation of a tax credit investor as part of the ownership entity and increase the likelihood of an identity of interest between the borrower and the developer.

The Bond Tests Analysis, Bond Costs from Workbook tab of the Bond Tests Analysis spreadsheet calculates the anticipated amount of good costs. For Tax-Exempt Volume Limited Bond funded loans, the amount of Tax-Exempt Volume Limited Bonds needed to meet the Required Bond Percentage test (the total aggregate basis + land amount), plus a buffer determined by Minnesota Housing, which is generally 3% for projects with a Bond issuance effective in 2025 or prior, or 5% for projects with a Bond issuance after December 31, 2025. Minnesota Housing retains discretion to adjust the buffer percentage.

If a project contains commercial or non-residential space, costs related to those portions of the project are considered bad costs.

If at any time during post-selection there are updates to good/bad costs, the borrower shall submit that information to the Minnesota Housing underwriter assigned to the project. Minnesota Housing's finance counsel and external bond counsel will make the final determination of whether there are sufficient good costs to support the amount of Bonds; however, Minnesota Housing finance counsel and external bond counsel make no determination as to the satisfaction of the Required Bond Percentage test for purposes of HTC eligibility. The Required Bond Percentage test is determined by the borrower's accountant.

### **C. Ownership Assessment**

Organizational charts for the current and future ownership entities showing the ownership percentage, cash flow, and residuals must be sent to Minnesota Housing post-selection. Minnesota Housing will determine what, if any, additional costs are ineligible to be Bond financed (bad costs) because of the relationships between the parties and if there are sufficient eligible costs (good costs) to support the loan amount. Refer to Appendix C (Sample Organizational Charts) for sample organizational charts pre- and post-sale.

If the developer is a related party to the borrower, the developer fee may be ineligible to be financed with Bond proceeds. Special attention should be paid to the good cost/bad cost analysis due to the potential of developer fees, general contractor overhead and profits (such as amounts not payable by the general contractor to a third party), or architect's fees not being eligible to be reimbursed with Bond proceeds. Projects financed with governmental or 501(c)3 Bonds should evaluate this carefully as these structures will not include a tax credit investor as a limited partner, thus increasing the likelihood of an identity of interest between the borrower and developer.

## **D. Rehabilitation/Acquisition Ratio**

Rehabilitation expenditures must equal or exceed 15% of the portion of the cost of acquiring the building financed by Bonds Use the following equation:

rehabilitation costs ÷ (building acquisition – land cost) financed by Bonds

This calculation is included in the Bond Costs from Workbook tab of the Bond Tests Analysis.

## **E. Bond Income Restrictions**

If the project is funded with a 4% HTCs financial structure, units must be income-restricted to meet the requirements of the elected minimum set-aside in accordance with Section 42 and Section 142(d). This restriction is in addition to income limits applicable to projects financed with the proceeds of HIBs and associated with any other funding sources or financing costs of the project. Refer to [Section 2.03](#) for income requirements.

## **F. State Requirements Applicable to Tax-Exempt Volume Limited Bonds**

State requirements applicable to Tax-Exempt Volume Limited Bonds include:

- Fair Market Rent (FMR): At least 20% of units in the proposed residential rental project do not exceed the area [FMR](#) or exception FMR for existing housing, if applicable, as established by HUD. Units that have project-based federal rental assistance (for example, Section 8) are deemed to meet this condition.
- Rental Assistance: The borrower is obligated to extend any existing rental assistance agreements for the maximum term permitted.
- Term of State requirements: The borrower must maintain the maximum rental rates and income levels for 15 years.
- Reserves for Preservation Projects: Projects with existing project-based rental assistance must have project reserves at the time of Bond issuance and maintained in future years at the lesser of (1) the greater of 40% of the outstanding first mortgage or \$5,000 per unit, or (2) the amount of reserves at the time of Bond issuance, provided sufficient funds are available at Bond issuance to complete immediate repairs.

## **G. Scattered Site Projects**

For a scattered site project, each separate site must meet the income set-aside, the Required Bond Percentage test, the rehabilitation cost test, the good cost/bad costs test, and Minnesota's FMR test.

### **3.07 Underwriting and Post-Selection HIB Process**

This section only applies to HIB proceeds.

## **A. Reimbursement Declaration**

After selection, Minnesota Housing will execute a declaration of intent to reimburse costs of the project from the proceeds of HIBs and/or other Tax-Exempt Volume Limited Bonds. That declaration of intent allows eligible expenses incurred and paid up to 60 days prior to execution of the declaration to be reimbursed with the proceeds of HIBs. Some preliminary expenditures are reimbursable even if incurred and paid earlier than 60 days prior to execution of the declaration (for example, architect, engineering, surveying, soil testing expenses), but not land acquisition or site preparation. These preliminary expenditures may in aggregate not exceed 20 percent of the principal amount of the Bonds. The reimbursement declaration does not expire.

If land or existing structures are or have been acquired by the borrower or a related party to the borrower, more than 60 days prior to the execution of the reimbursement declaration, those costs are ineligible to be financed with Bond proceeds. Special attention should be paid to the good cost and bad cost analysis due to the potential of acquisition costs not being eligible to be reimbursed with Bond proceeds. Projects financed with governmental or 501(c)(3) Bonds should evaluate this carefully as there may not be sufficient other (non-Bond funded) sources to pay for acquisition costs if ineligible to be reimbursed with Bond proceeds.

## **B. Tax Equity and Fiscal Responsibility Hearing**

Minnesota Housing will give notice and hold a TEFRA public hearing for all multifamily housing projects to be financed with the proceeds of HIBs and/or other Tax-Exempt Volume Limited Bonds. The principal amount of Bonds stated in the notice of the TEFRA hearing may include a buffer over the anticipated amount of the Bonds needed to fund each loan. Following the TEFRA public hearing, Minnesota Housing will request the governor to approve the issuance of Tax-Exempt Volume Limited Bonds for each project. The Bonds must be issued within one year of the governor's approval or another approval must be requested and obtained.

## **C. Tax-Exempt Bond Issuance**

The proceeds of HIBs usually will finance loans for multiple projects. Neither the principal nor interest, if any, to be repaid with respect to the loans nor the property financed are security for repayment of the HIBs. For approval purposes, a loan made from the proceeds of HIBs is processed in the same manner as a deferred loan. Minnesota Housing's internal Mortgage Credit Committee approval is required for the loan and, after initial selection, additional Minnesota Housing board approval is not typically required.

The funding of the loans will be dependent on, and will not occur until, the issuance of HIBs. Minnesota Housing's ability to issue HIBs is dependent on Minnesota Management and Budget providing updated disclosure with respect to the state of Minnesota and its finances.

Minnesota Housing's board resolution approving the issuance of HIBs will identify each project that is authorized to be financed with the proceeds of those HIBs.

#### **D. Minnesota Statute 474A.047 Compliance**

Prior to loan closing, projects with an existing project-based federal rental assistance payment contract must enter into a binding agreement with Minnesota Housing to extend affordability restrictions and any contract or agreement for rental assistance for the maximum term permitted. Minnesota Housing must also certify, based on information certified to Minnesota Housing by the borrower, that project reserves will be maintained at the closing of the loan and budgeted in future years at the lesser of:

- The greater of 40% of the outstanding first mortgage or \$5,000 per unit; or
- The level of project reserves available prior to the closing of the loan, provided that additional money is available to accomplish repairs and replacements needed at the time of loan closing.

#### **3.08 Post Closing HIB Process**

This section only applies to Housing Infrastructure Bond proceeds.

**Bond Compliance Agreement or Tax Exemption Agreement.** The provisions of the Bond Compliance Agreement relating to income and rent requirements begin on the date 10% of project units are first occupied and continue, regardless if the loan is prepaid or assumed, through the later of:

- The date the Bonds are paid in full, or
- 15 years from the date 50% of units are first occupied, or
- Termination of Section 8 contract, if any.

The Bond Compliance Agreement is required in connection with any loan made from the proceeds of Tax-Exempt Volume Limited Bonds. It is also required for deferred repayable loans made from the proceeds of HIBs to an entity that is a 501(c)(3) nonprofit corporation for acquisition and rehabilitation of a project. The Tax Exemption Agreement is required in connection with any other type of loan made with the proceeds of HIBs and terminates when the HIBs have been paid in full.

Minnesota Housing's asset manager monitors the property for compliance under the Bond Compliance Agreement. The Bond Compliance Agreement must be an attachment to the Management Agreement, and the Management Agreement must contain a provision requiring the manager of the project to comply with the provisions of the Bond Compliance Agreement.

Additional monitoring requirements include:

- Exhibit B of the Bond Compliance Agreement: The document is required to be completed when 50% of the units in the project are occupied. Exhibit B is used to document the Bond Compliance Agreement's:

- Commencement date
- End dates of occupancy restrictions and rental restrictions
- Annual certifications: During the compliance period, the following forms may need to be submitted annually to Minnesota Housing (refer to Bond Compliance Agreement):
  - IRS Form 8703
  - Certification of Compliance with Minn. Stat. 474A.047
- Financial reporting and annual inspections: In addition to the annual certifications, the following financial reporting and oversight may be required by Minnesota Housing:
  - Monthly operating reports
  - Annual budget approvals
  - Annual inspections by a Minnesota Housing asset manager

## 3.09 Transfers of Ownership and Prepayment

### A. Transfers of Ownership

The project may not be sold, and in connection with any sale the loan may not be assumed by the new owner, without the approval of Minnesota Housing. The borrower must request the approval through Minnesota Housing's [Request for Action \(RFA\) process](#). Minnesota Housing, at its sole discretion, will consider giving that approval only if each of the following minimum requirements are met:

- The borrower is not in default under any of its agreements with Minnesota Housing
- The new entity is eligible to receive a loan from the proceeds of HIBs of the type that financed the original loan as set forth in section 2.02
- The new entity is creditworthy, at Minnesota Housing's sole discretion
- The new entity assumes all contractual obligations with Minnesota Housing
- An assumption fee is paid equal to the approximate administrative costs incurred by Minnesota Housing in processing the sale and assumption

### B. Prepayment and Assumption

The borrower may prepay the unpaid principal amount, in whole or in part, with the prior written approval of Minnesota Housing, by paying a sum equal to the unpaid principal amount and interest (if any) to the date of repayment, plus a processing fee in an amount to be determined by the Minnesota Housing in its sole discretion, but not exceeding the approximate administrative costs incurred by Minnesota Housing in processing the prepayment. The covenants and conditions in the property declarations run with the land and will remain in effect for the term of the declarations even if the loan is paid in full or an assumption of the loan is permitted.

## **3.10 Return on Equity**

Minnesota Statutes, Section 462A.03, Subdivision 13 allows a maximum return of 15% based on borrower equity, as determined by Minnesota Housing.

## **3.11 Management and Operation**

### **A. Management and Operating Budget**

The budget submitted in the project application is reviewed and compared to budgets of comparable projects that have been financed by Minnesota Housing. These comparables are used in the underwriting of the loan, to project long-term operating costs, and are intended to ensure the long-term financial viability of the project. For more information, refer to the Minnesota Housing [Multifamily Underwriting Standards](#).

Minnesota Housing reserves the right to reject or adjust the management and operation figures based on the information provided, specific project type and circumstances, and significant changes to the economics of the project's current marketplace.

### **B. Utilization of Units**

All units must be rented to family sizes appropriate to the unit size, with a ratio of at least one person per bedroom. If, during tenancy, a family size changes, a household may submit a written request to the management agent to transfer to another unit or be placed on a waiting list for that transfer. In the event of a decrease in family size, the household may be required to move into the next available suitably-sized smaller unit.

### **C. Marketing**

Minnesota Housing requires that each housing provider carry out an affirmative marketing program to attract prospective buyers or tenants in the housing market area regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation. The owner or management agent must submit a Tenant Selection Plan, Affirmative Fair Housing Marketing Plan, and an Affirmative Housing Marketing Plan Addendum.

### **D. Permanent Supportive Housing Documentation**

At project application, the borrower must submit a Permanent Supportive Housing Narrative, a Letter of Confirmation from the local (county or tribal) human services department, and a Continuum of Care (CoC) Confirmation Form (if applicable). Prior to loan closing, the borrower must submit, among other items, a management plan, a supportive housing services budget, a supportive housing services plan, a

memorandum of understanding, and any other documentation deemed necessary for Minnesota Housing staff review and approval. For a complete list of requirements, please contact the Minnesota Housing Supportive Housing Team at [supportive.housing@state.mn.us](mailto:supportive.housing@state.mn.us).

### **3.12 Monitoring and Reporting Requirements**

For all loans funded with Housing Infrastructure Funding, monitoring activities are at Minnesota Housing's sole discretion and may include reviewing tenant incomes, rents, utility allowances, affirmative marketing, resident selection plans, financial reports, HMIS data, and financial summary, compilation, or audit information. In addition, projects financed by Minnesota Housing are subject to periodic management reviews and physical inspections.

An owner's certification of compliance and occupancy information on all units must be reported annually in the form and manner requested by Minnesota Housing.

The owner must lease assisted units to qualified households who certify their annual household income at initial occupancy on an [Initial Occupancy Statement by Tenant Form](#) (other, more detailed income certification forms may be acceptable). This form is used to help verify that households are qualified to occupy an assisted unit. Owners must also request (but cannot require) that qualified households complete a [Head of Household Demographic Information Form](#) which provides additional information for program evaluation.

Additionally, each adult member of a household occupying an assisted unit must sign and date a [Government Data Practices Act Disclosure Statement](#). This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state or federal programs that provide housing for low- and moderate-income families.

All relevant forms can be found on Minnesota Housing's [Oversight and Support for Property Managers](#) webpage.

#### **A. Permanent Supportive Housing**

Minnesota Housing requires owners and service providers of permanent supportive housing units to provide specific information beyond general funding reporting requirements. These include, but are not limited to, entering and reporting participant information in HMIS, reporting annually to Minnesota Housing on the operations of the property through an annual budget and financial review and a supportive housing annual online property survey, and periodic inspections by an asset manager or compliance officer that follows the schedule approved by the Minnesota Housing board for deferred loans or, if the loan is eligible for HTCs, the HTCs schedule. For a complete list of requirements, please contact the Minnesota Housing Supportive Housing Team at [supportive.housing@state.mn.us](mailto:supportive.housing@state.mn.us).

## Appendix A – Terms

Table 3: Terms and Definitions

Term	Definition
4% HTCs	<p>4% Housing Tax Credits. These credits are not taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(4) of the IRC. Non-competitive HTCs that subsidize 30% of the low-income unit costs in a project. Multifamily housing projects qualify if Tax-Exempt Volume Limited Bonds finance at least the Required Bond Percentage of the aggregate basis of the building and land and are outstanding at least until the housing project's placed-in-service date.</p> <p>Multifamily housing projects also must meet the requirements of the applicable year QAP.</p>
9% HTCs	<p>9% Housing Tax Credits. These credits are taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(1) of the IRC. Competitive HTCs that subsidize 70% of the low-income unit costs in a project. The total number allocated is limited by the state's annual per capita volume limit.</p> <p>Multifamily housing projects also must meet the requirements of the applicable year QAP.</p>
Abandoned Property	<p>Property that: (1) has been substantially unoccupied or unused for any commercial or residential purpose for at least one year by a person with a legal or equitable right to occupy the property; (2) has not been maintained; and (3) for which taxes have not been paid for at least two previous years, as defined in <a href="#">section 117.025, subdivision 5</a>.</p>
Affordable to Local Workforce	<p>Statutory rent limit requiring that the rents to be affordable based on the wages of jobs being created or retained in the local area.</p>
Bond Tests Analysis	<p>The Microsoft Excel spreadsheet required for all applications eligible for HIBs that provides a preliminary analysis of several of the required tests that must be met for Tax-Exempt Volume Limited Bonds including the good cost/bad cost and 50% test for projects with a Bond issuance in 2025 or prior, or the required minimum percentage is 25%, if</p> <ol style="list-style-type: none"> <li data-bbox="698 1501 1465 1533">1. a project is placed in service after December 31, 2025, and</li> <li data-bbox="698 1537 1465 1600">2. at least 5% of the aggregate basis of the building and land is financed with bonds issued after December 31, 2025.</li> </ol>
CoC	<p>Continuum of Care. This is a local planning body that coordinates housing and services planning and funding for homeless families and individuals. The CoC tracks and manages the homeless needs and services in its area.</p>
Coordinated Entry System	<p>The system defined by the Statewide Coordinated Entry standards and protocol as adopted by the local CoC or such successor system as determined by Minnesota Housing.</p>

Term	Definition
FMR	Fair Market Rent. <a href="#">Fair Market Rent</a> are used to determine the amount of housing units (at least 20%) that have rents at or below FMR, to meet state law requirements for the issuance of Tax-Exempt Volume Limited Bonds.
Foreclosed Property	Residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.
Greater Minnesota	The area which is not included in the Metropolitan Area.
HIAs	Housing Infrastructure Appropriations. Direct legislative appropriations (cash) that are made available to Minnesota Housing that may be used to fund loans and grants that conform to the provisions of Minnesota Statutes, Section 462A.37.
HIBs	Housing Infrastructure Bonds. These are special, limited obligation, Tax-Exempt Bonds issued by Minnesota Housing, the principal and interest on which are paid solely from appropriations to Minnesota Housing from the state general fund. Refer to the <a href="#">Housing Infrastructure Program</a> webpage for more information.
HMIS	Homeless Management Information System. This is a web-based information technology system used to collect client-level data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.
Housing Infrastructure Funding	Collectively, HIAs and HIBs.
HPH Households	High Priority Homeless households prioritized for permanent supportive housing by the Coordinated Entry System.
HTCs	Housing Tax Credits. –The Housing Tax Credit Program offers investors a 10-year reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation.
IRC	The Internal Revenue Code
Metropolitan Area	The area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey; Scott (excluding the city of New Prague), and Washington.
Minnesota Housing	The Minnesota Housing Finance Agency.
Minnesota Management and Budget	The state of Minnesota department that administers the allocation of the Private Activity Bonds volume cap in accordance with the provisions of Minnesota Statutes, Chapter 474A.
Mortgage Credit Committee	A Minnesota Housing cross-divisional management group that approves credit analysis, ownership structures, and financing of projects for multifamily loans and related matters.

Term	Definition
MTSP	The HUD Multifamily Tax Subsidy Project limits for the county in which the property is located.
Multifamily Consolidated RFP/HTC Funding Round	The Multifamily Consolidated Request for Proposals/Housing Tax Credit Funding Round offered once a year which consolidates and coordinates multiple housing resources into one application process, including deferred loans and amortizing first mortgages.
Multifamily Underwriting Standards	The documents that The Underwriting Standards sets forth the standards and processes that Minnesota Housing will use to underwrite multifamily rental properties.
Municipal Bond/Bond/Bonds	A debt security issued by or on behalf of a state or its political subdivision, or an agency or instrumentality of a state, its political subdivision, or a municipal corporation. Municipal Bonds, for example, may be issued by states, cities, counties, special tax districts, or special agencies or authorities of state or local governments.
Other Homeless Households	Households, other than HPH Households, that include (i) individuals leaving institutions that do not have a permanent residence or (ii) other homeless populations not referred by the Coordinated Entry System.
Private Activity Bonds	A Municipal Bond issued to fund projects used by a non-governmental entity in its trade or business and secured by property used in a trade or business. Certain types of these obligations may qualify as Tax-Exempt Volume Limited Bonds and bear interest excludable from federal gross income.
Program Guide	This Housing Infrastructure Program Guide.
QAP	The Qualified Allocation Plan. Section 42 of the IRC requires that state allocating agencies develop a QAP for the distribution of HTCs within their jurisdiction. The current and proposed QAPs for each calendar year are available on Minnesota Housing's <a href="#">Qualified Allocation Plan (QAP)</a> webpage.
Replacement	New construction housing which replaces federally assisted units that will be demolished. Replacement housing units must be built on the same site or a contiguous site. For the purpose of this definition, sites across the street from one another will be considered contiguous. The contiguity requirement is not applicable for existing scattered site projects located on Tribal land.
Required Minimum Percentage	The percentage of aggregate basis of the building and land required by Section 42 to be financed by Tax-Exempt Volume Limited Bonds.
Section 142(d)	Section of the Internal Revenue Code that describes what constitutes a qualified residential rental project.
Section 42	Section of the Internal Revenue Code applicable to HTCs.

Term	Definition
Self-Scoring Worksheet	Sets the selection criteria and funding priorities that Minnesota Housing will use to prioritize applications requesting 4% HTCs, 9% HTCs, and/or deferred funds that are selected through the Multifamily Consolidated RFP/HTC Funding Round or on a pipeline basis for available financing that may be available throughout the year.
Senior	A person 55 years of age or older.
Senior Household	A household with one or more Senior members and with an annual combined income not greater than 50% of (1) the Metropolitan Area median income for persons in the Metropolitan Area; or (2) the statewide median income for persons outside the Metropolitan Area. For projects selected for funding in 2024 and after, the use of median income may be converted to MTSP income limits.
Senior Housing	Housing intended and operated for occupancy by Senior Households with at least 80% of the units occupied by Senior Households, and for which there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for Seniors. Senior Housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.
Tax-Exempt Bonds	A Municipal Bond that bears interest excludable from federal gross income, and that may also not be subject to state or local income taxation.
Tax-Exempt Volume Limited Bonds	A Municipal Bond that must receive an allocation of a portion of the state's volume cap for the issuance of Private Activity Bonds under section 146 of the IRC in order to qualify as Tax-Exempt Bonds.
TEFRA	The Tax Equity and Fiscal Responsibility Act of 1982. Certain types of Private Activity Bonds, to qualify as Tax-Exempt Volume Limited Bonds, must be approved (TEFRA approval) either by an elected official or a body of elected officials of the applicable governmental entity after a public hearing (TEFRA hearing) following reasonable public notice (TEFRA notice) or by voter referendum of the governmental entity.
Tribally Designated Housing Entity	Entities that meet the requirements defined by United States Code, title 25, section 4103(22).
HUD	The United States Department of Housing and Urban Development.
Workbook	The Microsoft Excel spreadsheet used to apply for Minnesota Housing multifamily funding.

## Appendix B – Legal Addendum

### 1.01 Conflict and Control

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

### 1.02 Fraud

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

### 1.03 Misuse of Funds

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

### 1.04 Conflict of Interest

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- **Actual Conflict of Interest:** An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- **Potential Conflict of Interest:** A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.
- **Appearance of a Conflict of Interest:** The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- **Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (that is, interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## **1.05 Assistance to Employees and Affiliated Parties**

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## **1.06 Suspension**

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to

Minnesota Housing's website for a list of [suspended individuals and organizations](#) (Go to [mnhousing.gov](#), scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## 1.07 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (for example, administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);
- Any member Minnesota Housing's [Servant Leadership Team](#), as denoted on Minnesota Housing's current organizational chart (Go to [mnhousing.gov](#), scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- [Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to [mnhousing.gov](#), scroll to the bottom of the screen and select Report Wrongdoing).

## 1.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## 1.09 Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers

and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

## 1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

## 1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minnesota Statutes Chapter 177](#) or [Minnesota Statutes Section 116J.871](#). In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to: [mhfa.prevailingwage@state.mn.us](mailto:mhfa.prevailingwage@state.mn.us).

All questions regarding state prevailing wages and compliance requirements should be directed to the Minnesota Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator

443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

## Appendix C – Sample Organizational Charts

Figure 1: Original Structure of Seller (from Initial Closing-Date)

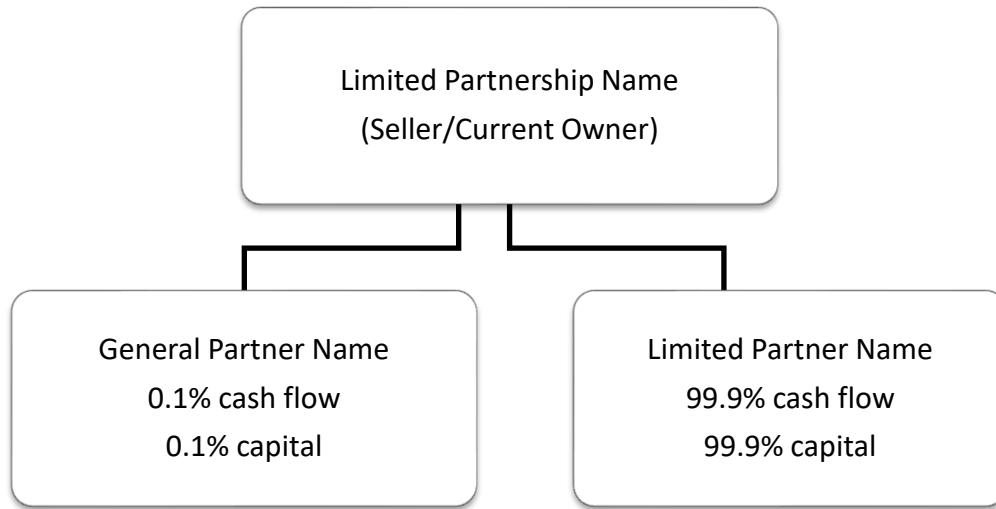


Figure 2: Structure of Seller Following Exit of Limited Partner (as of Date)

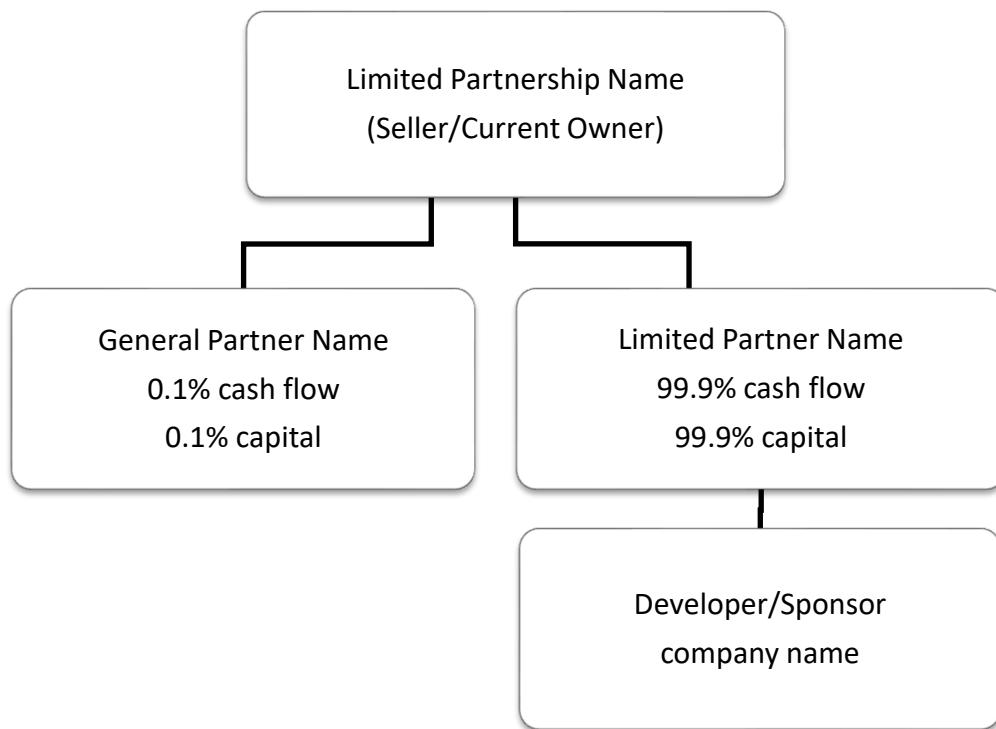
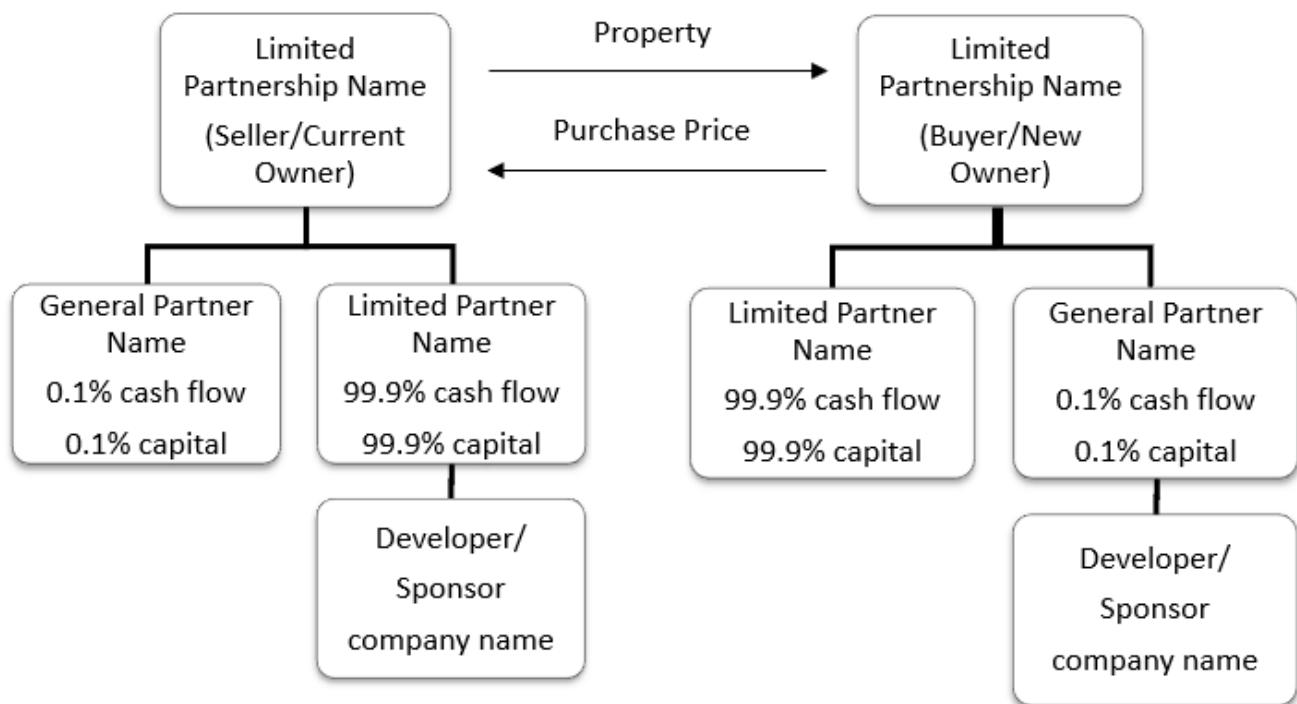


Figure 3: Structures as of Closing Date for Sale of Project



This page intentionally left blank.



## Item: Approval, Community Stabilization: Naturally Occurring Affordable Housing (NOAH) – Multifamily Rental Housing Selections

**Action Item:** 7.C  
**Date:** 01/22/2026  
**Staff Contacts:** Beverly Wilharm, 651.539.9635, [bev.wilharm@state.mn.us](mailto:bev.wilharm@state.mn.us)  
Anne Heitlinger, 651.296.9841, [anne.heitlinger@state.mn.us](mailto:anne.heitlinger@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval and adoption of the attached resolutions authorizing the selection of 11 applicants to the Community Stabilization: Naturally Occurring Affordable Housing Multifamily Rental Housing Program (NOAH Program) for further processing. If approved, the selection would allocate \$41,750,000 funded by state appropriations. Selections are subject to final underwriting, due diligence and the terms and conditions of the NOAH Program Guide.

### Fiscal Impact

This program is funded by state appropriations. Minnesota Housing will earn fee income when originating a Naturally Occurring Affordable Housing (NOAH) loan. The Agency does not anticipate earning interest on the loans.

### Agency Priorities

<input type="checkbox"/> Improve the Housing System	<input type="checkbox"/> Make Homeownership More Accessible
<input checked="" type="checkbox"/> Preserve and Create Housing Opportunities	<input type="checkbox"/> Support People Needing Services
	<input checked="" type="checkbox"/> Strengthen Communities

### Attachments

- Background and NOAH Selection Recommendations
- Projects Recommended for Funding
- Geographic Map of NOAH Funding Recommendations
- Resolution

## Background

### NOAH Program Request for Proposal (RFP) Overview:

In the 2023 legislative session, the Community Stabilization Program was established pursuant to [Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 29](#) and [Minnesota Laws 2023, chapter 37, article 2, section 6](#) as a one-time program with \$90 million of state appropriations, of which \$80 million was to help preserve NOAH and \$10 million to provide a one-time grant to Aeon for Huntington Place apartments in Brooklyn Park. While NOAH does not have a standard industry definition, the term generally refers to rental properties with affordable rents without government subsidies or regulatory requirements. NOAH properties are typically older, privately owned and maintain lower rents due to market conditions.

In the 2024 legislative session, [Minnesota Laws 2024, chapter 127, article 14, section 11](#) amended the Community Stabilization Program to create three one-time Community Stabilization programs and two legislatively named grants. The total Community Stabilization appropriations increased to \$115 million with the portion for NOAH reduced to \$51,750,000 for both multifamily rental projects and single family homeownership projects. The appropriation breakout is as follows:

- Naturally Occurring Affordable Housing – Multifamily: \$41,750,000
- Naturally Occurring Affordable Housing – Single Family: \$10,000,000
- Distressed Buildings: \$50,000,000 (of this amount, \$15,000,000 is for the preservation or recapitalization of housing that includes supportive housing)
- Legislatively named grant – Aeon for Huntington Place: \$10,000,000
- Legislatively named grant – Wilder Park Association: \$3,250,000

The board approved the Community Stabilization: NOAH – Multifamily Rental Housing Program Guide at their meeting on February 27, 2025. On May 8, 2025, Minnesota Housing released the 2025 Community Stabilization: Naturally Occurring Affordable Housing Request for Proposal (NOAH RFP). Applications were due July 24, 2025. The NOAH RFP made available up to \$41,750,000 of one time NOAH appropriations.

The Distressed Building programs RFP was launched on August 25, 2025, the application due date was November 19, 2025, and applications are currently being review. The Wilder Park Association legislatively named grant is fully funded and closed out. The Aeon for Huntington Place legislatively named grant is underway. The Single Family Division is finalizing the NOAH-Single Family program guide and plans to bring the program guide to board in spring 2026.

## Review Process

The review process is comprised of the following three phases:

- Eligibility Review
- Funding Priorities and Scoring
- Feasibility Review

### Eligibility Review

The initial phase of the RFP review is to determine that each application is complete, is an eligible property, and proposed an eligible use of the NOAH funding.

#### Eligible Properties

In order to be eligible, properties must be considered NOAH and must be multifamily rental housing. To meet the definition of NOAH multifamily rental housing, a property must fulfill each of the following requirements:

- Have four or more rental units
- Be at least 20 years old
- Have rents in a majority of the units that are affordable to households at or below 60% of the greater of state or area median income (AMI) as determined by the United States Department of Housing and Urban Development (HUD)
- Not currently have federal or state financing or tax credits that require income or rent restrictions, except for public housing, as defined in section 9 of the Housing Act of 1937, that is part of a mixed-finance community

Applications selected for funding may receive a portion or all their funding request depending on the project needs, available resources, and staff evaluation.

#### Eligible Uses

The authorizing law and Chapter 2 of the NOAH Program Guide establish the eligible uses as:

- Acquisition costs: Includes costs related to the purpose of acquisition, such as title, survey, legal fees, and other fees related to acquisition financing
- Rehabilitation: Includes costs related to the purpose of rehabilitation such as:
  - architecture and design costs, general contractor costs, and permits
  - environmental reviews and remediation, including lead-based paint, asbestos, and radon mitigation
  - closing costs, including legal, title, survey, and loan fees

- temporary relocation expenses incurred as a result of the rehabilitation
- reasonable developer fees
- capitalizing replacement reserves
- Interest rate reduction subject to Minnesota Housing review
- Additional uses and reasonable expenses that support the purposes of acquisition, rehabilitation, and interest rate reduction, as approved by Minnesota Housing

## Funding Priorities and Scoring

The second phase of the RFP review is scoring. The authorizing law required that preference be given to applications with projects that:

- Serve lower income households; for example, units with rent restrictions at 30% area median income (AMI) or 50% AMI
- Maintain longer periods of affordability; for example, 30 years or more

NOAH scoring included the following categories:

- Serving low- income households
- Length of affordability
- Readiness to proceed
- Critical physical needs
- Funding request as a percentage of total development cost and of total available funding
- Urgency and risk of loss
- Equitable development – sponsor type

## Feasibility Review

The third phase of the RFP is feasibility review. Projects are assessed for feasibility and for geographic distribution.

The feasibility review is an analysis of the project's costs, funding structure and financial and operational capacity. A high score alone is not sufficient for selection. Applicants must also demonstrate that the proposed project can be successfully implemented and operated over time. Applications that focus on points without substantiating feasibility might not move forward in the selection process. For the NOAH RFP, the feasibility review was conducted by an internal development team, which included a program manager, underwriter, and architect. Agency asset management, housing stability, and compliance staff were also consulted.

In addition, staff assessed the applicant's organizational capacity, and the Agency credit risk officer completed a review of the applicant's financial strength.

## Funding Selection Recommendations:

- The NOAH RFP received 29 applications representing over \$92 million in requests
- The NOAH team recommends 11 projects for further processing. Eight projects are located in the seven country metropolitan area and three are in Greater Minnesota

**Table 1: 2025 NOAH Application Summary**

	Applications Received	Total Recommended for Funding
<b>Number of Developments</b>	29	11
<b>Number of Units</b>	1,838	1,013
<b>Amount Requested</b>	\$ 92,470,775	\$ 41,750,000
<b>Metro</b>	8 (73%)	\$ 23,726,942
<b>Greater Minnesota</b>	3 (27%)	\$ 18,023,059

### Loan Type

Applicants could indicate their preferred funding structure for the loan: amortizing, deferred or forgivable. The loans will be structured as deferred loans but may be structured as forgivable subject to the structural needs of the project as determined by Minnesota Housing staff in the final underwriting approvals.

The loan term will be equal to the length of the affordability commitment submitted by the application for scoring and reflected in the declaration. Annual compliance reporting is required for all NOAH loans.

Three applicants also requested Minnesota Housing first mortgages: Faith Haven, S-Elect Apartments and Blooming Meadow South. Those requests will be reviewed on a pipeline basis and are not part of these selection recommendations. Any future first mortgage requests are subject to board approval.

## **Post- Selection**

With Board approval, the 11 projects recommended to be selected for funding will receive a notice informing them that they have been selected for additional processing. The sponsors will work with Agency staff to finalize project details, including due diligence, so that they may close on funding.

The board will have final approval for projects that experience material changes or require modifications that exceed the delegated authorities previously established by the board.

**MINNESOTA HOUSING FINANCE AGENCY**

**400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 26-XXX**

**RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING, MORTGAGE  
LOAN COMMITMENTS, AND THE CLOSING OF LOANS RELATED TO THE COMMUNITY STABILIZATION:  
NATURALLY OCCURRING AFFORDABLE HOUSING MULTIFAMILY RENTAL HOUSING PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) received applications to provide loans for the purpose of preserving Naturally Occurring Affordable Housing occupied by persons and families of low-and moderate incomes;

WHEREAS, Agency staff reviewed the applications and determined that the applications are in compliance under 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 Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

1. The Board hereby authorizes Minnesota Housing 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:

<b>Property #</b>	<b>Project #</b>	<b>Project Name</b>	<b>Selection Amount</b>	<b>Minimum Loan Term</b>
D8563	M20932	Faith Haven	\$ 10,454,000	30 years
D8897	M20923	S - Elect Apartments	\$ 5,173,000	30 years
D8898	M20924	Bluffview Townhomes	\$ 2,396,000	30 years
D8907	M20935	LaSalle Apartments	\$ 200,000	20 years
D3662	M20928	Sumner Fields II	\$ 1,275,000	30 years
D2854	M20925	Basset Creek 1B	\$ 1,575,000	30 years
D3697	M20926	Heritage III	\$ 1,000,000	30 years
D2961	M20927	Sumner Fields 1A	\$ 1,275,000	30 years
D8906	M20934	Winter 5	\$ 548,000	25 years
D8917	M20945	Gentry Apartments	\$ 1,150,000	15 years
D8908	M20936	Blooming Meadows South	\$ 16,704,000	30 years
<b>TOTAL</b>			<b>\$41,750,000</b>	

2. Agency staff shall review and approve the mortgagor; and
3. The issuance of a loan commitment for all NOAH loans from Agency resources in form and substance acceptable to Minnesota Housing staff and the closing of all loans shall occur no later than 20 months from the adoption date of this resolution; but if a development elects the End Loan, 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 18 months from the date of the End Loan Commitment; and
4. All selections are subject to available resources and requirements applicable to the funding source, including any conditions of approval; and
5. The Commissioner is authorized to approve non-material changes to the selections; and
6. 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 operations of the development, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 22<sup>nd</sup> day of January 2026

---

CHAIR



## Community Stabilization: Naturally Occuring Affordable Housing (NOAH)

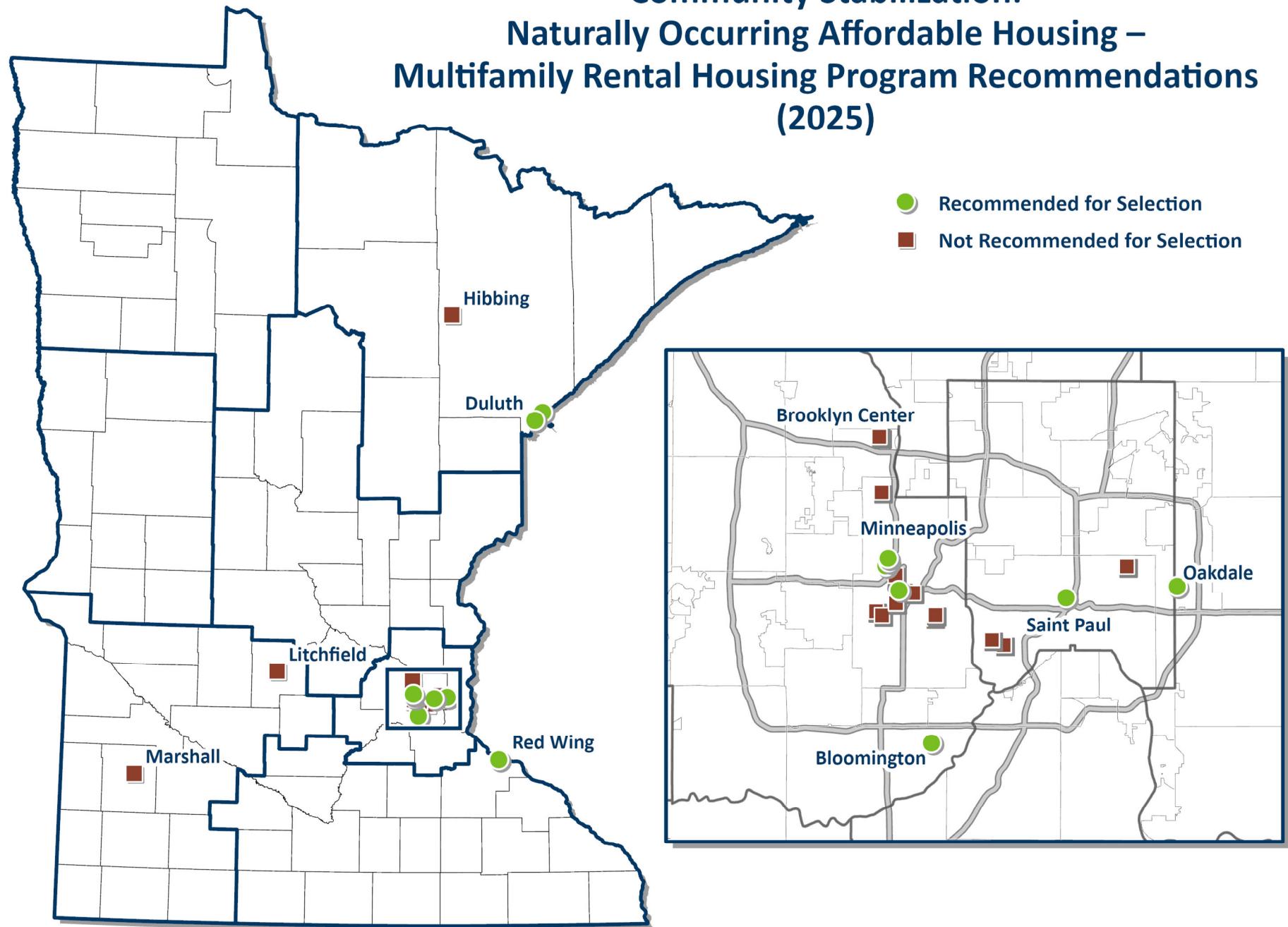
### Recommendations for Selections

**Available Funding: \$ 41,750,000.00**

D #	M #	Development	Sponsor/Developer	City	Region	Units	Requested Funding	Recommended NOAH Funding	Use of Funding	Total Development Costs	Minnesota Housing First Mortgage Requested*
<b>Greater Minnesota</b>											
D8563	M20932	Faith Haven	FaithHaven Inc. / One Roof Community Housing	Duluth	Northeast	123	\$10,454,493	\$10,454,000	Rehabilitation	\$17,820,755	\$4,195,000
D8897	M20923	S - Elect Apartments	Center City Housing Corporation	Duluth	Northeast	56	\$5,229,917	\$5,173,000	Rehabilitation, Capitalize Reserves	\$6,808,105	\$1,440,000
D8898	M20924	Bluffview Townhomes	Red Wing Housing and Redevelopment Authority	Red Wing	Southeast	12	\$2,486,066	\$2,396,000	Rehabilitation	\$2,395,565	
<b>Metro</b>											
D8907	M20935	LaSalle Apartments	Minnesota Assistance Council for Veterans	Minneapolis	Metro	29	\$200,000	\$200,000	Rehabilitation	\$922,000	
D3662	M20928	Sumner Fields II	McCormack Baron Salazar	Minneapolis	Metro	113	\$1,235,000	\$1,275,000	Rehabilitation	\$2,016,000	
D2854	M20925	Basset Creek 1B	McCormack Baron Salazar	Minneapolis	Metro	112	\$1,555,000	\$1,575,000	Rehabilitation	\$2,508,000	
D3697	M20926	Heritage III	McCormack Baron Salazar	Minneapolis	Metro	95	\$975,000	\$1,000,000	Rehabilitation	\$1,585,000	
D2961	M20927	Sumner Fields 1A	McCormack Baron Salazar	Minneapolis	Metro	120	\$1,235,000	\$1,275,000	Rehabilitation	\$2,016,000	
D8906	M20934	Winter 5	New Verticals Development (Kali Terry)	Saint Paul	Metro	5	\$540,000	\$548,000	Acquisition	\$572,800	
D8917	M20945	Gentry Apartments	Gentry Apts MDG LLC (Matthew and Harold Teasdell)	Oakdale	Metro	42	\$1,150,000	\$1,150,000	Rehabilitation	\$5,947,003	
D8908	M20936	Blooming Meadows South	Aeon	Bloomington	Metro	306	\$20,750,000	\$16,704,000	Rehabilitation	\$90,909,006	\$27,533,000

1013				
Greater Minnesota	\$18,170,476	\$18,023,000		
Metro	\$27,640,000	\$23,727,000		
Total	\$45,810,476	\$41,750,000		
Remainder			\$0	
				* Requests for first mortgages will be considered on a pipeline basis and are subject to board approval.

## Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program Recommendations (2025)





## **Development Summary**

### **Faith Haven Senior Housing**

<b>Sponsor/Developer</b>	Faith Haven Inc. /One Roof Community Housing		
<b>City</b>	Duluth		
<b>Property #</b>	D8563	<b>Project #</b>	M20932

### **Project Description**

Faith Haven is a 123-unit 10-story elevator building designated for seniors age 62+ located in West Duluth. The project contains 122 one-bedroom units, and one two-bedroom unit currently used as a caretaker unit. Faith Haven was built in 1972 using a HUD Mortgage which has since been paid off and all restrictions have expired. Faith Haven serves a low-income population and has kept rents affordable out of mission after the affordability restrictions expired. It is also an ageing population as many residents have lived in the building for a long time. All of the units at Faith Haven have rents that are affordable to households below 60% AMI, and 64 residents have their rents subsidized with Section 8 Housing Choice Vouchers.

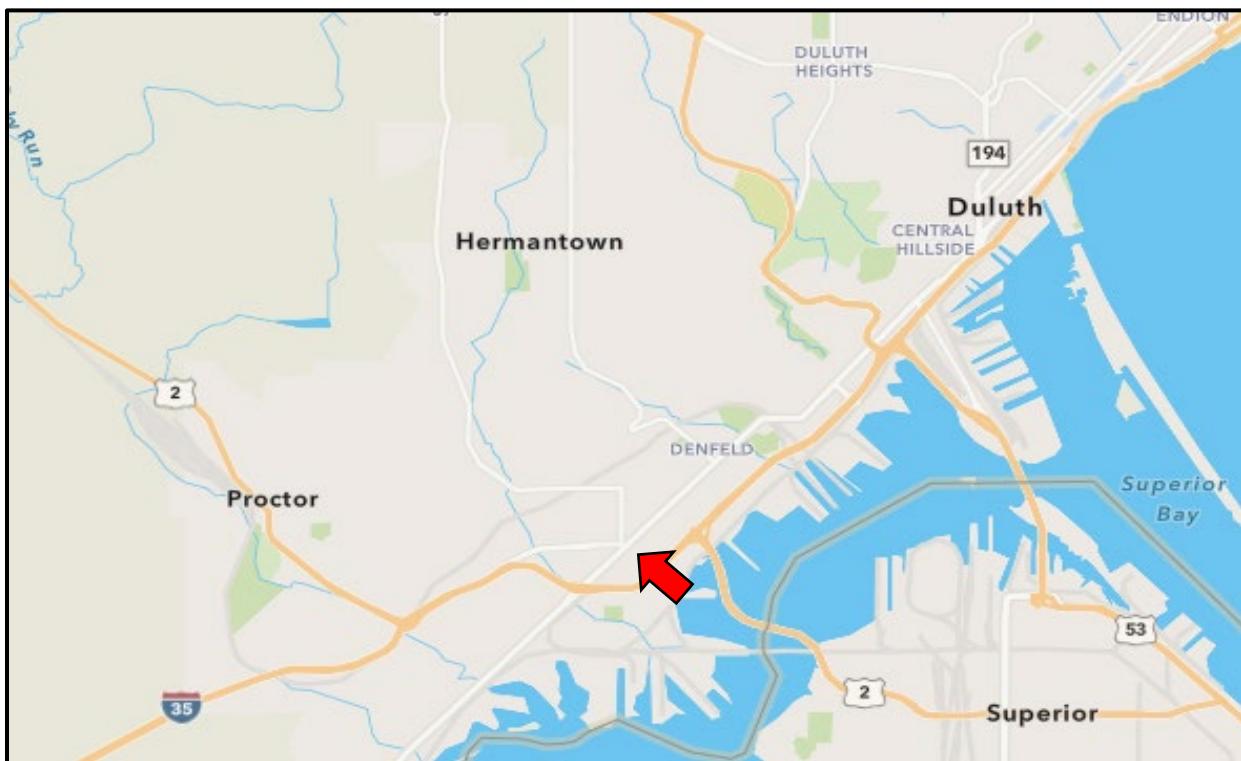
Faith Haven Inc., the single purpose non-profit who developed and has owned Faith Haven since inception, self-manages the property. Going forward, One Roof Community Housing (One Roof), a non-profit corporation also in Duluth, will act as the developer and will appoint representatives that will make up 40% of the board members of Faith Haven Inc. One Roof and Faith Haven inc. will be the sponsors and guarantors for the project.

Building amenities include a library, a small exercise room, and a large community room where many events take place for their community members. The building also has a small convenience store and beauty shop that are operated for the sole benefit of residents.

### **Use of NOAH Funds**

**Rehabilitation:** Major capital needs include complete replacement of the sewer and domestic plumbing stacks due to ongoing failure. This will require substantial asbestos abatement. There are also some large life safety items needing to be addressed including adding a sprinkler system, updating the fire alarm system, adding a generator to back up the elevator, adding walk-in showers and grab bars in the bathrooms, and updating accessible parking and drives.

Map of 4901 Grand Avenue, Duluth 55805



Picture of Faith Haven Apartments – Duluth



Agenda Item: 7.E

Attachment: Map and Photo



## Development Summary

### Project Name: S-Elect Senior Housing

Sponsor	Center City Housing Corporation (Center City)		
City	Duluth		
Property #	D8897	Project #	M20923

### Project Description

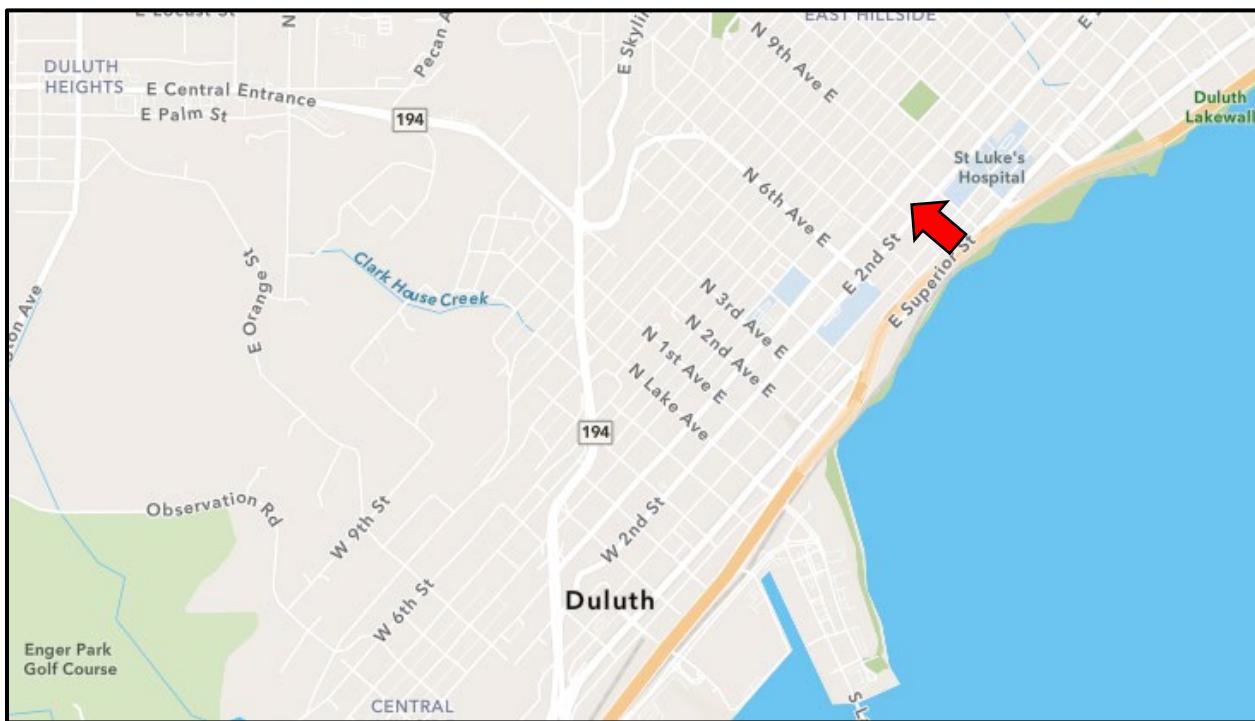
The S-Elect Senior Housing building is a five-story apartment building with 56 apartment units on floors two through five. The first floor has common areas including a leasing office, property manager's office, community room, kitchen, laundry room, public restrooms, and a maintenance/storage room. The property was originally developed 1962 by the Electrical Union to provide affordable housing to their retirees. The building contains 27 efficiencies 26 one-bedroom units and three two-bedroom units. The Electrical Union determined that they were no longer well-equipped to own and management the property, so Center City acquired it in 2023. As part of the acquisition, committed to continuing to serve a senior population with income at or below 50% of AMI.

### Use of NOAH Funds

**Rehabilitation:** The building has critical physical needs, including mechanical and electrical systems that are not up to current building codes, accessibility issues, leaking windows, a deteriorating parking lot with only two ADA spaces. Repairs to these systems will allow the property to operate more efficiently, ultimately lowering the operating costs.

**Capitalizing Replacement Reserves:** The existing reserve was not transferred with the property, so reserves will be recapitalized at the maximum allowed by this RFP at \$2,500 per unit.

Map of 801 East 2nd Street, Duluth 55805



Picture of S-Elect Seniors Apartments – Duluth



Agenda Item: 7.E

Attachment: Map and Photo



## Naturally Occurring Affordable Housing Development Summary

### Project Name: Bluffview Townhomes

Sponsor	Red Wing Housing and Redevelopment Authority (HRA)		
City	Red Wing		
Property #	D8898	Project #	M20924

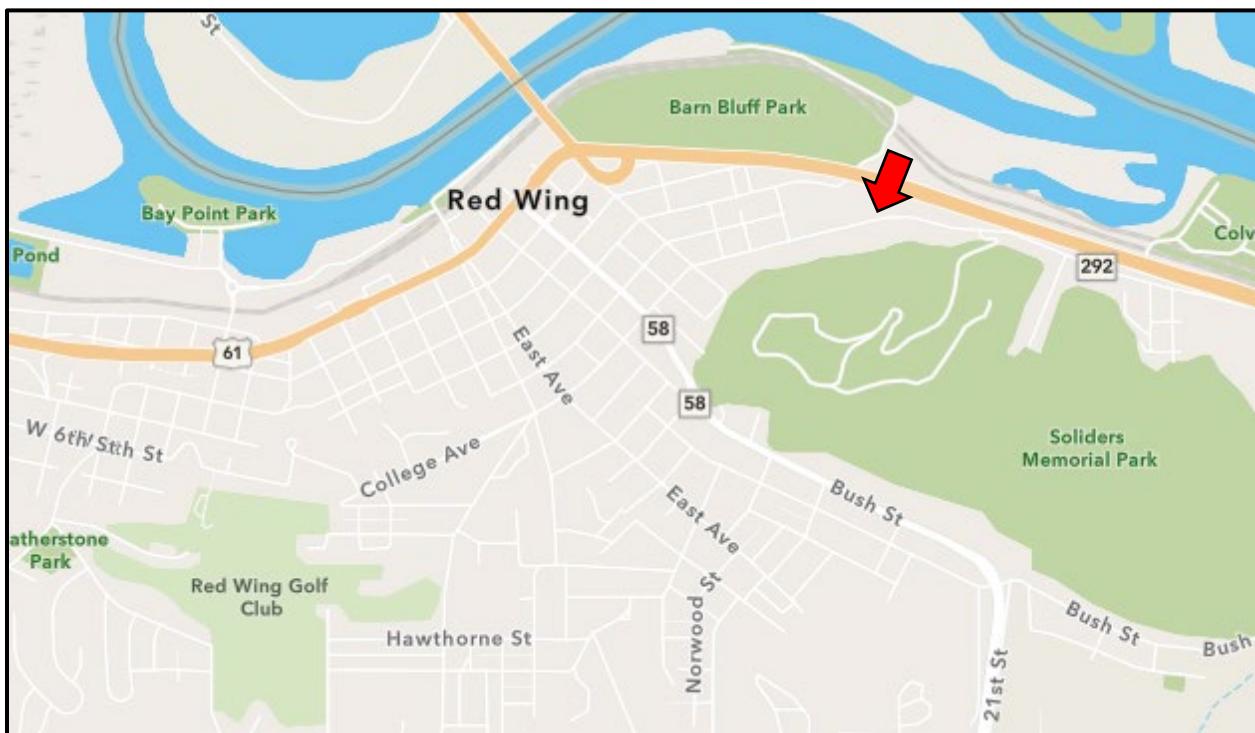
### Project Description

Bluffview Townhomes is a twelve-unit property located in Red Wing. The Red Wing HRA built this property in 1984 and has owned and operated the project since its completion. The units are all two bedrooms. Eight are two story units, and four are one story units. The rents are below market for Goodhue County. There are significant deferred capital improvements that need to be completed to ensure the property stays safe and decent for the residents. This property is not eligible for Minnesota Housing's Publicly Owned Housing Preservation Program because not public housing, though it is publicly owned.

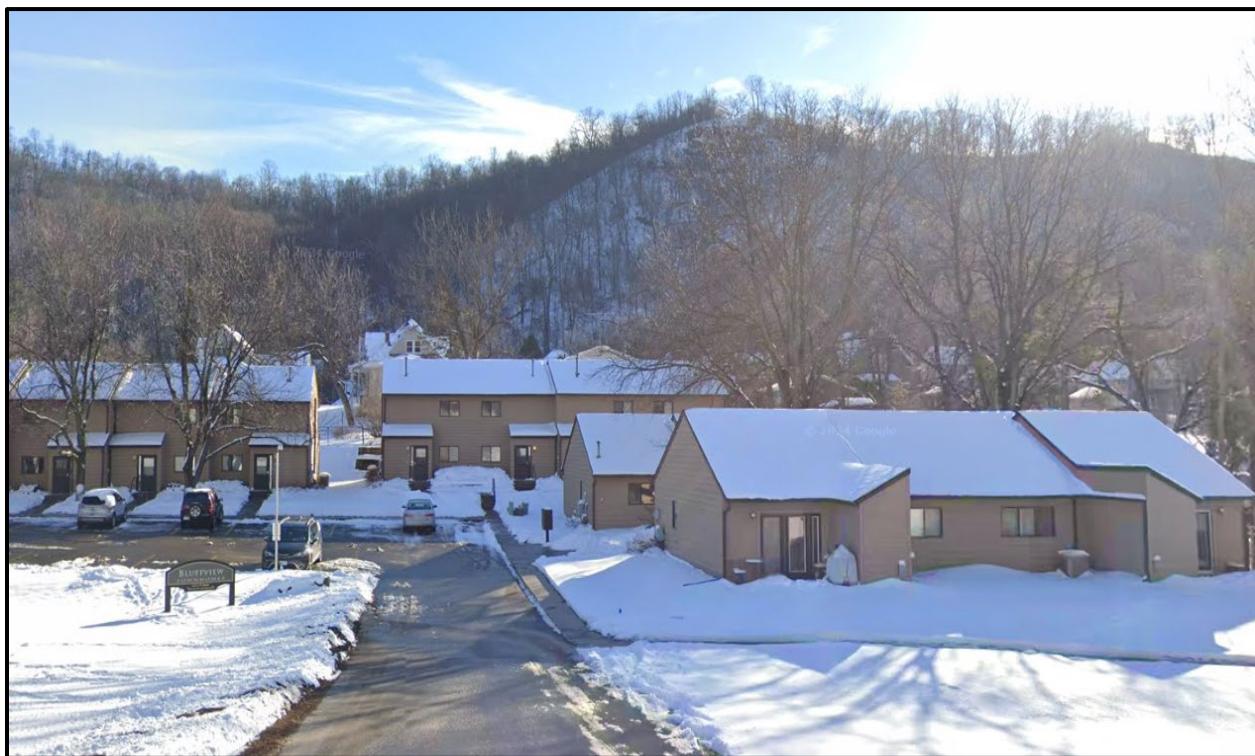
### Use of NOAH Funds

Rehabilitation: The comprehensive scope of work will address capital needs including: the site (parking lot, fencing), building envelope (roofing, windows, siding), interior (kitchens and bathrooms), mechanical/electrical (HVAC, lighting), flooring, and appliances.

Map of 515 5<sup>th</sup> Street East, Red Wing 55066



Picture of Bluffview Townhomes – Red Wing



Agenda Item: 7.E

Attachment: Map and Photo



## Development Summary

---

### Project Name: LaSalle Supportive Housing

---

Sponsor	Minnesota Assistance Council for Veterans (MACV)		
City	Minneapolis		
Property #	D8907	Project #	M20935

### Project Description

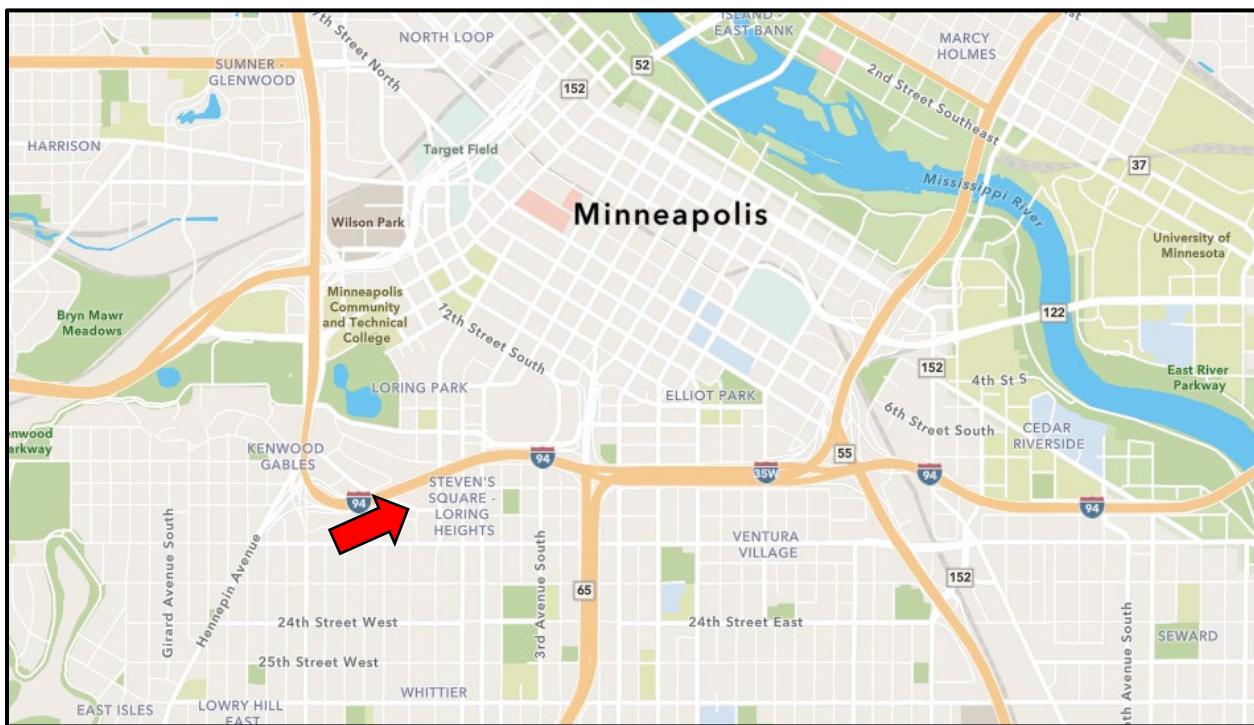
MACV acquired the LaSalle property in July 2023 with funding awarded from the Minnesota Department of Veterans Affairs (MDVA) initiative. As the largest property in MACV's portfolio of supportive housing for veterans with the fewest housing options, the property focuses on meeting the needs of senior veterans (55+ years of age). There are 29 residences in a four-story building in south Minneapolis. The building contains three efficiency units, fifteen one-bedroom units, and eleven two-bedroom units. Veterans experiencing homelessness take first priority for residence in MACV's supportive housing units.

### Use of NOAH Funds

Rehabilitation: There is a need for improved safety and replacing defunct or deteriorating building components. Some of the highest-priority improvements identified for LaSalle's rehabilitation include:

- Installation of a security fence around the perimeter of the LaSalle property lot.
- Extensive masonry work on exterior walls due to water coming in.
- Shared space improvements such as a new office door, carpeting, and fire alarm replacement.
- Plumbing and sanitation improvements such as water heater replacement and pipework.

### Map of 1827 LaSalle Avenue South, Minneapolis 55402



### Picture of LaSalle Supportive Housing (MACV) – Minneapolis



Agenda Item: 7.E

Attachment: Map and Photo



## Development Summary

### Project Name: Heritage Park – Sumner Field II

Sponsor	McCormack Baron Salazar/Minneapolis Public Housing Authority (MPHA)		
City	Minneapolis		
Property #	D3662	Project #	M20928

### Project Description

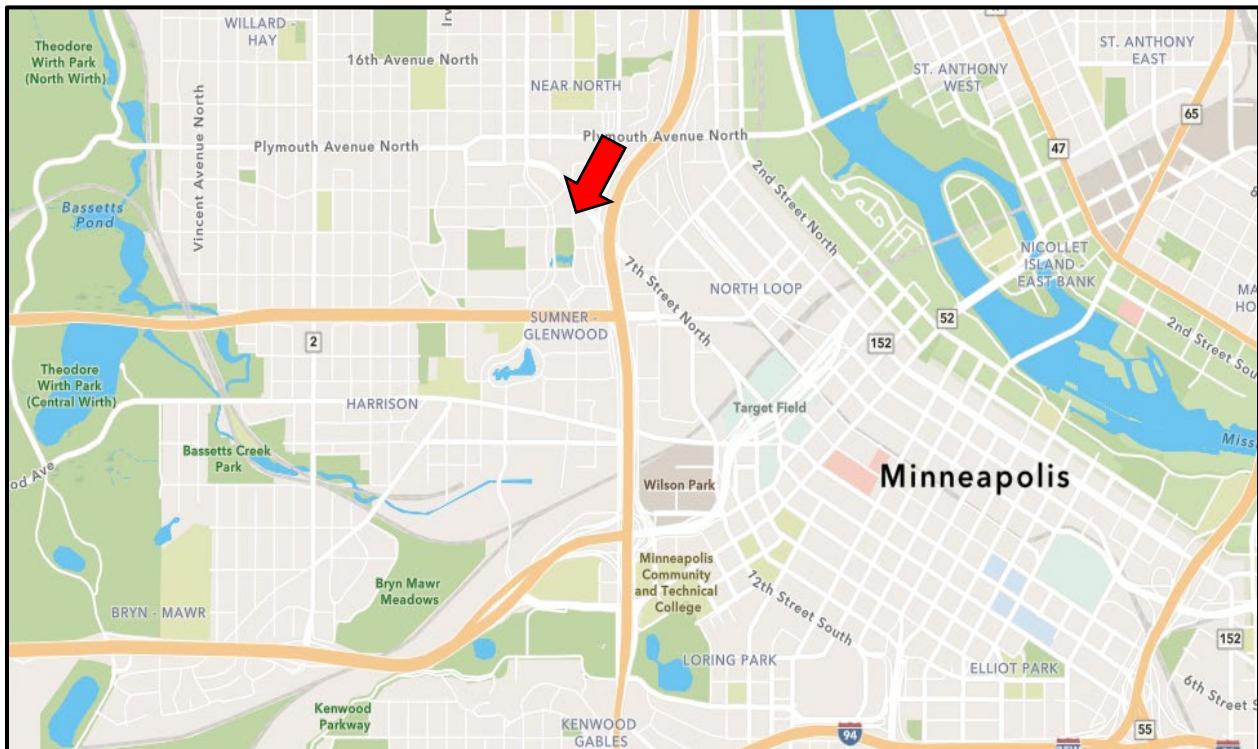
Sumner Field II is one of four phases of the Heritage Park mixed income apartment community, a 440-unit complex redeveloped on the former MPHA housing site in north Minneapolis. This phase consists of 113 units in 18 buildings. The development includes two- and three-story buildings with one, two, three, four and five-bedroom garden and townhome units. On-site amenities include a tot lot/playground, two public parks, fitness center and clubhouse with conferences rooms and community gathering space for residents.

The current income restrictions include 85 units restricted to household incomes at or below 60% Area Median Income (AMI) through use of Low-Income Housing Tax Credits. Of the 85 tax credit units, 57 units are public housing units with those residents paying no more than 30% of their household income for rent. In their application and self-scoring worksheet, the sponsor proposed to increase the number of restricted units (incomes up to 60% AMI) to 100 units or 88% of the total units in the project.

### Use of NOAH Funds

Rehabilitation: The proposed scope of rehabilitation work includes kitchens, baths, new flooring, painting, doors, HVAC, and lighting. The exterior repair scope includes new decking/patio repairs, stairs, garage doors and common area repairs.

Map of 1101 7<sup>th</sup> Street North, Minneapolis 55411



Picture of Sumner Field II (Heritage Park) – Minneapolis



Agenda Item: 7.E

Attachment: Map and Photo



## Development Summary

### Project Name: Heritage Park – Bassett Creek 1B

Sponsor	McCormack Baron Salazar/Minneapolis Public Housing Authority (MPHA)		
City	Minneapolis		
Property #	D2854	Project #	M20925

### Project Description

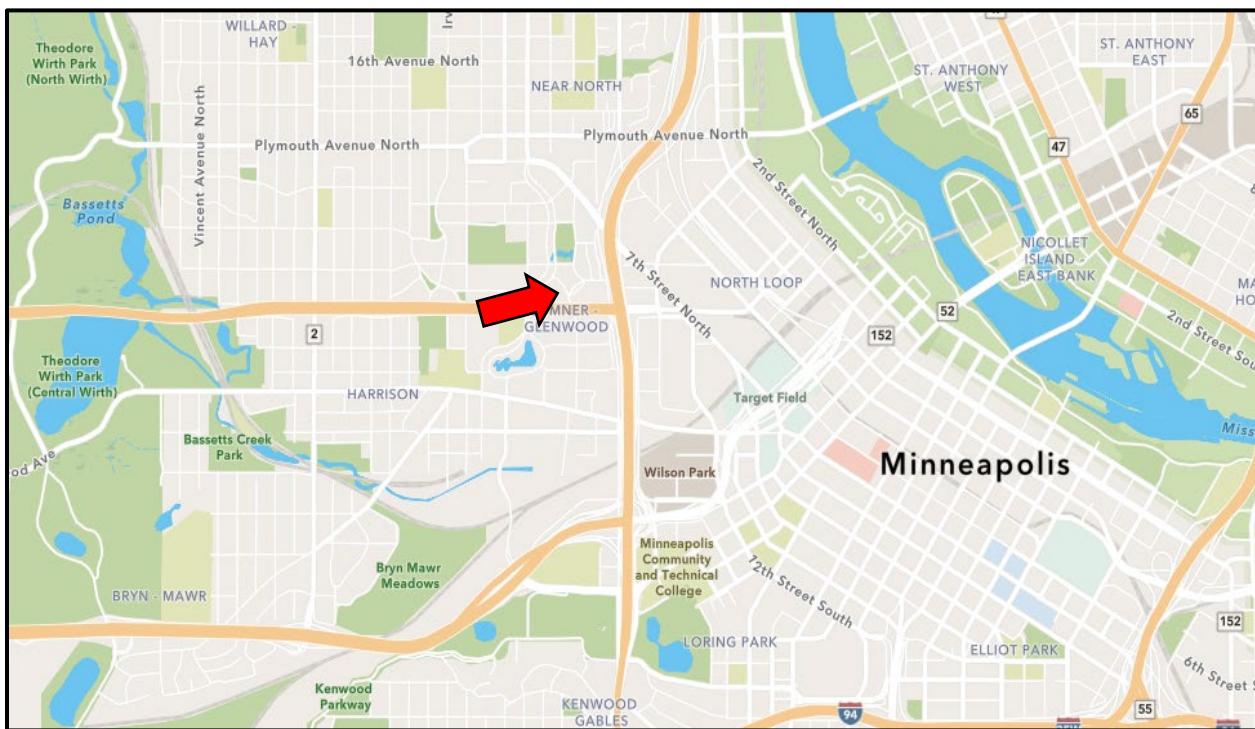
Bassett Creek 1B is one of four phases of the Heritage Park mixed-income apartment community, a 440-unit complex redeveloped on the former MPHA housing site in north Minneapolis. This phase consists of 112 units in 18 buildings. The development includes two- and three-story buildings with one, two, three, four and five-bedroom garden and townhome units. On-site amenities include a tot lot/playground, two public parks, fitness center and clubhouse with conferences rooms and community gathering space for residents.

The current income restrictions include 64 units restricted to household incomes at or below 60% Area Median Income (AMI) through use of Low-Income Housing Tax Credits. Of the 64 tax credit units, 45 units are public housing units with those residents paying no more than 30% of their household income for rent. In their application and self-scoring worksheet, the sponsor proposed to increase the number of restricted units (incomes up to 60% AMI) to 94 units or 84% of the total units in the project.

### Use of NOAH Funds

Rehabilitation: The proposed scope of rehabilitation work includes kitchens, baths, new flooring, painting, doors, HVAC, and lighting. The exterior repair scope includes new decking and patio repairs, stairs, garage doors and common area repairs.

Map of 721 Van White Memorial Blvd., Minneapolis 55411



Picture of Bassett Creek 1B (Heritage Park) – Minneapolis



Agenda Item: 7.E

Attachment: Map and Photo



## Development Summary

### Project Name: Heritage Park – Heritage III

Sponsor	McCormack Baron Salazar/Minneapolis Public Housing Authority (MPHA)		
City	Minneapolis		
Property #	D3697	Project #	M20926

### Project Description

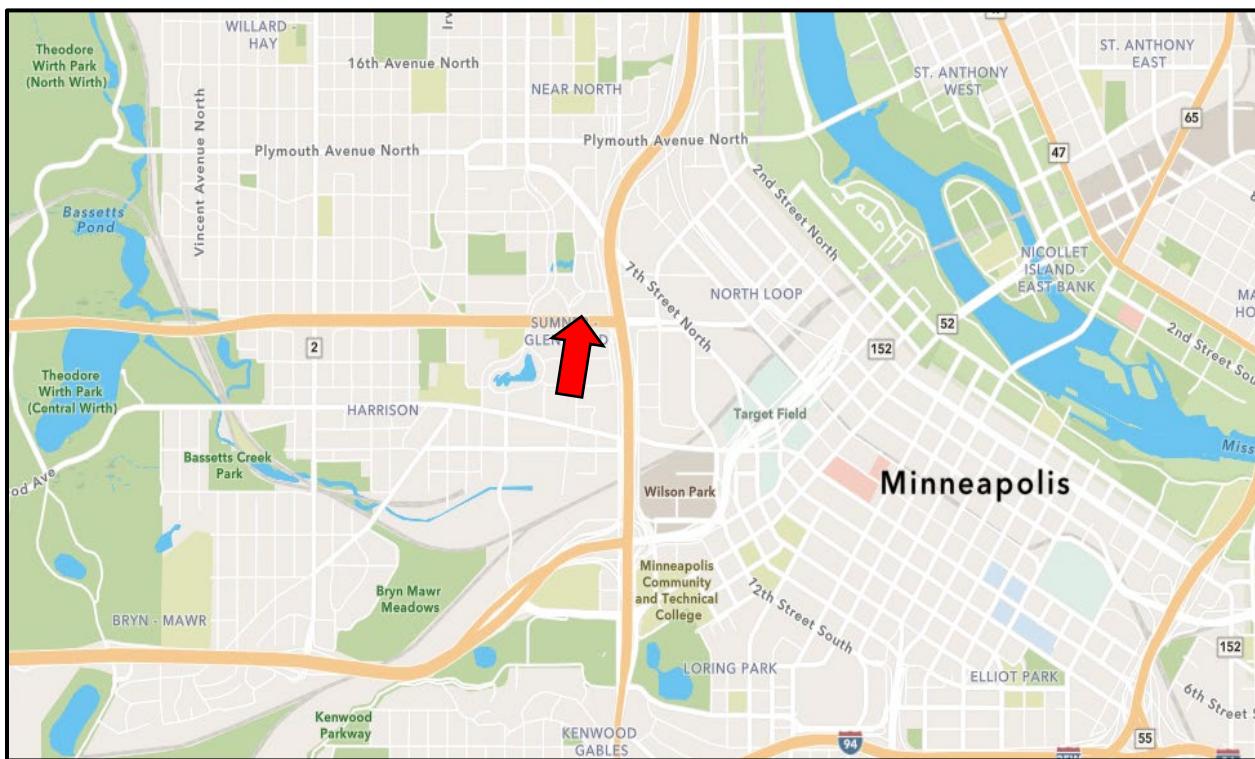
Heritage III is one of four phases of the Heritage Park mixed-income apartment community, a 440-unit complex redeveloped on the former MPHA housing site in north Minneapolis. This phase consists of 95 units in 17 buildings. The development includes two- and three-story buildings with one, two, three, four and five-bedroom garden and townhome units. On-site amenities include a tot lot/playground, two public parks, fitness center and clubhouse with conferences rooms and community gathering space for residents.

The current income restrictions include 57 units restricted to household incomes at or below 60% Area Median Income (AMI) through use of Low-Income Housing Tax Credits. Of the 57 tax credit units, 38 units are public housing units with those residents paying no more than 30% of their household income for rent. In their application and self-scoring worksheet, the sponsor proposed to increase the number of restricted units (incomes up to 60% AMI) to 77 units or 81% of the total units in the project.

### Use of NOAH Funds

Rehabilitation: The proposed scope of rehabilitation work includes kitchens, baths, new flooring, painting, doors, HVAC, and lighting. The exterior repair scope includes new decking/patio repairs, stairs, garage doors and common area repairs.

Map of 500 Van White Memorial Blvd., Minneapolis 55411



Picture of Heritage III (Heritage Park) – Minneapolis



Agenda Item: 7.E

Attachment: Map and Photo



## Naturally Occurring Affordable Housing Development Summary

### Project Name: Heritage Park – Sumner Field 1A

Sponsor	McCormack Baron Salazar/Minneapolis Public Housing Authority (MPHA)		
City	Minneapolis		
Property #	D2961	Project #	M20928

#### Project Team

Underwriter	Mike Tobias
Architect	Erika Arms

#### Project Description

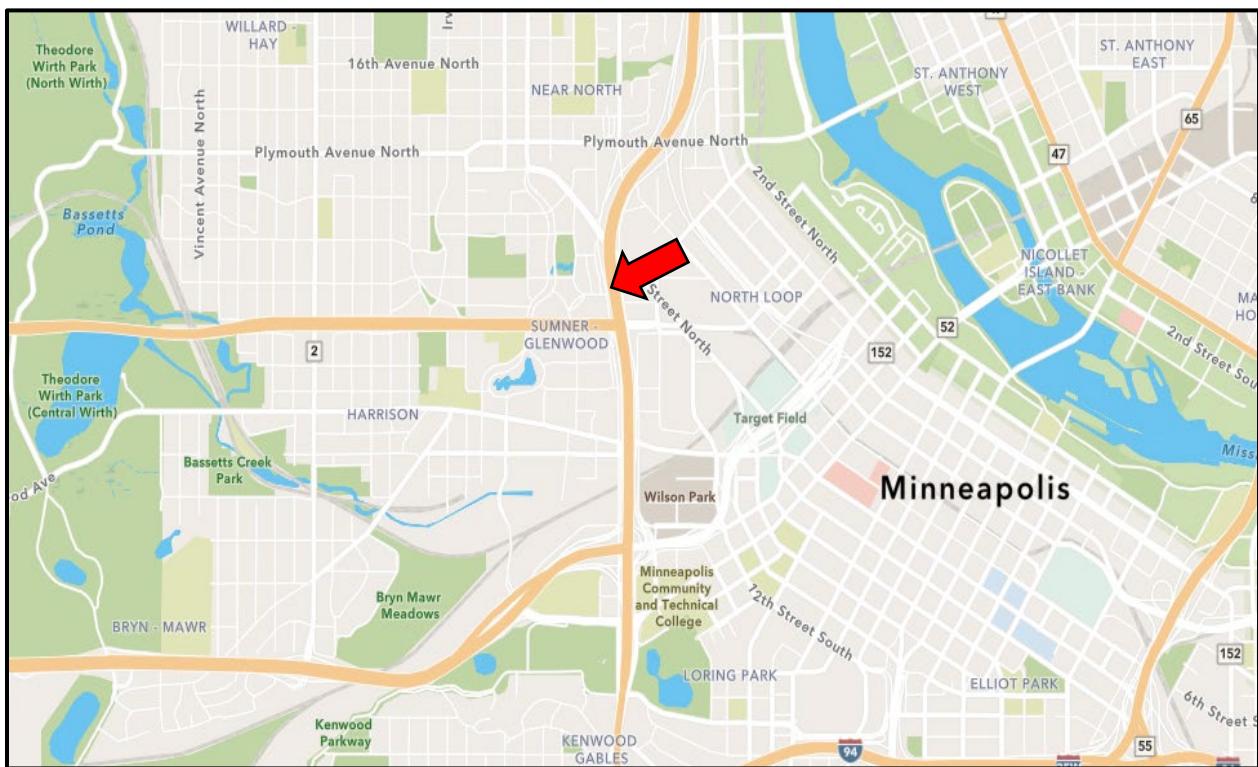
Sumner Field 1A is one of four phases of the Heritage Park mixed income apartment community, a 440-unit complex redeveloped on the former MPHA housing site in north Minneapolis. This phase consists of 120 units in 19 buildings. The development includes two and three-story buildings with one, two, three, four and five-bedroom garden and townhome units. On-site amenities include a tot lot/playground, two public parks, fitness center and clubhouse with conferences rooms and community gathering space for residents.

The current income restrictions include 90 units restricted to household incomes at or below 60% Area Median Income (AMI) through use of Low Income Housing Tax Credits. Of the 90 tax credit units, 60 units are public housing units with those residents paying no more than 30% of their household income for rent. In their application and self-scoring worksheet, the sponsor proposed to increase the number of restricted units (incomes up to 60% AMI) to 104 units or 87% of the total units in the project.

#### Use of NOAH Funds

Rehabilitation: The proposed scope of rehabilitation work includes kitchens, baths, new flooring, painting, doors, HVAC, and lighting. The exterior repair scope includes new decking/patio repairs, stairs, garage doors and common area repairs.

### Map of 716 Sumner Court, Minneapolis 55411



### Picture of Sumner Field 1A (Heritage Park) – Minneapolis



Agenda Item: 7.E

Attachment: Map and Photo



## Development Summary

### Project Name: Winter 5

Sponsor	New Verticals Development
City	St. Paul
Property #	D8906
Project #	M20934

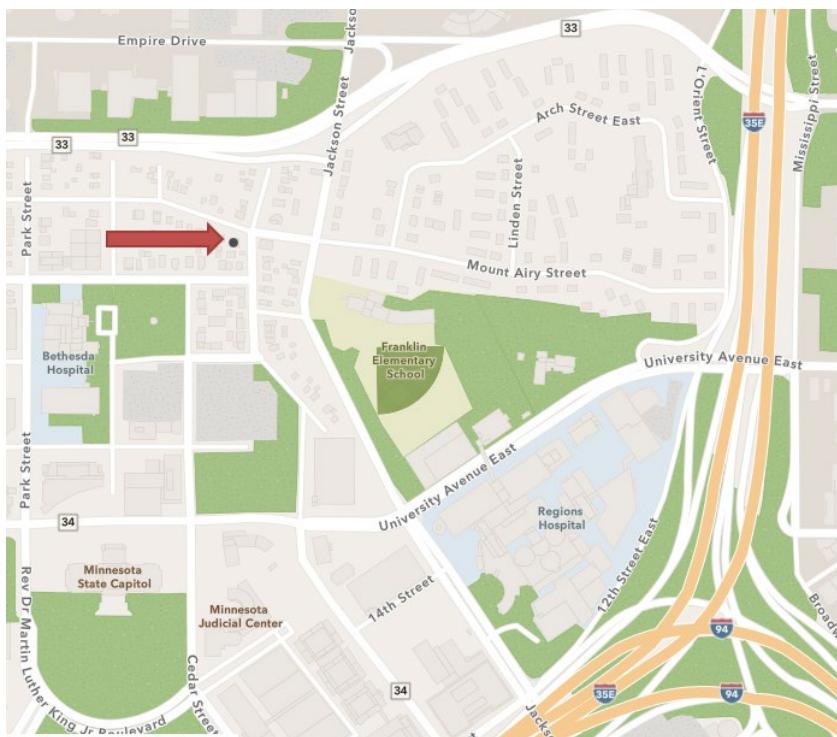
### Project Description

Winter 5 is a five-unit two story building with five one-bedrooms units built in 1984. The building has three surface level parking spaces. It is located in the Frogtown East neighborhood in St. Paul. The development sponsor is New Verticals Development, which is an emerging developer. This project also has a supportive housing component. The applicant has a master lease with South Metro Human Services (does business as Radias Health), which is funded through Ramsey County's Adult Mental Health Initiative/Community Support Grant (CSP). Radias Health then sublets the units to individual tenants.

### Use of NOAH Funds

The NOAH funds in the amount of \$548,000 will be used for permanent financing for acquisition. Applicant received a bridge loan from Local Initiative Support Corporation (LISC) Twin Cities to purchase the property in July 2022. LISC bridge loan had been extended and now matures August 1, 2026.

## Map of 8 Winter Street, St. Paul, MN, 55103



## Picture of 8 Winter Street, St. Paul, MN, 55103





## Development Summary

### Project Name: Gentry Apartments

Sponsor	Gentry Apts MDG LLC		
City	Oakdale		
Property #	D8917	Project #	M20945

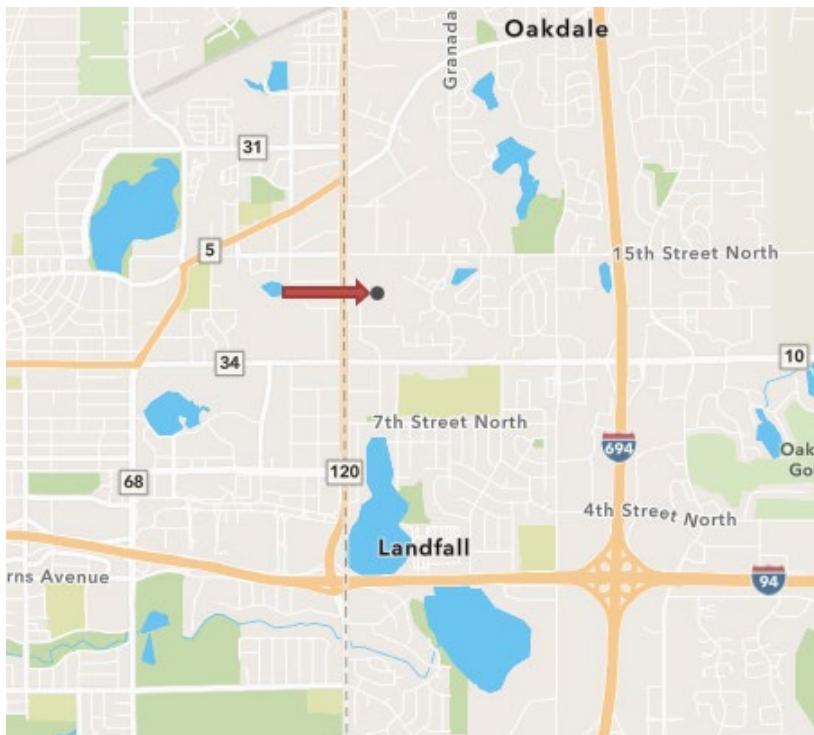
### Project Description

Gentry Apartments is a forty-two-unit three story apartment building built in 1980. It has with six studios, fourteen one-bedrooms, twenty-two two-bedrooms units. The building has twenty detached garages and eighty surface parking spaces. The property is located in Oakdale.

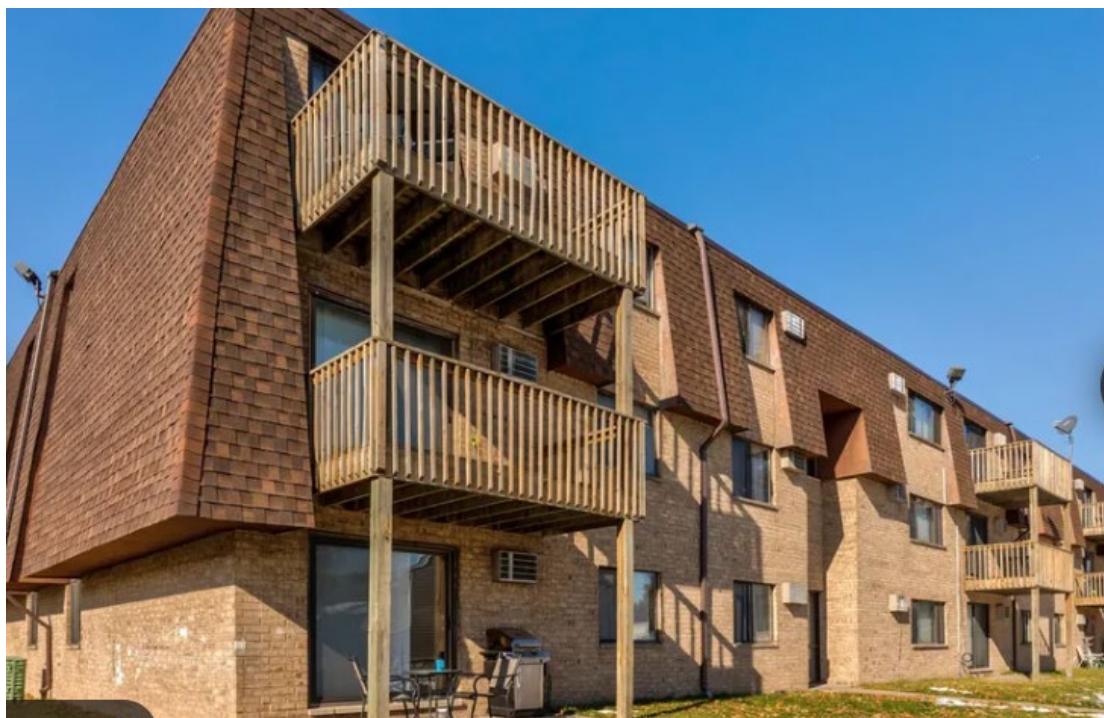
### Use of NOAH Funds

The NOAH funds will be used for rehabilitation including deck and water heater replacement, boiler upgrade and unit improvements (kitchens, bathrooms, flooring). Water infiltration caused by unresolved conditions associated with the decks are a critical physical need.

### Map of 1343 Gentry Avenue N, Oakdale, MN, 55128



### Picture of 1343 Gentry Avenue N, Oakdale, MN, 55128





## Development Summary

### Project Name: Blooming Meadows South

Sponsor	Aeon		
City	Bloomington		
Property #	D8908	Project #	M20936

### Project Description

Blooming Meadows South (BMS) is a three-story, 306-unit property in east Bloomington. Originally constructed in 1969, the property was purchased by Aeon in late 2019 and has been managed by Aeon as naturally occurring affordable housing, serving residents with incomes at or below 60% of AMI.

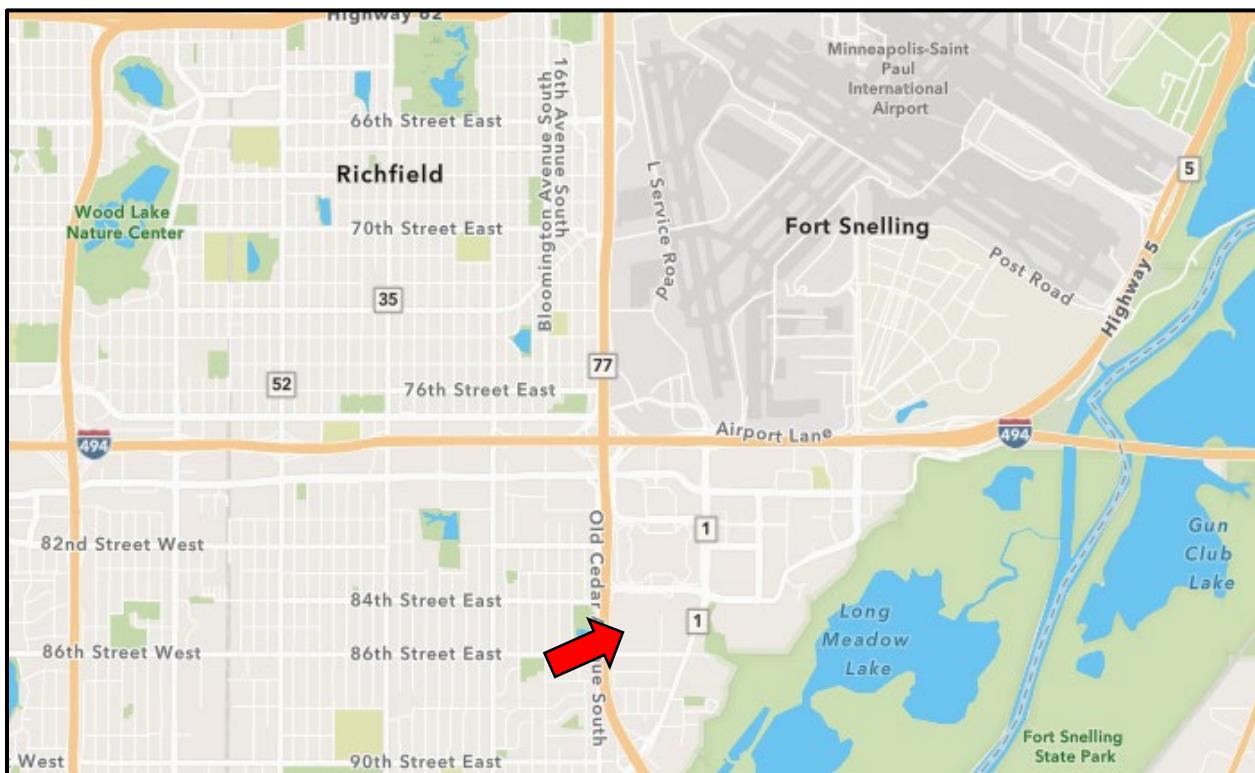
The property is laid out in four residential quarters on a 14-acre parcel. The property has 25 studios, 167 one-bedrooms, 113 two-bedrooms, and a single three-bedroom unit. BMS is currently 94.5% occupied.

NOAH funds are anticipated to be a significant piece of a larger refinancing strategy utilizing a tax-exempt bond allocation from Minnesota Management and Budget and Low-income Housing Tax Credits.

### Use of NOAH Funds

Rehabilitation: NOAH funds would support the \$21.1 million construction scope which will make critical repairs and upgrades to plumbing, roofing, mechanical systems, unit interiors, and existing common areas. The biggest renovation items are replacing most of the property's roof, modernizing elevators (replacing one that is currently out of service), fixing unit balconies, replacing and insulating vulnerable plumbing lines, and making a variety of interior unit upgrades.

Map of 1900 86<sup>th</sup> Street East, Bloomington 55425



Picture of Blooming Meadows South – Bloomington



Agenda Item: 7.E

Attachment: Map and Photo



## Item: Funding Modification, Publicly Owned Housing Program (POHP) – Mt. Airy Hi-Rise, D8681, St. Paul

**Action Item:** 7.D  
**Date:** 1/22/2026  
**Staff Contacts:** Beverly Wilharm, 651.539.9635, [bev.wilharm@state.mn.us](mailto:bev.wilharm@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

On June 27, 2024, the Minnesota Housing board committed deferred funding under the Publicly Owned Housing Program (POHP) to the Public Housing Authority of the City of St. Paul (PHA) for Mt. Airy Hi-Rise under Resolution No. MHFA 24-040 in the amount of \$6,482,900.

Agency staff recommends adoption of a resolution to increase the loan amount for Mt. Airy Hi-Rise by \$1,000,000, increasing the total POHP loan from \$6,482,900 to \$7,482,900.

### Fiscal Impact

POHP loans are funded by State of Minnesota General Obligation (GO) bond proceeds, and the loans do not earn interest for the Agency.

### Agency Priorities

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

### Attachments

- Background
- Maps and Pictures
- Resolution

## Background

Mt. Airy Hi-Rise is a 10-story apartment development with 153 units built in 1959. It is owned and managed by the Public Housing Authority of the City of St. Paul (PHA). Mt. Airy Hi-Rise is repositioned public housing that is publicly owned and operating with 152 units under a Project-Based Rental Assistance Housing Assistance Payments (PBRA HAP) contract. One unit is reserved for an officer in residence. The population served is designated as general occupancy. The rehabilitation project's proposed scope of work includes:

- Replacement of all galvanized plumbing supply, waste and vent lines
- Replacement of hot water storage tank
- Apartment interior renovations including:
  - New kitchen cabinets and countertops
  - New kitchen and bathroom plumbing fixtures
  - New apartment flooring
  - Apartment interior painting
- New LED lighting throughout the building.

The funding modification increase is attributed to unexpected demolition, concrete and concrete masonry unit (CMU) block costs of an estimated \$2,400,000. During the bidding process, CMU block was discovered behind the walls, rather than the sheetrock reflected in the original estimate. Project costs also increased for other items not included in the original estimate due to inflation and the current economic environment. The selected general contractor is experienced with occupied rehabilitation projects of this scope and size. Following a review by a Minnesota Housing architect, the costs are considered to be reasonable. The POHP request for proposal uses a concept-based application, so project designs and costs are not expected to be final at the time of application.

Due to the increase in costs, the PHA applied for and was awarded \$1,573,000 of 2025 Local Affordable Housing Aid (LAHA) from Ramsey County. The PHA is also increasing its leverage from 5% to 25% and will be committing \$3,097,400 to the project.

There are sufficient POHP funds available to cover this request.

## Sources and Uses

The following tables provide a financial comparison of the sources and uses at the time of selection and the current proposed amount.

**Table 1: Sources and Uses**

<b>Sources</b>	<b>Amount at Selection</b>	<b>Proposed Amount</b>	<b>Difference</b>
POHP Loan	\$ 6,482,900	\$ 7,482,900	\$ 1,000,000
Operating Budget and Replacement Reserves	\$ 341,237	\$ 3,097,400	\$ 2,756,163
Ramsey County LAHA	\$ -	\$ 1,573,000	\$ 1,573,000
<b>Total Sources</b>	<b>\$ 6,824,137</b>	<b>\$ 12,153,300</b>	<b>\$ 5,329,163</b>

<b>Uses</b>	<b>Amount at Selection</b>	<b>Proposed Amount</b>	<b>Difference</b>
Construction	\$ 6,074,766	\$ 10,960,900	\$ 4,886,134
Contingency	\$ 425,234	\$ 767,263	\$ 342,029
Soft Costs	\$ 324,137	\$ 425,137	\$ 101,000
<b>Total Development Costs*</b>	<b>\$ 6,824,137</b>	<b>\$ 12,153,300</b>	<b>\$ 5,329,163</b>

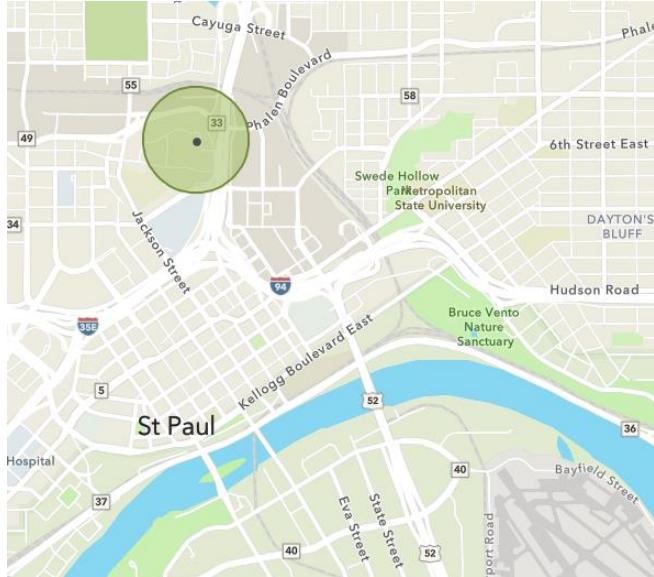
\* Total Development Costs are final. Individual line-item amounts may change until closing.

## Maps and Pictures

**Map 1 shows the location of the property in St. Paul**

**Picture 1 shows a picture of the property**

**Map 1 200 Arch Street, St. Paul MN**



**Picture 1**



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

**RESOLUTION NO. MHFA 26-XXXX  
Modifying Resolution No. MHFA 24-040**

**RESOLUTION APPROVING FUNDING MODIFICATION PUBLICLY OWNED HOUSING PROGRAM (POHP)**

WHEREAS, the Minnesota Housing Finance Agency Board (Board) at its June 27, 2024 meeting, previously authorized a commitment for Mt. Airy Hi-Rise development herein named by its Resolution No. MHFA 24-040; and

WHEREAS, Agency staff have determined that there are reasonable increased development costs; and

WHEREAS, the development continues to be in compliance with Minnesota Statute chapter 462A and Agency's rules, regulations and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby increases the funding commitment on the development noted above and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. The Publicly Owned Housing Program (POHP) loan shall not exceed \$7,482,900; and
2. All other terms and conditions of the Resolution No. MHFA 24-040 remain in effect.

Adopted this 22<sup>nd</sup> day of January 2026

---

CHAIRMAN

This page intentionally left blank.



## Item: Approval, Modifications and Additions to Multifamily Division Board Delegations

**Action Item:** 7.E

**Date:** 01/22/2026

**Staff Contacts:** Jonathan Moler, 651.296.3649, [jonathan.moler@state.mn.us](mailto:jonathan.moler@state.mn.us)  
James Lehnhoff, 651.296.3028, [james.lehnhoff@state.mn.us](mailto:james.lehnhoff@state.mn.us)

**Request Type:** Approval, Resolution

### Request Summary

Agency staff recommends:

- Adopting three resolutions to modify existing Multifamily Division board delegations; and
- Adopting one resolution to add a new Multifamily Division board delegation

### Fiscal Impact

None.

### Agency Priorities

<input type="checkbox"/> Improve the Housing System	<input type="checkbox"/> Make Homeownership More Accessible
<input type="checkbox"/> Preserve and Create Housing Opportunities	<input type="checkbox"/> Support People Needing Services
	<input type="checkbox"/> Strengthen Communities

### Attachments

- Background
- Resolutions (Proposed Modifications in Red Line)

## Background

At its November 20, 2025 meeting, the board approved a series of resolutions related to Multifamily Division board delegations. Those actions included modifying ten board delegations, adopting one new board delegation, and rescinding three board delegations. The delegations addressed at that time primarily related to Multifamily Division loan programs.

The proposed actions in this memorandum focus on Multifamily Division board delegations related to administering federally funded programs, including the Low-Income Housing Tax Credit (HTC) program. The table below identifies the proposed action for each existing board delegation, along with one proposed new board delegation.

### Proposed Action by Board Delegation

Current Resolution Number	Board Delegation Number	Board Delegation Title	Date Adopted or Last Modified	Proposed Action
18-024	13	<b>Make Changes to Programs and Guides Due to Federal Changes.</b>	May 24, 2018	Modify
20-017	29	<b>Extensions of Deadlines Authorized by the IRS and Authorization of Use as Emergency Housing for Federal Low-Income Housing Tax Credit Developments</b>	May 20, 2020	Modify
19-012	32	<b>Joint Powers Agreements with Suballocating Jurisdictions to Administer Federal Low-Income Housing Tax Credits</b>	Apr 25, 2019	Modify
PROPOSED: 26-0XX	TBD	<b>Administration of the Federal Low-Income Housing Tax Credit Program</b>	Proposed	New

#### Board Delegation No. 13 – Changes to Programs and Guides Due to Federal Changes

The proposed modification adds language, consistent with other Multifamily Division board delegations, requiring staff to provide the Board with a written report at least annually summarizing actions taken under this delegation.

#### Board Delegation No. 29 – Extensions of Deadlines Authorized by the IRS and Authorization of Use as Emergency Housing for Federal Low-Income Housing Tax Credit Developments

The proposed modifications include the following:

- Removal of language that limits use of this delegation to circumstances involving a federally declared disaster area. This change allows the delegation to be used when the Internal Revenue

Service (IRS) authorizes extensions to IRS-established deadlines or permits HTC properties to be used as emergency housing, regardless of whether a federal disaster declaration is in effect.

- Updates to the committee approval process to align with the approval language used in other Multifamily Division board delegations.

### **Board Delegation No. 32 – Joint Powers Agreements with Suballocating Jurisdictions to Administer Federal Low-Income Housing Tax Credits**

This delegation includes minor technical updates. For context, Minnesota Statutes section 462A.222, subdivision 1, allows local jurisdictions that meet certain thresholds to administer their own allocation of 9% HTCs. Current 9% HTC suballocators include the City of Minneapolis, the City of St. Paul, Washington County and Dakota County. The cities of Duluth, St. Cloud and Rochester have elected to have Minnesota Housing administer 9% HTCs on their behalf through joint powers agreements.

### **Proposed New Board Delegation: Administration of the Federal Low-Income Housing Tax Credit Program**

Section 42 of the Internal Revenue Code requires state allocating agencies to adopt a Qualified Allocation Plan (QAP) to administer the HTC program. This proposed board delegation establishes parameters and an approval process for certain HTC-related actions authorized under the QAP but not currently addressed in existing board delegations.

The proposed delegation would apply to the following actions:

#### **Supplemental 9% HTC Allocations**

Chapter 2.U of the Amended 2025–2027 QAP allows projects to request supplemental 9% HTCs during the carryover process to address financing gaps, subject to conditions in the QAP. While board resolutions approving initial 9% HTC selections allow staff to allocate additional credits consistent with the QAP, neither the QAP nor existing board resolutions establish an upper limit on supplemental allocations.

This proposed delegation would establish a cap of up to 10% of the initial board-approved allocation amount for supplemental 9% HTC allocations. The proposed threshold is informed by a review of all supplemental allocations since 2020, approximately half of which were below the proposed 10%.

#### **Developer and Development Limit Waivers**

Chapter 2.H of the Amended 2025–2027 QAP establishes a Developer Limit and a Development Limit for the allocation of 9% HTCs. The Developer Limit restricts any single developer to no more than 10% of the state's total 9% HTC allocation. The Development Limit caps the amount of 9% HTCs that may be awarded to a single project, currently set at \$1.7 million for 2025.

The QAP includes a process for reviewing waivers to these limits, which are currently subject to Board approval. If this delegation is approved, staff would be authorized to approve waivers when a developer or development exceeds these limits as a result of a supplemental 9% HTC allocation, provided all QAP requirements are met.

### **Modifications to QAP-Established Deadlines**

The QAP establishes certain deadlines, including carryover application deadlines, that precede IRS-required deadlines in order to allow sufficient time for application review and submission to the IRS. Circumstances outside a developer's control may warrant extensions to these QAP-established deadlines.

Board Delegation No. 29 applies only to IRS-established deadlines. This proposed delegation would authorize staff to approve extensions to QAP-established deadlines, consistent with QAP and IRS requirements.

### **Approval Process**

The proposed delegation would use the same approval process included in other Multifamily Division board delegations.

### **Reporting**

As noted in each resolution, staff will provide the board with a written report at least annually summarizing the use of these delegations.

**MINNESOTA HOUSING FINANCE AGENCY**  
**400 Wabasha St N, Suite 400**  
**St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 26-XXX**  
**Modifying Resolution No. 18-024**

**BOARD DELEGATION NO. 013**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER TO MAKE CHANGES TO  
PROGRAMS AND GUIDES DUE TO FEDERAL CHANGES.**

WHEREAS, the Minnesota Housing Finance Agency ("Agency") Commissioner (¶"Commissioner") has requested the Minnesota Housing Finance Agency Board ("Board") to delegate to the Commissioner certain authority regarding the administration of loans and grants in order to improve the efficiency of the Agency's loan and grant programs; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board delegates the authority described below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to make changes to programs and guides due to Federal changes.

**PARAMETERS OF DELEGATED AUTHORITY**

1. The term "Federal changes" refers to Federal requirements, including but not limited to, figures used or relied upon in calculating income levels, rent levels and house price limits.
2. All changes to the Agency programs and guides must be in compliance with state and federal law pertaining to the program or activity.

**REPORTING REQUIREMENTS**

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

**None**

**OTHER CONSIDERATIONS**

Supersedes Board Report dated May 23, 2013, and May 24, 2018.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA 26-XXX**  
**Modifying Resolution No. MHFA 20-017**

**BOARD DELEGATION NO. 29**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING EXTENSIONS OF DEADLINES AUTHORIZED BY THE IRS AND AUTHORIZATION OF USE AS EMERGENCY HOUSING FOR FEDERAL LOW-INCOME HOUSING TAX CREDIT DEVELOPMENTS LOCATED IN A MAJOR DISASTER AREA**

WHEREAS, the Minnesota Housing Finance Agency (“Agency”) Commissioner (“Commissioner”) has requested the Minnesota Housing Finance Agency Board (“Board”) to delegate to the Commissioner certain authority regarding the administration of the federal low-income housing tax credit (“HTC”) program in order to improve the efficiency of the Agency’s administration of the HTC program ~~and to allow it to more effectively respond when HTC developments are located in areas where disasters have been declared by the federal government~~; and

WHEREAS, federal “HTC” procedures issued by the Internal Revenue Service (“IRS”) permit ~~an HTC to grant~~ relief of certain IRS deadlines in certain circumstances;

WHEREAS, federal HTC procedures issued by the IRS permit the relevant to HTC developments and use of HTC developments as emergency housing when HTC developments are located in federally declared disaster areas; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to approve extensions to Internal Revenue Service (IRS) deadlines under the federal HTC program and to authorize use of HTC developments as Emergency Housing Assistance as permitted by and subject to IRS guidance and procedures. ~~This delegation is in effect only in the event that an HTC development is located in a federally declared disaster area.~~

#### PARAMETERS OF DELEGATED AUTHORITY

1. ~~This delegation applies only in situations where an HTC development is located in an area where the president has declared a Major Disaster and which has been deemed eligible for FEMA assistance (“Major Disaster Area”).~~
- 2.1. The granting of Relief to HTC carryover deadlines and placed in service deadlines under the Internal Revenue Code (“IRC”) may be granted only upon a finding that an owner, or a particular group of owners, cannot reasonably satisfy the deadlines of IRC 42(h)(1)(E) ~~because of a Major Disaster unless otherwise permitted by IRS guidance and requirements.~~
- 3.2. All applicable IRS requirements must be met, including the requirements of Rev. Proc. 2014-49 and Rev. Proc. 2014-50, and no extension to the deadlines in IRC 42(h)(1)(E) may be longer than is expressly permitted by the IRS.
- 4.3. The Agency may grant permission to an owner of an HTC development to use that HTC development as emergency housing to house displaced individuals in accordance with IRS requirements the requirements of Rev. Proc. 2014-49 and Rev. Proc. 2014-50.
5. Any such extension or authorization must be approved by the Agency Mortgage Credit Committee.
4. To the extent such extension or authorization is granted pursuant to this delegation, the approval supersedes any contrary provisions in the applicable Qualified Allocation Plan.
5. Action taken under this delegation is subject to approval by a committee of up to seven members that includes the Deputy Commissioner, Assistant Commissioner for the Multifamily Division, Assistant Commissioner for Policy and Community Development, and the Executive Finance Officer or their designees. The Commissioner may appoint up to three additional Agency staff members.
6. —

#### REPORTING REQUIREMENTS

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

#### OTHER CONSIDERATIONS

Supersedes Board Report dated May 20, 2020.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA 26-XXX  
Modifying Resolution No. MHFA 19-012**

**BOARD DELEGATION NO. 032**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING JOINT POWERS  
AGREEMENTS WITH SUBALLOCATING JURISDICTIONS TO ADMINISTER FEDERAL LOW-  
INCOME HOUSING TAX CREDITS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) Commissioner (Commissioner) has requested the Minnesota Housing Finance Agency Board (Board) to delegate to the Commissioner certain authority regarding the administration of the federal low-income housing tax credit (HTC) program in order to improve the efficiency of the Agency's administration of the HTC program; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to enter into Joint Powers Agreements with cities or counties deemed allocating agencies (also known as suballocators) to administer the HTC program for the suballocator in its jurisdiction.

**PARAMETERS OF DELEGATED AUTHORITY**

1. The suballocator must be an allocating agency as defined by Minn. Stat § 462A.221, subd. 1a.
2. The Joint Powers Agreement must comply with Minn. Stat. § 471.59.
3. The Joint Powers Agreement must comply with the applicable federal requirements ~~regarding the HTC program, state requirements and~~

authorizations for HTCs, as well as the applicable Agency Qualified Allocation Plan. --

**REPORTING REQUIREMENTS**

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

**OTHER CONSIDERATIONS**

Supersedes Board Report dated April 25, 2019.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

**MINNESOTA HOUSING FINANCE AGENCY**  
**400 Wabasha St N, Suite 400**  
**St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 26-XXX**  
**Modifying Resolution No. 18-024**

**BOARD DELEGATION NO. 013**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER TO MAKE CHANGES TO PROGRAMS  
AND GUIDES DUE TO FEDERAL CHANGES.**

WHEREAS, the Minnesota Housing Finance Agency ("Agency") Commissioner ("Commissioner") has requested the Minnesota Housing Finance Agency Board ("Board") to delegate to the Commissioner certain authority regarding the administration of loans and grants in order to improve the efficiency of the Agency's loan and grant programs; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board delegates the authority described below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to make changes to programs and guides due to Federal changes.

**PARAMETERS OF DELEGATED AUTHORITY**

1. The term "Federal changes" refers to Federal requirements, including but not limited to, figures used or relied upon in calculating income levels, rent levels and house price limits.
2. All changes to the Agency programs and guides must be in compliance with state and federal law pertaining to the program or activity.

**REPORTING REQUIREMENTS**

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

**OTHER CONSIDERATIONS**

Supersedes Board Report dated May 23, 2013 and May 24, 2018.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA 26-XXX**  
**Modifying Resolution No. MHFA 20-017**

**BOARD DELEGATION NO. 29**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING EXTENSIONS OF  
DEADLINES AUTHORIZED BY THE IRS AND AUTHORIZATION OF USE AS EMERGENCY HOUSING  
FOR FEDERAL LOW-INCOME HOUSING TAX CREDIT DEVELOPMENTS**

WHEREAS, the Minnesota Housing Finance Agency (“Agency”) Commissioner (“Commissioner”) has requested the Minnesota Housing Finance Agency Board (“Board”) to delegate to the Commissioner certain authority regarding the administration of the federal low-income housing tax credit (“HTC”) program in order to improve the efficiency of the Agency’s administration of the HTC program; and

WHEREAS, federal HTC procedures issued by the Internal Revenue Service (“IRS”) permit relief of certain IRS deadlines in certain circumstances;

WHEREAS, federal HTC procedures issued by the IRS permit the use of HTC developments as emergency housing; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to approve extensions to Internal Revenue Service (IRS) deadlines under the federal HTC program and to authorize use of HTC developments as Emergency Housing Assistance as permitted by and subject to IRS guidance and procedures.

**PARAMETERS OF DELEGATED AUTHORITY**

1. Relief to HTC carryover deadlines and placed in service deadlines under the Internal Revenue Code (“IRC”) may be granted only upon a finding that an owner, or a particular group of owners, cannot reasonably satisfy the deadlines of IRC 42(h)(1)(E) unless otherwise permitted by IRS guidance and requirements.
2. All applicable IRS requirements must be met, and no extension to the deadlines in IRC 42(h)(1)(E) may be longer than is expressly permitted by the IRS.
3. The Agency may grant permission to an owner of an HTC development to use that HTC development as emergency housing in accordance with IRS requirements.
4. To the extent such extension or authorization is granted pursuant to this delegation, the approval supersedes any contrary provisions in the applicable Qualified Allocation Plan.
5. Action taken under this delegation is subject to approval by a committee of up to seven members that includes the Deputy Commissioner, Assistant Commissioner for the Multifamily Division, Assistant Commissioner for Policy and Community Development, and the Executive Finance Officer or their designees. The Commissioner may appoint up to three additional Agency staff members.

#### REPORTING REQUIREMENTS

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

#### OTHER CONSIDERATIONS

Supersedes Board Report dated May 20, 2020.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA 26-XXX  
Modifying Resolution No. MHFA 19-012**

**BOARD DELEGATION NO. 032**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING JOINT POWERS  
AGREEMENTS WITH SUBALLOCATING JURISDICTIONS TO ADMINISTER FEDERAL LOW-INCOME  
HOUSING TAX CREDITS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) Commissioner (Commissioner) has requested the Minnesota Housing Finance Agency Board (Board) to delegate to the Commissioner certain authority regarding the administration of the federal low-income housing tax credit (HTC) program in order to improve the efficiency of the Agency's administration of the HTC program; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to enter into Joint Powers Agreements with cities or counties deemed allocating agencies (also known as suballocators) to administer the HTC program for the suballocator in its jurisdiction.

**PARAMETERS OF DELEGATED AUTHORITY**

1. The suballocator must be an allocating agency as defined by Minn. Stat § 462A.221, subd. 1a.
2. The Joint Powers Agreement must comply with Minn. Stat. § 471.59.
3. The Joint Powers Agreement must comply with applicable federal requirements, state requirements and authorizations for HTCs, as well as the applicable Agency Qualified Allocation Plan.

**REPORTING REQUIREMENTS**

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

**OTHER CONSIDERATIONS**

Supersedes Board Report dated April 25, 2019.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

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

**RESOLUTION NO. MHFA 26-XXX  
BOARD DELEGATION NO. 0XX**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING ADMINISTRATION OF THE  
FEDERAL LOW-INCOME HOUSING TAX CREDIT PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (“Agency”) Commissioner (“Commissioner”) has requested the Minnesota Housing Finance Agency Board (“Board”) to delegate to the Commissioner certain authority regarding the administration of the federal low-income housing tax credit (“HTC”) program to improve the efficiency of the Agency’s HTC program; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to exercise the Board’s authority under the applicable Qualified Allocation Plan (“QAP”) to allocate supplemental 9% HTCs; waive the Developer Limit and Development Limit established in the applicable QAP; and, modify application deadlines in the QAP that are not required by the Internal Revenue Service.

**PARAMETERS OF DELEGATED AUTHORITY**

1. In accordance with and subject to the criteria and procedures established in the QAP, this delegated authority allows approval of a request for a supplemental 9% HTC allocation in an amount up to 10% of the original Board approved allocation amount.
2. Where a development receives a supplemental 9% HTC allocation in accordance with the above parameter that results in a total HTC allocation exceeding the Developer and/or Development limits, this delegated authority allows a waiver of

the Developer and/or Development limits, provided the development meets the criteria established in the QAP and QAP waiver procedures are followed.

3. Modifications to application deadlines must meet the applicable QAP and IRS requirements and requesting parties must demonstrate good cause for the extension.
4. Actions taken under this delegation are subject to approval by a committee of up to seven members that includes the Deputy Commissioner, Assistant Commissioner for the Multifamily Division, Assistant Commissioner for Policy and Community Development, and the Executive Finance Officer or their designees. The Commissioner may appoint up to three additional Agency staff members.

**REPORTING REQUIREMENTS**

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

**OTHER CONSIDERATIONS**

None.

Adopted this 22<sup>nd</sup> of January 2026

---

CHAIR

This page intentionally left blank.



## Item: Climate Resilience and Housing Decarbonization Roadmap

**Discussion Item:** 8.A

**Date:** 01/22/2026

**Staff Contacts:** Katherine Teiken, 651.296.7601, katherine.teiken@state.mn.us

Ryan Baumtrog, 651.296.9820, ryan.baumtrog@state.mn.us

**Request Type:** No Action, Discussion

### Request Summary

Staff will provide an overview and discuss the proposed release of the Climate Resilience and Housing Decarbonization Roadmap.

### Fiscal Impact

None

### Agency Priorities

<input checked="" type="checkbox"/> Improve the Housing System	<input type="checkbox"/> Make Homeownership More Accessible
<input checked="" type="checkbox"/> Preserve and Create Housing Opportunities	<input checked="" type="checkbox"/> Support People Needing Services
	<input checked="" type="checkbox"/> Strengthen Communities

### Attachments

- Background
- Draft Climate Resilience and Housing Decarbonization Roadmap

## Background

Minnesota's changing climate poses significant challenges to our communities. Frequent and intense storms, heat waves and declining air quality are becoming more common than ever, causing extensive and expensive damage to homes and communities. These changes stem from human activities that release greenhouse gas emissions, gases that warm the planet.

Housing is a significant contributor to energy usage and greenhouse gas emissions. Since 2005, net greenhouse gas emissions from the residential sector have increased by 38% and net emissions from the commercial sector have increased by 48%. At the same time, higher home energy bills disproportionately affect people with low incomes and those with fewer financial resources are unable to make money-saving home energy and climate resiliency upgrades. Additionally, housing insurance costs are becoming more expensive for Minnesotans, in part due to the historic costs associated with more frequent and intense storms.

Several state statutory goals are also driving the move to decarbonized and resilient affordable housing. In recent years, the Minnesota Legislature passed a series of climate-focused requirements. The law change most directly impacting our work is building code revisions that will require new multifamily buildings to be near net zero by 2036 and new single-family homes to be near net zero by 2038. Other climate-focused legislative changes include a requirement for investor-owned utilities to provide 100% clean energy by 2040 and a statutory goal of 50% emissions reductions statewide by 2030 and 100% net-zero emissions across Minnesota by 2050.

Minnesota Housing is aligned with these broader state energy goals, building codes and resiliency efforts centered around climate change. In Executive Order 19-37, Governor Tim Walz established the Climate Change Subcabinet, of which Minnesota Housing is a member. The Subcabinet works together to identify policies and strategies to reduce statewide greenhouse gas emissions across all sectors as well as identify policies and strategies that will enhance the climate resiliency of Minnesota's natural resources, working lands and communities. In 2022, the Climate Change Subcabinet released Minnesota's first Climate Action Framework. In 2026, an updated Climate Action Framework will be released with Goal 7: Efficient and Resilient Buildings outlining actions to build and maintain healthy, comfortable, safe, efficient and resilient buildings and homes that are cheaper to operate, pollute very little and support grid stability.

Minnesota Housing continues to support and implement these climate priorities as outlined in key agency documents, including Minnesota Housing's 2024-2027 Strategic Plan. The Strategic Plan outlines a key strategy to provide owners, developers and property managers equitable access to information, financial support and incentives to make energy and climate resiliency improvements. This strategy includes providing technical assistance, incentives and financing for energy and resiliency technologies.

While Minnesota Housing is recognized as a national leader in the state's housing industry in embracing energy-efficient building standards, the Agency recognizes opportunities to make further progress. Minnesota Housing worked with the Great Plains Institute to develop and prepare the Minnesota Climate Resilience and Housing Decarbonization Roadmap (Roadmap). The development process included a series of meetings with groups of Minnesota Housing staff that each included external expert presenters and facilitated discussions to identify targets, challenges and opportunities.

The Roadmap serves as a guide for the Agency to address housing decarbonization and prepare homes for climate change. It identifies targets for Minnesota Housing, provides recommendations for achieving those targets and establishes measures for tracking the Agency's progress. The Roadmap also discusses outputs, outcomes and implementation considerations, including: internal staff and financial resources, owner needs and preferences, coordination with external partners, and workforce limitations.

After the Board Meeting, staff will be sharing the draft with the Governor's office in advance of an anticipated release of the draft for public comment. Staff will review and consider public comment, aiming to release a fully designed Roadmap later this spring. Any specific programmatic or lending changes made as a result of the Agency's progress on the Roadmap will be made through typical channels (e.g. Guide changes, RFPs for funding, etc).



## Climate Resilience and Housing Decarbonization Roadmap

*DRAFT*

1/06/2025

---



*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

*Equal Opportunity Housing and Equal Opportunity Employment. This document is available in alternative formats by contacting [mn.housing@state.mn.us](mailto:mn.housing@state.mn.us).*

## Acknowledgements

Minnesota Housing is grateful to the external partners and Agency staff who contributed their insights and expertise into the development of this Roadmap.

### Partners

Anne Claflin, Minnesota Pollution Control Agency	Steve Payson, Massachusetts Community Climate Bank
Azad Lassiter, Urban Homeworks	Maggie Super Church, Massachusetts Community Climate Bank
Madeleine McCullough, National Housing Trust	Esther Toporovsky, Community Sustainability Partners
Todd Nedwick, National Housing Trust	Elizabeth Turner, Precipitate
Rebecca Olson, Center for Energy and Environment	

### Agency Staff

Katherine Teiken	Taisa Griffith	Connie Montgomery
Ryan Baumtrog	Vanessa Haight	Gerald Narlock
Nellie Siers	Amanda Hedlund	Matt O'Brien
Tom Anderson	Anne Heitlinger	Lael Robertson
Erika Arms	Lenee Hoffman	Dani Salus
Nick Boettcher	Kinzy Janssen	Katie Seipel-Anderson
Laura Bolstad Grafstrom	Summer Jefferson	Corey Strong
Renee Dickinson	Dan Kitzberger	Mike Thomas
Suzanne Dilla	Janine Langsjoen	Kody Thurnau
Vicki Farden	Tresa Larkin	Jeremiah Townsend
Jessica Fowler	Rachel Lochner	Amanda Welliver
Rachel Ganani	Nira Ly	Alyssa Wetzel-Moore
Sara Gomoll	Colleen Meier	

## Table of Contents

Executive Summary.....	1
Process .....	1
Targets & Recommendations.....	2
Introduction .....	6
Minnesota Housing .....	6
Climate Work at Minnesota Housing.....	6
Understanding the Roadmap.....	9
Vision and Targets.....	10
Minnesota Housing's Climate Vision.....	10
Targets.....	10
Outputs and Outcomes .....	11
Implementation Considerations .....	12
Recommendations .....	14
Target 1: Decarbonized and Resilient New Construction .....	14
Initiative 1.1: New Decarbonized and Resilient Multifamily Housing.....	14
Initiative 1.2: New Decarbonized and Resilient Single-Family Homes.....	16
Target 2: Decarbonized and Resilient Existing Housing.....	18
Initiative 2.1: Decarbonized and Resilient Existing Multifamily Buildings .....	18
Initiative 2.2: Decarbonized and Resilient Home Improvement for Existing Single-Family Homes .	19
Target 3: Comprehensive Climate Integration.....	21
Initiative 3.1: Agency-wide climate integration .....	21
Moving Forward.....	25
Appendix .....	26
Agenda Item: 8.A	
	Attachment: Draft Climate Resilience and Housing
	Decarbonization Roadmap

Glossary .....	26
Process Overview .....	28
Discussion.....	29
Visual Representation of Targets, Initiatives, Recommendations.....	32
Models of Success .....	33
Technical Resources.....	35

## Executive Summary

Minnesota's changing climate poses significant challenges to our communities. Frequent and intense storms, heat waves, and declining air quality are becoming more common than ever, causing extensive and expensive damage to homes and communities. These changes stem from human activities that release greenhouse gas emissions, gases that warm the planet.

Housing is a significant contributor to energy usage and greenhouse gas emissions.<sup>i</sup> Since 2005, net greenhouse gas emissions from the residential sector have increased by 38% and net emissions from the commercial sector have increased by 48%.<sup>ii</sup> At the same time, higher home energy bills disproportionately affect people with low incomes and those with fewer financial resources are unable to make money-saving home energy and climate resiliency upgrades.<sup>iii</sup> Additionally, housing insurance costs are becoming more expensive for Minnesotans, in part due to the historic costs associated with more frequent and intense storms.

Several statutory goals are also driving the move to decarbonized and resilient affordable housing. In recent years, the Minnesota Legislature passed a series of climate-focused requirements. These include a requirement for investor-owned utilities to provide 100% clean energy by 2040.<sup>iv</sup> Additionally, the Minnesota Legislature passed building code revisions that will require new multifamily buildings to be near net zero by 2036 and new single-family homes to be near net zero by 2038.<sup>v</sup> Finally, Minnesota has a statutory goal of 50% emissions reductions statewide by 2030 and 100% net-zero emissions across Minnesota by 2050.<sup>vi</sup>

While Minnesota Housing (Agency) is a leader in the state's housing industry in embracing energy-efficient building standards, the Agency recognizes opportunities to make further progress. The Minnesota Housing Climate Resilience and Housing Decarbonization Roadmap (Roadmap) serves as a guide for the Agency to address housing decarbonization and prepare homes for climate change. The Roadmap identifies targets for Minnesota Housing, provides recommendations for achieving those targets and establishes measures for tracking the Agency's progress.

## Process

Minnesota Housing worked with the Great Plains Institute to develop and prepare the Roadmap. The development process included a series of meetings with groups of Minnesota Housing staff that each included external expert presenters and facilitated discussions to identify targets, challenges and opportunities. When suggesting possible recommendations, staff were encouraged to think big and be ambitious. Please refer to the Appendix for further information about the process of developing the Roadmap.

## Targets and Recommendations

The Roadmap is founded on three targets set by Minnesota Housing. The below targets are high-level, Agency-wide aspirations intended to be achieved as an average across the whole of the Agency's work. While these targets provide a valuable framework, they may not be attainable for every individual home or building project.

- **New Buildings:** By 2032, new single-family and multifamily buildings applying for funding are net-zero and climate-resilient.
- **Existing Buildings:** By 2035, single-family and multifamily properties applying for funding for substantial and Moderate Rehabilitation shall include building upgrades that incorporate decarbonization and climate resiliency.
  - For Substantial Rehabilitation, improvements shall meet Agency standards for greenhouse gas (GHG) emissions and climate resiliency, with the aim of 50% reduction in GHG emissions in aggregate for impacted properties.
  - For Moderate Rehabilitation, improvements shall meet Agency standards for GHG emissions and climate resiliency, with the aim of a 20% reduction in GHG emissions in aggregate for impacted properties.
- **Comprehensive Climate Integration:** By 2030, climate will be an integral part of all equity, communications, technical assistance and planning efforts across the Agency.

Minnesota Housing staff developed the following recommendations for how the Agency can reach these targets. The recommendations are organized by the three targets. Under targets 1 and 2, the recommendations are further divided into two categories: multifamily and single-family housing. Recommendations under Target 3 are broadly applicable to Minnesota Housing and all building types and programs.

**Table 1: Recommendations**

<b>Target 1. Decarbonized and Resilient New Construction</b>	
<b>Initiative 1.1 New Decarbonized and Resilient Multifamily</b>	
<b>Recommendation 1.1.1: Increase incentives, requirements and scoring criteria for existing internal programs</b>	
<p>Minnesota Housing will update building standards and relevant documents to more deeply decarbonize and make climate resilient the new construction multifamily housing funded through the Consolidated Request for Proposals (Consolidated RFP). Minnesota Housing will require net-zero multifamily new construction for projects funded in or after 2032 by increasing minimum requirements and adding additional incentives in a phased approach.</p>	
<b>Recommendation 1.1.2: Boost financial leveraging by incorporating external sources</b>	
<p>Minnesota Housing will continue to consider how the Consolidated RFP should encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government.</p>	
<b>Recommendation 1.1.3: Create new programs to fill gaps</b>	
<p>Minnesota Housing will consider new financing programs for developers to leverage additional sources of funding and implement clean energy technologies, which may include bridge lending to facilitate access to federal tax credits.</p>	
<b>Initiative 1.2: New Decarbonized and Resilient Single-Family Homes</b>	
<b>Recommendation 1.2.1: Increase incentives, requirements and scoring criteria for existing internal programs</b>	
<p>Minnesota Housing will add climate-focused scoring criteria to the Impact Fund and update building standards and documents to more deeply decarbonize and make climate resilient the new single-family housing that is funded through the Agency's existing financing programs. Minnesota Housing will move toward requiring net-zero single-family new construction for projects funded in or after 2032 by increasing minimum requirements and adding additional incentives in a phased approach.</p>	
<b>Recommendation 1.2.2: Boost financial leveraging by incorporating external sources</b>	
<p>Minnesota Housing will continue to consider how the Impact Fund should encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government.</p>	
<b>Recommendation 1.2.3: Create new programs to fill gaps</b>	
<p>Minnesota Housing will consider new financing programs for single-family developers to leverage additional sources of funding and implement clean energy technologies, which may include bridge lending or transferability of tax credits.</p>	

<b>Target 2: Decarbonized and Resilient Existing Housing</b>
<b>Initiative 2.1 Decarbonized and Resilient Existing Multifamily Buildings</b>
<b>Recommendation 2.1.1: Increase incentives, requirements and scoring criteria for existing programs</b>
Minnesota Housing will update building standards and documents to more deeply decarbonize and make climate resilient existing multifamily housing through existing multifamily preservation programs. Minnesota Housing will promote whole-building energy performance, incentivize Passive House rehabilitation programs, and strengthen prescriptive energy and resiliency requirements.
<b>Recommendation 2.1.2: Boost financial leveraging by incorporating external sources</b>
Minnesota Housing will continue to consider how the Consolidated RFP and existing preservation programs can encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government.
<b>Recommendation 2.1.3: Create new programs to fill gaps</b>
Minnesota Housing will consider new programs and pathways to incentivize decarbonization and resiliency for properties making upgrades within the Agency's asset management portfolio. Minnesota Housing will consider new financing opportunities for developers to leverage additional sources of funding and implement energy technologies, which may include bridge lending to facilitate access to federal tax credits.
<b>Initiative 2.2 Decarbonized and Resilient Existing Single-Family Homes</b>
<b>Recommendation 2.2.1: Increase incentives, requirements and scoring criteria for existing internal programs</b>
Minnesota Housing will update relevant building standards and documents to more deeply decarbonize and make climate resilient existing single-family housing through existing home improvement programs. Minnesota Housing will update existing single-family financing programs to allow for different levels and types of investments in climate resiliency and decarbonization. From small, individual replacements, to technology bundles, to large whole house retrofits, Minnesota Housing will take a customer-based view to design programs with loan terms and concierge assistance offerings that allow customers to complete their decarbonization and climate resiliency projects.
<b>Recommendations 2.2.2: Boost financial leveraging for existing programs</b>
Minnesota Housing will continue to consider how existing home improvement programs can encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government.
<b>Recommendations 2.2.3: Create new programs to fill gaps</b>
Minnesota Housing will consider new single-family financing programs to allow for different levels and types of investments in climate resiliency and decarbonization. Minnesota Housing will consider new financing opportunities for homeowners to leverage additional sources of funding and implement energy technologies.

<b>Target 3: Comprehensive Climate Integration</b>
<b>Initiative 3.1 Agency-Wide Climate Integration</b>
<b>Recommendation 3.1.1: Ground climate work in equity and human-centered design</b> Minnesota Housing will design and implement decarbonization and climate resiliency programs that center equity and are grounded in human-centered design.
<b>Recommendation 3.1.2: Communicate and engage effectively</b> Minnesota Housing will update the Agency website, create a Climate eNews newsletter and use social media to clearly communicate about the Agency's climate work and share case studies.
<b>Recommendation 3.1.3: Increase technical assistance offerings</b> Minnesota Housing will increase technical assistance offerings in partnership with other state agencies, utilities and organizations, including one-on-one concierge-level assistance on energy technologies, financing and funding opportunities.
<b>Recommendation 3.1.4: Track and report data</b> Minnesota Housing will establish an informed strategy to collect, track and report on energy metrics to create a baseline and show progress toward meeting Agency climate targets.
<b>Recommendation 3.1.5: Climate review and long-term planning</b> Minnesota Housing will implement a climate review into program planning and implementation to ensure a "climate lens" is intentionally included in all program strategy discussions.

## Introduction

### Minnesota Housing

For more than 50 years, the Minnesota Housing (Agency) has worked to provide access to safe, decent and affordable housing and build stronger communities across the state. Minnesota Housing is a state agency that finances housing that low and moderate-income Minnesotans can afford while helping Minnesotans buy and fix up their homes.

Along with fostering strong communities, the Agency provides resources to stabilize neighborhoods, communities and families. Minnesota Housing works cooperatively with others to support the development and preservation of affordable rental housing. In 2024, the Agency distributed \$1.96 billion in resources and served 73,650 households.

**Minnesota Housing Vision:** Everyone needs a home they can afford in a community of their choice because housing is foundational to a full life and thriving state, supporting educational achievement, stable employment, health and well-being.

**Minnesota Housing Mission:** Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

### Climate Work at Minnesota Housing

Minnesota's climate has changed and will continue to change, impacting the health and well-being of our communities. Frequent and intense storms, heat waves and declining air quality are now occurring more than at any time on record, damaging Minnesota homes and costing owners and residents millions of dollars in cleanup and repairs. These changes stem from human activities that release greenhouse gas emissions, gases that warm the planet.

Housing development and rehabilitation play a substantial role in energy consumption and greenhouse gas emissions, in part because most existing buildings predate current efficiency standards. Since 2005, net greenhouse gas emissions from the residential sector have increased by 38% and net emissions from the commercial sector have increased by 48%.<sup>vii</sup> At the same time, rising home energy bills disproportionately affect low-income households. Renters and Minnesotans with fewer financial resources lack the means to implement money-saving home energy and climate resiliency upgrades, maintain their indoor air quality and affordably heat and cool their homes. Minnesota's most vulnerable populations are therefore disproportionately living or sheltering in buildings that face the greatest environmental and climate-related risks.<sup>viii</sup>

Minnesota Housing recognizes its role in mitigating climate change by constructing energy efficient housing that is powered by clean energy while also ensuring Minnesotans have resilient homes that are affordable, safe, healthy and comfortable in the face of extreme climate impacts. Future climate-related home improvements should focus on two core principles: decarbonization and climate resilience, as defined below.

<b>Decarbonization</b>	The process of reducing greenhouse gas emissions that contribute to climate change. For homes and buildings, this means reducing energy usage through energy efficiency and switching to carbon-free electricity. This is also known as net-zero emissions buildings. Examples of decarbonization investments in buildings include insulation and air sealing, LED lighting, fuel switching from natural gas furnaces to electric air source heat pumps, rooftop solar and more.
<b>Climate Resilience</b>	Climate resilience is the ability of communities and landscapes to be prepared for, adapt to and mitigate the effects of climate change. For homes and buildings, this means taking steps to ensure safety from severe weather and other climate impacts. Examples of climate resilient investments in buildings include hail and high wind resistant roofing, flood resilient elevators, air conditioners and more.

Minnesota Housing is aligned with broader state energy goals, building codes and resiliency efforts centered around climate change. In Executive Order 19-37, Governor Tim Walz established the Climate Change Subcabinet, of which Minnesota Housing is a member. The Subcabinet works together to identify policies and strategies to reduce statewide greenhouse gas emissions across all sectors as well as identify policies and strategies that will enhance the climate resiliency of Minnesota's natural resources, working lands and communities.<sup>ix</sup> In 2022, the Climate Change Subcabinet released Minnesota's Climate Action Framework. Goal 4 of the Framework, Clean Energy and Efficient Buildings, outlines actions to create healthy, comfortable buildings that are cheaper to operate and pollute less. In 2026, an updated Climate Action Framework was released with Goal 7: Efficient and Resilient Buildings outlining actions to build and maintain healthy, comfortable, safe, efficient and resilient buildings and homes that are cheaper to operate, pollute very little and support grid stability.

Several statutory goals are also driving the move to decarbonized and resilient affordable housing. In recent years, the Minnesota Legislature passed a series of climate-focused requirements. These include a requirement for investor-owned utilities to provide 100% clean energy by 2040.<sup>x</sup> Additionally, the Minnesota Legislature passed building code revisions that will require new multifamily buildings to be near net zero by 2036 and new single-family homes to be near net zero by 2038.<sup>xi</sup> Finally, Minnesota has a statutory goal of 50% emissions reductions statewide by 2030 and 100% net-zero emissions across Minnesota by 2050.<sup>xii</sup>

Minnesota Housing continues to support and implement these statutory requirements using the recommendations outlined in this roadmap and other key documents to ensure that its policies contribute to the state's climate commitments and timelines. Minnesota Housing's 2024-2027 Strategic Plan outlines a key strategy to provide owners, developers and property managers equitable access to information, financial support and incentives to make energy and climate resiliency improvements. This strategy includes providing technical assistance, incentives and financing for energy and resiliency technologies.

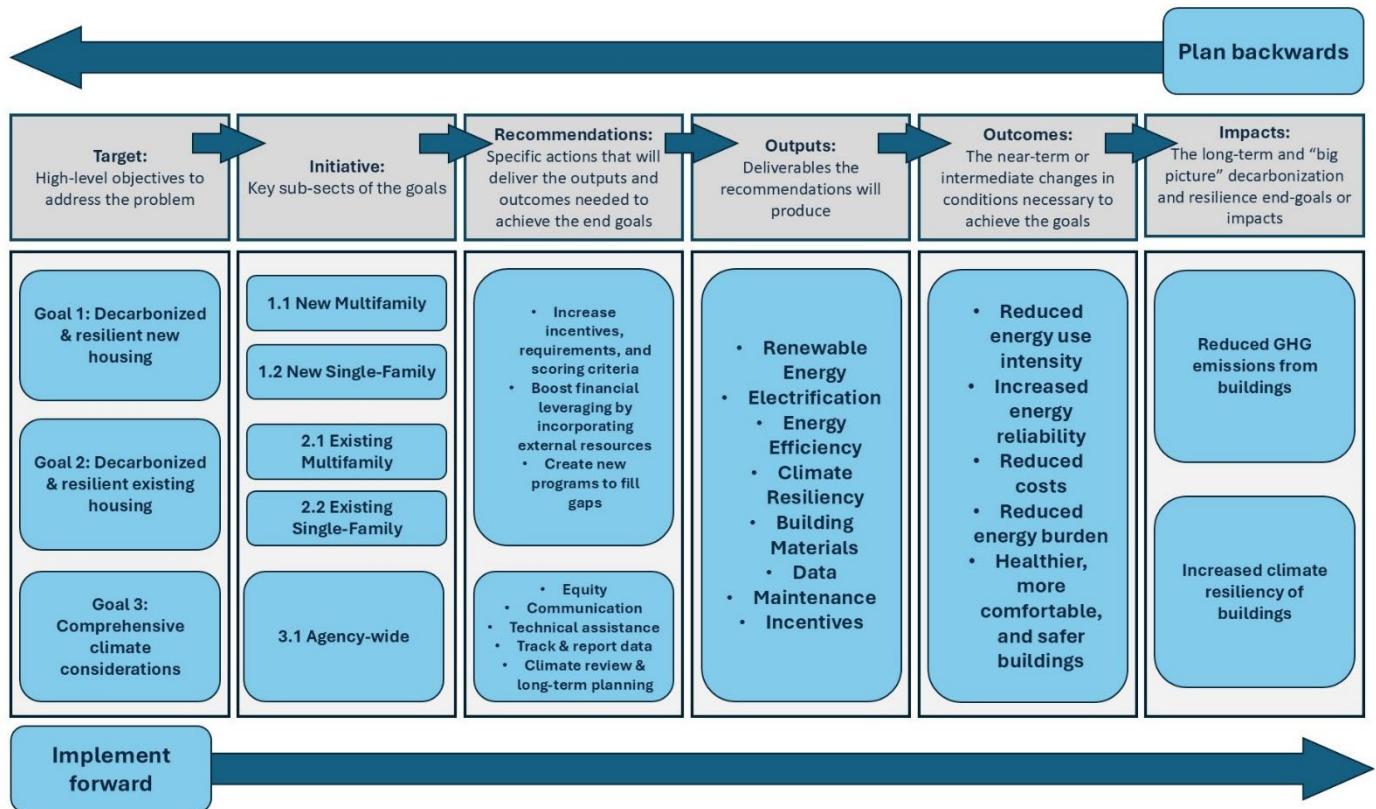
Other Minnesota Housing documents and plans outline additional incentives and requirements for implementing energy efficiency, clean energy and climate resiliency technologies in housing finance programs across the Agency. Examples of these include the Affordable Housing Plan, the Qualified Allocation Plan, the Minnesota Overlay and Guide to the Enterprise Green Communities Criteria, and the Limited Scope Sustainability Standards. These efforts have traditionally required buildings funded by Minnesota Housing to be built to a higher standard than the Minnesota Commercial and Residential Building and Energy codes require.

## Understanding the Roadmap

The purpose of the Minnesota Housing Climate Resilience and Housing Decarbonization Roadmap is to provide a strategic framework for the Agency's efforts to decarbonize housing and prepare communities for the challenges posed by climate change.

The Roadmap uses the following logic model to show the theory of change from the overarching targets to the broad initiatives and finally to the recommendations.

**Figure 1: Visual Representation of Targets, Initiatives and Recommendations**



## Vision and Targets

### Minnesota Housing's Climate Vision

For all Minnesotans to live and thrive in a stable, safe, accessible and affordable home that is powered by clean energy and is resilient against extreme climate impacts.

### Targets

Minnesota Housing's targets with respect to climate resilience and building decarbonization are as follows. These were developed in alignment with existing state goals in the Minnesota Climate Action Framework, Sustainable Building 2030, updated building and energy codes, and other legislative requirements:

- **New Buildings:** By 2032, new single-family and multifamily buildings applying for funding are net zero and climate resilient.
- **Existing Buildings:** By 2035, single-family and multifamily properties applying for funding for Substantial Rehabilitation and Moderate Rehabilitation shall include building upgrades that incorporate decarbonization and climate resiliency.
- For Substantial Rehabilitation, improvements shall meet Agency standards for GHG emissions and climate resiliency, with the aim of 50% reduction in GHG emissions in aggregate for impacted properties.
- For Moderate Rehabilitation, improvements shall meet Agency standards for GHG emissions and climate resiliency, with the aim of a 20% reduction in GHG emissions in aggregate for impacted properties.
- **Comprehensive Climate Integration:** By 2030, climate will be an integral part of all equity, communications, technical assistance, and planning efforts across the Agency.

The above targets are high-level, Agency-wide aspirations intended to be achieved as an average across the whole of the Agency's work. While these targets provide a valuable framework, they may not be attainable for every individual home and building project. For instance, some owners may require financing for limited rehabilitation efforts or for projects addressing critical health and safety needs, such as fire sprinkler systems, that do not address decarbonization or climate resiliency. Additionally, the Agency will ensure that investments in housing to meet the climate targets will minimize unnecessary disposal of functional materials or systems. The end of useful life will be thoughtfully considered, prioritizing sustainability without wastefulness.

Pathways for individual properties to achieve these targets may vary by building type, size and age. The International Panel on Climate Change anticipates that existing buildings can expect reductions in greenhouse gas emissions of 50% to 75% following Substantial Rehabilitation.<sup>xiii</sup> According to the

Department of Energy's National Blueprint for the Building Sector, on-site GHG emissions from buildings primarily result from combustion of fossil fuels, which accounts for 83% of on-site emissions.<sup>xiv</sup> As a result, cost-effective energy efficiency projects, such as air sealing and insulation, should be prioritized first, followed by electrification and renewable energy initiatives once energy efficiency upgrades are completed. Similarly, the ability for individual properties to pursue onsite renewable energy will vary based on site characteristics and size; some properties may need to consider Renewable Energy Certificates in lieu of or alongside onsite renewable energy.

To measure and track the Agency's success in meeting these targets, Minnesota Housing will need to establish an informed data collection and reporting strategy on both the property and Agency level as outlined in Recommendation 3.1.4 Track and report data.

## Outputs and Outcomes

The Minnesota Housing Climate Resilience and Housing Decarbonization Roadmap will initiate efforts to build and maintain healthy, comfortable, efficient and resilient buildings that are cheaper to operate and pollute very little.

The recommendations of the Roadmap address several significant challenges, including:

- High energy burdens of under-resourced households;
- Rising greenhouse gas emissions from buildings;
- Increasing severity of weather events, including extreme storms and heatwaves; and
- Inequitable access to housing upgrades including efficiency improvements, electrification, onsite renewable energy with battery storage and climate resilience.

By achieving the targets of the Roadmap, Minnesota Housing will facilitate significant physical upgrades to buildings and produce tangible results. Key outputs will include:

- Optimized energy efficiency of buildings;
- Increased utilization of onsite renewable energy with battery storage;
- Decreased reliance on natural gas and delivered fuels;
- Enhanced climate resiliency of buildings;
- Greater use of healthy and environmentally preferable materials, products and appliances;
- Improved condition and maintenance of homes;
- Increased data tracking and utility benchmarking of energy bills and greenhouse gas emissions; and
- Increased technical and financial support for decarbonization and climate resilience.

These upgrades will lead to immediate and near-term outcomes that will benefit building owners and residents, including the following:

- Equitable participation in and access to building upgrades;
- Reduced operating costs for homes and buildings;
- Reduced energy burden for residents;
- Increased energy reliability, resulting in fewer power outages; and
- Healthier, safer and more comfortable homes and buildings to live in.

These upgrades and their associated short-term benefits will contribute to significant long-term reductions in greenhouse gas emissions from buildings. This effort will not only help prevent future contribution to climate change but will also create climate resilient buildings capable of withstanding the impacts of a changing climate.

## **Implementation Considerations**

Minnesota Housing's Roadmap is designed to be ambitious, but it does not fully account for current funding and staffing realities. The Agency will need to make significant investments to effectively design, fund and implement these recommendations. Designing and implementing these recommendations successfully may require unique consideration of housing or construction type, as well as geographic and demographic context. However, there will be common challenges and opportunities that can be considered across the Agency. The Agency may consider forming a climate team where staff of different program areas may work together to tackle these issues.

## **Internal Resources**

There is a critical need for further funding to support projects and ensure the long-term viability of this Roadmap through adequate staffing and resources.

While the future of Minnesota Housing financing is unknown, potential funding sources that could come directly to Minnesota Housing could include state general fund and bonding sources, the Minnesota Climate Innovation Finance Authority, or other future federal sources through the Department of Energy, Environmental Protection Agency, or Housing and Urban Development.

There are also additional funding sources that could be implemented directly by homeowners or building owners, including the Weatherization Assistance Program, energy tax credits, federal energy rebates, utility incentives, and local city/county matching programs such as the Minneapolis Green Cost Share program. While potential funding sources exist, their timelines and requirements do not always align seamlessly with Agency financing programs.

In addition to supporting investments in homes, administrative support is also needed to ensure adequate staffing is available to research, design, and implement changes to existing programs and to create new programs. Current staffing restrictions limit the ability of current staff to pursue climate-related development opportunities, think innovatively and plan deliberately for the future.

## External Environment

In addition to internal resources, the implementation of this Roadmap will also be impacted by external partners and other entities, including the federal government.

Resident and homeowner preferences are at the center of any new construction or rehabilitation. Minnesotans have valuable lived experience that will inform how programs are implemented and which construction design components will be prioritized. Residents and building owners should continue to have flexibility to choose designs and upgrades that work for their individual needs. Similarly, different building standards may have different requirements, such as promoting onsite renewable energy or allowing the use of offsite renewable energy through the purchase of Renewable Energy Certificates.

This Roadmap outlines generational and systemic shifts in financing and construction. Therefore, coordination with and support from external partners, Tribal Nations, local units of government and other state agencies will help align implementation strategies with local priorities and capacities. Different levels of government will need to coordinate program timelines and requirements, and investors and other funders will need to feel comfortable accepting new and different changes to ensure initiatives are all moving forward in the same direction. In addition, the future state and federal political climate could impact what direction initiatives are heading and at what speed.

The ability to implement this Roadmap will be impacted by external staffing considerations. The availability of contractors, Home Energy Rating System (HERS) raters, architects, engineers and affordable housing organizations who have the technical abilities to understand new requirements and incorporate them into new construction and rehabilitation construction will be key to success, especially in Greater Minnesota. Construction cannot be planned and completed without a full understanding of how design requirements and incentives may be impacted by supply chain and workforce issues. Building materials, mechanicals, and incentives are impacted by national and global supply chains. Product limitations and costs will impact construction timelines and total development costs. While having adequate products is important, so is ensuring there is a well-trained contractor workforce that is knowledgeable about new products and is available to install, repair and maintain them. Supporting equitable access to workforce development opportunities will ensure that all regions of the state can participate fully in achieving the Roadmap's targets.

## Recommendations

The Recommendations are organized around the three primary targets. For Targets 1 and 2, the recommendations are further divided into two Initiatives: Decarbonized and resilient multifamily housing and Decarbonized and resilient single-family housing. Recommendations under Target 3 are designed to be broadly applicable to Minnesota Housing and all building types and programs. While some Recommendations may seem repetitive, the organization of these Targets, Initiatives, and Recommendations are deliberately designed so that Agency teams and staff can identify and prioritize the Recommendations that are specific to their area of work.

Each Recommendation includes essential information for effective implementation:

- **Rationale:** This section outlines the significance of the recommendation.
- **Action Steps:** Key initial steps needed for implementation are identified here.
- **Responsible Parties:** This identifies the internal leads and teams responsible for execution.

For a visual representation of how the targets, initiatives, and recommendations connect, please refer to Understanding the Roadmap or the Appendix.

### Target 1: Decarbonized and Resilient New Construction

#### Initiative 1.1: New Decarbonized and Resilient Multifamily Housing

##### Recommendation 1.1.1: Increase incentives, requirements and scoring criteria for existing internal programs

Minnesota Housing will update the Minnesota Multifamily Overlay and Guide to Enterprise Green Communities Criteria, the Qualified Allocation Plan and other building standards and relevant documents to more deeply decarbonize and make climate resilient the new construction multifamily housing funded through the Consolidated RFP.

Minnesota Housing will move toward requiring net-zero multifamily new construction for projects funded in or after 2032. This will be done by increasing minimum requirements and adding additional incentives in a phased approach until all funded multifamily new construction is net-zero energy.

**Rationale:** Increasing incentives, requirements and scoring criteria is a key step for achieving net-zero by 2032 for multifamily new construction. By building on established standards and requirements and providing additional support, Minnesota Housing will ensure developers understand the new requirements.

**Action Steps:** The Qualified Allocation Plan and the Minnesota Multifamily Overlay and Guide to Enterprise Green Communities Criteria are updated in a phased approach, with the next update anticipated to be released in spring 2028. As part of the document revision process, the Agency will create a timeline outlining a phased approach for requiring net zero by 2032. Each subsequent document revision will refer to this timeline.

**Responsible Parties:** The construction team supervisor and climate policy director will lead these efforts. They will coordinate as needed with the multifamily programs manager and additional architecture staff.

#### **Recommendation 1.1.2: Boost financial leveraging by incorporating external sources**

Minnesota Housing will continue to consider how the Consolidated RFP should encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government. This includes considering how to coordinate program timelines, income eligibility requirements, underwriting standards, required document submittals and program workbooks.

**Rationale:** By leveraging additional external financial resources, Minnesota Housing can extend funding opportunities for projects, amplifying efforts to promote decarbonized and resilient housing. Coordinating timelines, requirements and standards will streamline processes to more efficiently support decarbonized and resilient housing.

**Action Steps:** Minnesota Housing will create a resource document outlining additional federal, state and local financing that could be included in the capital stack of a Consolidated RFP application. The Agency will also update Underwriting Standards and Consolidated RFP application materials to provide clarity on how applicants should include and document these sources of financing in their applications.

**Responsible Parties:** The multifamily underwriting manager and climate policy director will lead these efforts. They will coordinate as needed with the multifamily programs manager and construction team supervisor.

#### **Recommendation 1.1.3: Create new programs to fill gaps**

Minnesota Housing will consider new financing programs for developers to leverage additional sources of state and federal funding and implement clean energy technologies.

**Rationale:** New financing programs will help reduce financial barriers for developers to pursue new and innovative climate projects that require upfront capital.

**Action Steps:** Minnesota Housing will create a research memo outlining innovative housing finance agency and state green bank multifamily new construction programs across the country that could

serve as a model for Minnesota Housing. The memo will identify sources of state and federal funds that could support this work. Community engagement staff will engage on this topic with local external partners.

**Responsible Parties:** The multifamily programs manager and climate policy director will lead these efforts. They will work with the director of planning, research, and evaluation to plan and execute the research.

### **Initiative 1.2: New Decarbonized and Resilient Single-Family Homes**

#### **Recommendation 1.2.1: Increase incentives, requirements and scoring criteria for existing internal programs**

Minnesota Housing will add climate-focused scoring criteria to the Impact Fund. This will prioritize decarbonization and climate resilience in project selection and increase the likelihood that projects pursuing climate investments will be funded.

Minnesota Housing will update the Minnesota Single Family Overlay and Guide to Enterprise Green Communities Criteria and other building standards and documents to more deeply decarbonize and make climate resilient the new single-family housing that is funded through the Agency's existing financing programs. Minnesota Housing will move toward requiring net-zero single-family new construction for projects funded in or after 2032. Minnesota Housing will increase minimum requirements and add additional incentives in a phased approach until all funded single-family new construction is net-zero energy.

**Rationale:** Increasing incentives, requirements and scoring criteria is a key step for achieving net-zero by 2032 for single-family new construction. By building on established standards and requirements and providing additional support, Minnesota Housing will ensure developers understand the new requirements.

**Action Steps:** Minnesota Housing will begin community engagement around potential updates to the Minnesota Single Family Overlay and Guide to Enterprise Green Communities Criteria. As the document is updated, Minnesota Housing will develop a timeline outlining a phased approach for meeting the net-zero by 2032 target.

**Responsible Parties:** The community lending team supervisor and climate policy director will lead these efforts. They will coordinate with the construction team supervisor.

#### **Recommendation 1.2.2: Boost financial leveraging by incorporating external sources**

Minnesota Housing will continue to consider how the Impact Fund should encourage financial leveraging from multiple different external sources of energy financing, including utility incentives,

rebates, tax credits and programs from local units of government. This includes considering how to coordinate program timelines, income eligibility requirements, underwriting standards, required document submittals and program workbooks.

**Rationale:** By leveraging additional external financial resources, Minnesota Housing can extend funding opportunities for projects, amplifying efforts to promote decarbonized and resilient housing. By coordinating timelines, requirements and standards, Minnesota Housing will streamline processes to more efficiently support decarbonized and resilient housing.

**Action Steps:** Minnesota Housing will create a resource document outlining additional federal, state and local financing that could be included in the capital stack of an Impact Fund application. Minnesota Housing will update program documents to provide clarity on how applicants should include and document these sources of financing in their applications.

**Responsible Parties:** The community lending team supervisor and climate policy director will lead these efforts.

#### **Recommendation 1.2.3: Create new programs to fill gaps**

Minnesota Housing will consider new financing programs for single-family developers to leverage additional sources of state and federal funding and implement clean energy technologies. These new financing programs may include bridge lending or transferability of tax credits.

**Rationale:** New financing programs will help reduce financial barriers for developers to pursue new and innovative climate projects that require upfront capital.

**Action Steps:** Minnesota Housing will create a research memo outlining innovative Housing Finance Agency and State Green Bank single-family new construction programs across the country that could serve as a model for Minnesota Housing. The memo will identify sources of state and federal funds that could support this work. Community engagement staff will engage on this topic with local external partners.

**Responsible Parties:** The community lending team supervisor and climate policy director will lead these efforts. They will work with the director of planning, research and evaluation to plan and execute the research.

## Target 2: Decarbonized and Resilient Existing Housing

### Initiative 2.1: Decarbonized and Resilient Existing Multifamily Buildings

#### Recommendation 2.1.1: Increase incentives, requirements and scoring criteria for existing internal programs

Minnesota Housing will update the Minnesota Multifamily Overlay and Guide to Enterprise Green Communities Criteria, the Limited Scope Sustainability Standards and other building standards and documents to more deeply decarbonize and make climate resilient existing multifamily housing. Minnesota Housing will do this through existing multifamily preservation programs. Through these updates, Minnesota Housing will promote whole-building energy performance, incentivize Passive House rehabilitation programs and strengthen prescriptive energy and resiliency requirements.

**Rationale:** Increasing incentives, requirements and scoring criteria is a key step for ensuring decarbonization and climate resiliency upgrades in existing multifamily housing. By building on established standards and requirements and providing additional support, Minnesota Housing will ensure developers understand the new requirements.

**Action Steps:** The Qualified Allocation Plan and the Minnesota Multifamily Overlay and Guide to Enterprise Green Communities Criteria are updated regularly, with the next update anticipated to be released in April 2028. These documents will be updated, as well as other standards such as the Limited Scope Sustainability Standards. As part of the document revision process, Minnesota Housing will create a timeline outlining a phased approach for requiring building performance upgrades by 2035. Subsequent document revisions will refer to this timeline.

**Responsible Parties:** The construction team supervisor and climate policy director will lead these efforts. They will coordinate as needed with the multifamily programs manager, the preservation supervisor and additional architecture staff.

#### Recommendation 2.1.2: Boost financial leveraging by incorporating external sources

Minnesota Housing will continue to consider how the Consolidated RFP and existing preservation programs can encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government. This includes considering how to coordinate program timelines, income eligibility requirements, underwriting standards, required document submittals and program workbooks.

**Rationale:** By leveraging additional external financial resources, Minnesota Housing can extend funding opportunities for projects, amplifying efforts to promote decarbonized and resilient housing. By coordinating timelines, requirements and standards, Minnesota Housing will streamline processes to more efficiently support decarbonized and resilient housing.

**Action Steps:** Minnesota Housing will create a resource document outlining additional federal, state and local financing that could be included in the capital stack of the Consolidated RFP, Publicly Owned Housing Program and Rental Rehabilitation Deferred Loan applications. Minnesota Housing will update application materials to provide clarity on how applicants should include and document these sources of financing in their applications.

**Responsible Parties:** The multifamily underwriting manager and climate policy director will lead these efforts. They will coordinate as needed with the multifamily programs manager, preservation supervisor, and construction team supervisor.

#### **Recommendation 2.1.3: Create new programs to fill gaps**

Minnesota Housing will consider new programs and pathways to incentivize decarbonization and resiliency for properties making upgrades within the Agency's asset management portfolio.

Minnesota Housing will consider new financing opportunities for developers to leverage additional sources of state and federal funding and implement energy technologies. These new financing opportunities may include bridge lending to facilitate access to federal tax credits.

**Rationale:** New programs can incentivize climate-related financing needs for properties that may not fit well into Minnesota Housing's existing programs. New financing programs will help reduce financial barriers for developers to pursue new and innovative climate projects that require upfront capital.

**Action Steps:** Minnesota Housing will create a research memo outlining innovative Housing Finance Agency and State Green Bank multifamily rehabilitation programs across the country that could serve as a model for Minnesota Housing. The memo will identify sources of state and federal funds that could support this work. Community engagement staff will engage on this topic with local external partners.

**Responsible Parties:** The multifamily programs manager, the preservation supervisor, the multifamily portfolio supervisor and climate policy director will lead these efforts. They will work with the director of planning, research and evaluation to plan and execute the research.

### **Initiative 2.2: Decarbonized and Resilient Home Improvement for Existing Single-Family Homes**

#### **Recommendation 2.2.1: Increase incentives, requirements and scoring criteria for existing internal programs**

Minnesota Housing will update relevant building standards and documents to more deeply decarbonize and make climate resilient existing single-family housing through existing home improvement programs.

Minnesota Housing will update existing single-family financing programs to allow for different levels and types of investments in climate resiliency and decarbonization. From small, individual replacements, to technology bundles, to large whole house retrofits, Minnesota Housing will take a customer-based view to design programs with loan terms and concierge assistance offerings that allow customers to complete their decarbonization and climate resiliency projects.

**Rationale:** Increasing incentives, requirements and scoring criteria is a key step for ensuring decarbonization and climate resiliency upgrades in existing single-family housing. By building on established standards and requirements, Minnesota Housing will ensure homeowners, developers and lenders understand the new requirements.

**Action Steps:** Minnesota Housing will update the Minnesota Single Family Overlay and Guide to Enterprise Green Communities, as well as other relevant program standards such as the Limited Scope Sustainability Standards. As part of the document revision process, Minnesota Housing will create a timeline outlining a phased approach for requiring building performance upgrades by 2035. Subsequent document revisions should refer to this timeline.

**Responsible Parties:** The home improvement team supervisor, the community lending team supervisor, and the climate policy director will lead these efforts

#### **Recommendation 2.2.2: Boost financial leveraging by incorporating external sources**

Minnesota Housing will continue to consider how existing home improvement programs can encourage financial leveraging from multiple different external sources of energy financing, including utility incentives, rebates, tax credits and programs from local units of government. This includes considering how to coordinate program timelines, income eligibility requirements, underwriting standards, required document submittals and program workbooks.

**Rationale:** By leveraging additional external financial resources, Minnesota Housing can extend funding opportunities for projects, amplifying efforts to promote decarbonized and resilient housing. By coordinating timelines, requirements and standards, Minnesota Housing will streamline processes to more efficiently support decarbonized and resilient housing.

**Action Steps:** Minnesota Housing will create a resource document outlining additional federal, state and local financing that could be included as additional financial resources.

**Responsible Parties:** The home improvement team supervisor, the community lending team supervisor, and the climate policy director will lead these efforts.

### **Recommendation 2.2.3: Create new programs to fill gaps**

Minnesota Housing will consider new single-family financing programs to allow for different levels and types of investments in climate resiliency and decarbonization. From small, individual replacements, to technology bundles, to large whole house retrofits, Minnesota Housing will take a customer-based view to design programs with loan terms and concierge assistance offerings that allow customers to complete their decarbonization and climate resiliency projects.

Minnesota Housing will consider new financing opportunities for homeowners to leverage additional sources of state and federal funding and implement energy technologies. These new financing opportunities may include bridge lending and transferability of tax credits.

**Rationale:** New programs can incentivize climate-related financing needs for properties that may not fit well into Minnesota Housing's existing programs. New financing programs will help reduce financial barriers for developers to pursue new and innovative climate projects that require upfront capital.

**Action Steps:** Minnesota Housing will create a research memo outlining innovative Housing Finance Agency and State Green Bank single-family home improvement programs across the country that could serve as a model for Minnesota Housing. The memo will identify sources of state and federal funds that could support this work. Community engagement staff will engage on this topic with local external partners.

**Responsible Parties:** The home improvement team supervisor, the community lending team supervisor, and the climate policy director will lead these efforts. They will work with the director of planning, research and evaluation to plan and execute the research.

## **Target 3: Comprehensive Climate Integration**

### **Initiative 3.1: Agency-wide climate integration**

The following recommendations are cross-cutting in that they are broadly applicable to all building types and programs. Some of the crosscutting recommendations may not align directly with a specific Minnesota Housing program but instead contribute to the overall success and implementation of the Roadmap.

#### **Recommendation 3.1.1: Ground climate work in equity and human-centered design**

Minnesota Housing will design and implement decarbonization and climate resiliency programs that center equity and are grounded in human-centered design. This includes centering tenant protections and housing and energy burden considerations. The Agency will hold itself accountable by tracking and reporting on the equitable outcomes for each community it serves.

**Rationale:** Effective climate action requires supporting under-resourced groups and those most harmed by climate change. Designing and implementing programs that prioritize equity and human-centered design is essential for addressing the unique needs of diverse communities. Tracking equitable outcomes promotes accountability and continuous improvement.

**Action Steps:** The climate policy director will present this plan to the Equity Action Team and Innovation Team to discuss potential action steps.

**Responsible Parties:** The director of equity and inclusion and climate policy director will lead these efforts. They will work with the manager of continuous improvement.

#### **Recommendation 3.1.2: Communicate and engage effectively**

Minnesota Housing will update the Agency website and create a Climate eNews newsletter to clearly communicate about the Agency's climate work, including: targets, timelines, RFPs and other resources, costs and other data. In addition, Minnesota Housing will engage with external partners, share case studies and use social media to help Minnesotans understand the benefits of a climate transition as well as potential strategies for Minnesotans to pursue, such as home energy and climate resiliency upgrades.

**Rationale:** Effective communication can enhance public understanding of the impacts of climate change and benefits of a transition, provide strategies and opportunities for Minnesotans to reduce negative impacts and capture benefits and drive the development of decarbonized and resilient housing.

**Action Steps:** The climate policy director will compile programs and resources to share via the website.

**Responsible Parties:** The communications director and the climate policy director will lead these efforts.

#### **Recommendation 3.1.3: Increase technical assistance offerings**

Minnesota Housing will increase technical assistance offerings in partnership with other state agencies, utilities and organizations. These offerings may include technical assistance for both internal Minnesota Housing staff and external partners, including one-on-one concierge-level assistance on energy technologies, financing and funding opportunities.

**Rationale:** Providing technical assistance and education is vital in ensuring partners and customers have access to financial and technical support. Without technical assistance, partners and customers are unlikely to take action in support of Minnesota Housing's climate targets.

**Action Steps:** The climate policy director will review existing state, federal and local resources to determine where supplementation and partnership could best occur.

**Responsible Parties:** The climate policy director will lead these efforts.

#### **Recommendation 3.1.4: Track and report data**

Minnesota Housing will establish an informed strategy to collect, track and report on energy and resiliency metrics. Clear metrics and data sources will allow Minnesota Housing to create a baseline and show progress toward meeting Agency climate targets. For multifamily buildings, energy modeling and post-construction benchmarking may provide the information needed to verify these targets are being achieved. For single-family homes, data may rely on estimated or calculated utility bill savings reductions from established sources. The strategy should include the following:

- An explanation of how to track and understand an existing building's historical average utility expenses and greenhouse gas emissions reductions,
- Direction on where modeled or estimated emissions reductions will be used and where actual emissions reductions shall be tracked and verified,
- Tools that will be used to make informed estimates and modeled emissions where actual verified data is difficult to obtain, and
- An explanation of how property-level information aggregates towards Agency level targets.

**Rationale:** Tracking and reporting energy metrics is vital for establishing a baseline and demonstrating progress toward meeting the climate targets. This data can be used to verify alignment with the targets and inform future improvements.

**Action Steps:** Minnesota Housing will determine which metrics need to be tracked and reported to verify whether new construction buildings are meeting the Agency's climate targets. Minnesota Housing will update the Minnesota Multifamily Overlay and Guide to Enterprise Communities Criteria and other relevant documents to include new benchmarking requirements.

**Responsible Parties:** The construction team supervisor, director of research, planning and evaluation, and climate policy director will lead these efforts.

#### **Recommendation 3.1.5: Climate review and long-term planning**

Minnesota Housing will implement a climate review into program planning and implementation to ensure a "climate lens" is intentionally included in all program strategy discussions. Long-term strategy discussions will address how to support building upgrades that are cost-effective in the long term for both building owners and residents. Discussions will also include incentivizing upgrades that will lead to

property insurance discounts and/or upgrades that are intended to prevent increases to tenant utility bills.

**Rationale:** Implementing a climate review into program planning and implementation is essential for ensuring climate is intentionally incorporated into all strategic discussions.

**Action Steps:** To be determined.

**Responsible Parties:** The climate policy director will lead these efforts.

## Moving Forward

The Minnesota Housing Climate Resilience and Housing Decarbonization Roadmap is a crucial guide toward realizing our ambitious climate vision: to ensure that all Minnesotans can live and thrive in a stable, safe, accessible and affordable home that is powered on clean energy and resilient against extreme climate impacts. This Roadmap outlines clear targets, actionable recommendations and measurable steps that reflect our commitment to a sustainable future.

As we move forward, it is essential to recognize that meaningful climate action requires collaboration, robust partnerships and a steadfast commitment to equity. The actions outlined in this Roadmap represent just a few of the many steps needed to achieve a sustainable and equitable future for our communities.

Minnesota Housing would like to thank the Agency staff and external partners who contributed their expertise and insights during the development of this Roadmap and appreciates their continued support in its implementation.

## Appendix

### Glossary

- **Agency:** Minnesota Housing Finance Agency
- **Clean energy:** Energy generated from renewable or carbon-free sources, as well as energy saved through energy efficiency measures.
- **Climate change:** A change of climate attributed directly or indirectly to human activity that alters the composition of the global atmosphere and is in addition to natural climate variability observed over comparable time periods.
- **Climate impacts:** Changes to our environment and threats to our safety caused by climate change. Refers to the direct effects of climate change (warmer winter temperatures, heavier precipitation, etc.) and the outcomes of these effects (property damage, negative health outcomes, etc.).
- **Climate resilience:** The capacity of individuals, communities, businesses, buildings, infrastructure or the natural environment to prevent, withstand, respond to and recover from disruptive events and continue to perform despite persistent stresses imposed by climate change. Both mitigation and adaptation are necessary for long-term resilience.
- **Community:** Refers to the people and groups with whom one interacts and/or identifies; could include but is not limited to cities, neighborhoods or other geographical boundaries.
- **Decarbonization:** The process of reducing greenhouse gas emissions that contribute to climate change.
- **Energy burden:** The percentage of gross household income spent on residential energy costs.
- **Energy efficiency:** Using less energy to achieve the same outcome.
- **Electrification:** The converting of buildings, devices, systems or sectors from non-electric such as natural gas, propane and fuel oil to electric energy sources.
- **Equity:** The proactive reinforcement of policies, practices, attitudes and actions that produce fairness in power, access, opportunities, treatment, impacts and outcomes for all.
- **Greenhouse gas (GHG):** Gases in the earth's atmosphere that trap heat produced both naturally and through human activity. Excess greenhouse gas emissions cause climate change. Carbon dioxide (CO<sub>2</sub>) is the primary greenhouse gas emitted through human activities, such as burning fossil fuels. Nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>) are also potent greenhouse gases emitted through human activities.
- **Mitigation (of climate change):** A human intervention to reduce emissions or enhance the removal of a greenhouse gas from the atmosphere (e.g., through carbon sequestration in plants).
- **Moderate Rehabilitation:** A project: (1) that does not fall into Substantial Rehabilitation; or (2) where the work is limited to the 2015 Minnesota Conservation Code for Existing Buildings

definition of Section 502 Repairs, Section 503 Level 1 Alteration or Section 504 Level 2 Alteration. Note: This definition may vary by program and is subject to change.

- **Multifamily:** Rental housing which can include common corridor apartment style buildings, townhomes and/or scattered site developments.
- **Net-zero buildings:** A highly energy-efficient building that generates as much energy through renewable energy on site or locally as it consumes in its operation over the course of one year.
- **Passive House:** A set of design principles for attaining a rigorous level of energy efficiency which can be applied to all buildings, including single-family homes, multifamily apartment buildings and more.
- **Renewable energy:** Energy collected from resources that are naturally replenished on a human timescale. Examples include wind, wood, solar, hydropower and geothermal energy.
- **Renewable Energy Certificate:** A market-based instrument that represents the property rights to the environmental, social and other non-power attributes of renewable electricity generation. RECs are issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy resource.
- **Single Family:** Owner occupied housing units which can include duplexes, triplexes and owner-occupied townhomes.
- **Substantial Rehabilitation:** A project: (1) that includes the replacement and/or improvements of at least two major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, heating ventilating and air conditioning (HVAC) and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space; or (2) where the work area exceeds 50% of the aggregate area of the building per the 2015 Minnesota Conservation Code for Existing Buildings, Section 505 Level 3 Alteration. Note: This definition may vary by program and is subject to change.

## Process Overview

In early 2024, Minnesota Housing and Great Plains Institute (GPI) launched the process for developing the Climate Resilience and Housing Decarbonization Roadmap, structured into three distinct phases:

### Phase 1 – Process Development (January 2024-February 2024)

During this phase, GPI and the Agency formed a core Planning Team that met regularly to assess progress, review completed work and outline next steps. This team was responsible for creating a process plan for the Working Group meetings.

### Phase 2 – Working Group Meetings (August 2024-March 2024)

GPI coordinated and facilitated monthly Working Group meetings under the guidance of the Planning Team. The Working Group was comprised of selected Agency staff representing diverse teams and roles within the organization.

The process started with an introductory meeting for the entire Working Group designed to provide foundational knowledge about the Roadmap and the role of climate in housing. This meeting informed future meeting topics and discussions.

Meetings 2-5 included two sessions for the Multifamily team and two for the Single-Family team – each with one focusing on new construction and one focusing on preservation, rehabilitation and asset management.

Each of these meetings followed a consistent structure:

- An introduction to Minnesota Housing’s climate targets, including background on relevant state policies and how the Agency developed these targets.
- Presentations by guest speakers on pertinent topics, intended to inspire participants and showcase potential actions and impacts of the Roadmap.
- A group discussion centered on the question: “What would need to be true in [meeting topic/your area of work] to meet our climate targets?”

Prior to each meeting, participants received pre-reading materials or videos to prepare for discussions.

After each meeting, the Planning Team summarized key discussion points and drafted recommendations, which were then circulated to participants along with a survey for feedback.

Meeting 6 was held for the Supplemental Team to address issues relevant to other work within the Agency that fell outside the Multifamily and Single-Family teams. Prior to the meeting, the Supplemental Team received a draft of all recommendations developed from Meetings 2-5. Discussion focused on the key question, “What would need to be true in [your area of work] to meet our climate

targets?" and "What additional recommendations are necessary for the Climate Resilience and Housing Decarbonization Roadmap?"

For further details on each meeting, please refer to the table below:

Meeting	Topic	Speaker(s)	Date
1	Introductory Scoping Meeting	Esther Toporovsky, Community Sustainability Partners	March 29, 2024
2	Multifamily New Construction and Consolidated RFP	Anne Claflin, Minnesota Pollution Control Agency Madeleine McCullough and Todd Nedwick, National Housing Trust	April 26, 2024
3	Single-Family New Construction	Elizabeth Turner, Precipitate Azad Lassiter, Urban Homeworks	May 20, 2025
4	Multifamily Preservation Programs and Asset Management	Rebecca Olson, Center for Energy and Environment	June 17, 2024
5	Single-Family Preservation and Rehabilitation	Maggie Super Church and Steve Payson, Massachusetts Community Climate Bank	July 23, 2024
6	Supplemental	None	August 15, 2024

## Discussion

To inform development of the Roadmap, the Great Plains Institute convened Minnesota Housing staff for six meetings to hear from experts on a variety of topics and to discuss what was important to include or consider in the Roadmap. Staff were encouraged to think big and be ambitious in these discussions. Throughout these meetings, the following key themes consistently emerged during discussions. These provide context to the recommendations that follow.

## Equity

Within each meeting, Agency staff stressed that the Roadmap must be rooted in equity, starting with under-resourced communities most affected by climate change. Staff emphasized that effective climate action requires supporting the most under-resourced and historically harmed groups. These discussions considered offsetting costs for communities most under-resourced and harmed by climate change; tracking equitable outcomes for communities the Agency serves; and partnering with Black-, Indigenous- and People of Color-owned and Women-owned Business Enterprise (BIPOCBE/WBE) contractors. Staff also discussed differences in needs across Minnesota, including a lack of available contractors outside of the Twin Cities metropolitan area as well as considerations around climate change related property insurance impacts for different building types.

## **Relationship Building and Partnerships**

Staff felt that prioritizing relationships would be integral to successfully implementing the Roadmap. They noted the importance of (1) building and maintaining strong relationships with external partners critical to the Agency's work, including funders, contractors and developers; and (2) coordinating and partnering with other Minnesota state agencies. Collaborating with other state agencies could help Minnesota Housing meet, implement and measure its climate targets through efforts such as measuring and tracking GHG emissions, developing educational programs and platforms, and expanding workforce development initiatives.

## **Technical Assistance and Education**

Agency staff noted the importance of providing assistance and education to partners and customers to more effectively enact the Roadmap. Below are some specific ideas around technical assistance and education that staff raised:

- Develop a resource hub for developers, funders and partners to access vital information and support.
- Offer pre-development assistance tailored to individual project needs.
- Launch a public education campaign to broadly inform customers and developers on the Roadmap, potentially featuring case studies that showcase successful projects.
- Create a resource to connect developers and customers with financing opportunities.
- Support developers and workforce throughout Minnesota, particularly in rural areas that may lack the necessary workforce to implement the Roadmap.

To the extent that customers and developers will need to take action to meet the targets of the Roadmap, Minnesota Housing should provide effective education and assistance to support those actions.

## **Communication**

Agency staff emphasized the critical role of effective communication in implementing the Roadmap. Support from stakeholders is essential, as is clear communication about the direction Minnesota Housing is moving and the specific expectations and requirements for its partners moving forward.

Staff noted the importance of directly outlining what is required versus optional for partners and sharing timelines for when changes will take effect. Additionally, to secure support, Minnesota Housing should demonstrate the importance of meeting climate and decarbonization targets and should shift the narrative from focusing solely on upfront costs to considering long-term economic, social, environmental and health impacts.

## **Strengthening and Broadening Existing Requirements**

Agency staff noted the importance of building upon the existing Minnesota Housing requirements related to decarbonization and climate resilience. Requirements and incentives for new construction and rehabilitation of all housing types should be increased over time, using mechanisms that are already familiar to both staff and external partners.

### **Phase 3 – Roadmap Development (September 2024-January 2025)**

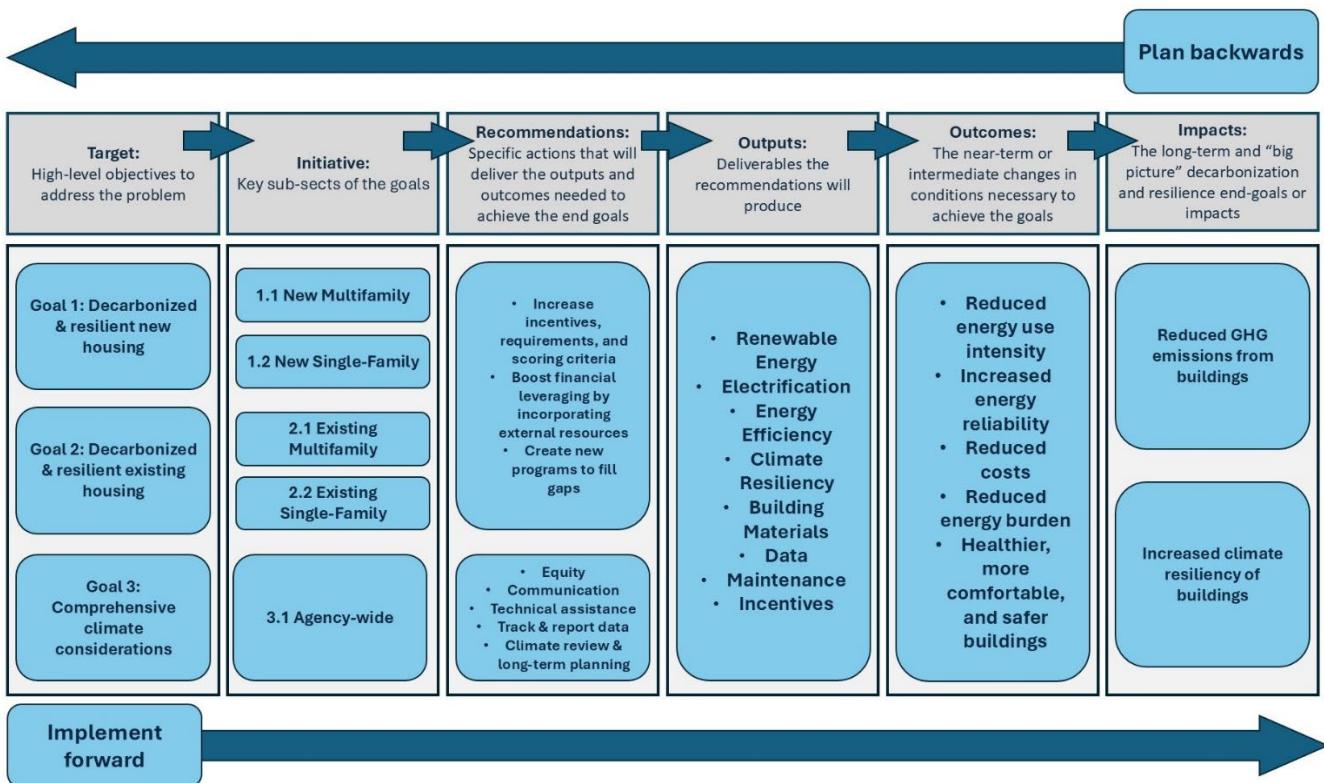
In fall 2024, GPI developed the Roadmap by incorporating insights from the previous six Working Group meetings. The GPI team and the core Planning Team maintained continuous coordination to refine the Roadmap's structure and content through ongoing revisions. Feedback sessions in Meetings 7 and 8 allowed Working Group members to review and comment on the draft Roadmap, with additional feedback integrated after each meeting.

<b>Meeting</b>	<b>Topic</b>	<b>Date</b>
7	Draft #1 Feedback Session	September 30, 2024
8	Draft #2 Feedback Session	October 30, 2024

### **Phase 4 – Roadmap Alignment (January 2025-present)**

In 2025, Minnesota Housing decided to align the release of the Climate Resilience and Housing Decarbonization Roadmap with the development and release of the 2026 Minnesota Climate Action Framework. This alignment speaks to the coordination of state agencies across the Climate Change Subcabinet.

## Visual Representation of Targets, Initiatives and Recommendations



## Models of Success

Innovative programs from state housing finance agencies, green banks, and local governments can serve as models for Minnesota Housing in designing and implementing climate programs. The following case studies highlight specific funding programs and administering agencies that specialize in energy and housing programs. These examples provide best practices that the Agency can adopt or learn from to achieve its decarbonization and climate resilience targets.

### State Programs

#### Massachusetts



The *Massachusetts Community Climate Bank (MCCB)*, the first climate bank in the nation to launch with a specific focus on decarbonizing affordable housing, invests public and private resources in financing products and services that advance the Commonwealth's 2050 climate goals and affordable housing commitments.<sup>xv</sup> MCCB aggregates and deploys state, federal, private and philanthropic funds to support the integration of decarbonization, energy efficiency and clean energy technologies into existing and new buildings statewide.<sup>v</sup> Located within the State's Housing Finance Agency, MCCB leverages MassHousing's existing capabilities and infrastructure.<sup>v</sup>

#### New York



The *Clean Energy Initiative (CEI) Program* is an example of a housing agency, New York State Homes and Community Renewal (HCR), partnering with an energy program administrator, NYSERDA, to design a program that mixes energy and housing project funds through existing loan and financing structures.<sup>xvi</sup> The program aligns the development and preservation of affordable housing with the state goal of 85% greenhouse gas emissions reduction by 2050.<sup>vi</sup> The initiative emphasizes building efficiency and transitioning from fossil fuels to efficient electric solutions.

## Maryland



The *Multifamily Energy Efficiency and Housing Affordability Program (MEEHA)* promotes energy efficiency and housing affordability in the State's multifamily rental housing developments.<sup>xvii</sup> The Maryland Department of Housing and Community Development designed and implemented the program to fund opportunities for energy efficiency measures in new and previously developed affordable housing projects using Maryland Public Service Commission funds and utility ratepayer dollars.<sup>vii</sup> The program offers flexibility in fund allocation, utilizing both subordinate loans and grants at the discretion of the recipient.

## Local Units of Government

### Saint Paul



Saint Paul's *Electric Heat Affordable Rental Pilot (EHARP)* aims to reduce cost, energy use and bill variability for under-resourced renters in the area.<sup>xviii</sup> Participants were identified in Areas of Concentrated Poverty as having high electrical bills and likely heating their homes with electric resistance heating.<sup>viii</sup> The pilot's primary goal is to reduce emissions by reducing reliance on resistance electric heat by installing efficient cold climate air source heat pumps (ccASHP), performing envelope measures and installing heat pump water heaters (HPWH).<sup>viii</sup> The program also collects utility data to inform savings calculations for ccASHP and HPWH installations.<sup>viii</sup>

### Minneapolis



Minneapolis' *4d Green Cost Share Program* offers property tax breaks, solar incentives and funding for energy efficiency upgrades to Minneapolis property owners who meet the program's affordable housing standards.<sup>xix</sup> Projects include LED lighting upgrades, insulation improvements, high-efficiency boiler replacements and high-efficiency water heat upgrades.<sup>ix</sup> Since 2018, the program has served 54 rental properties, generated \$43,000 annual reduction in energy bills, and offset 645,000 pounds in CO2 emissions.<sup>ix</sup>

## Technical Resources

The following documents serve as valuable resources to guide Agency staff in achieving the outlined targets and adhering to the recommendations above. The Agency recognizes that further information may be necessary to effectively meet these targets and encourages staff to utilize these materials.

Resource	Description
<b>State Resources</b>	
Minnesota: Climate Action Framework	Sets a vision for how the state will address and prepare for climate change, identifying immediate, near-term actions the state shall take to achieve its long-term goal of a carbon-neutral, resilient and equitable future for Minnesota.
Minnesota Department of Commerce: Technical Reference Manual	Standard set of methodologies, inputs and assumptions that ECO program administrators may reference when developing, implementing and reporting on ECO programs.
Minnesota Department of Commerce: Home Energy Guide	Comprehensive guide on improving energy efficiency, prioritizing upgrades, conducting home energy assessments and accessing financing options for upgrades.
Minnesota Department of Commerce: New Energy Programs	Website linking to the department's energy programs including Heat Pump Rebate Program, Residential Electric Panel Grants, Pre-weatherization and Weatherization Program, and more.
Minnesota Pollution Control Agency: Greenhouse Gas Emissions Report	Biennial report to the Minnesota Legislature tracking the state's contribution to emissions contributing to climate change.
<b>Other Resources</b>	
Department of Energy: Decarbonizing the U.S. Economy by 2050 - A National Blueprint for the Buildings Sector	Report released by the Department of Energy outlining a comprehensive strategy to significantly reduce greenhouse gas emissions from the buildings sector by 2050.
RMI: The Economics of Zero-Energy Homes Report	Report released by RMI analyzing cost trends, financing options, cost-optimal building projects and long-term savings associated with zero-energy homes.
IPCC: Sixth Assessment Report, Chapter 9: Buildings	Chapter 9 focuses on the role of buildings in climate change mitigation and strategies for reducing greenhouse gas emissions.

Resource	Description
Rewiring America: Website	Provides access to technical tools and information about energy and home upgrades. Rewiring America is a leading electrification nonprofit working to electrify homes, businesses and communities.

## End Notes

---

<sup>i</sup> Minnesota Department of Commerce, Minnesota Pollution Control Agency. (2025.) *Greenhouse Gas Emissions in Minnesota 2005-2022*. St. Paul: Minnesota Department of Commerce, January 2025. Accessed November 12, 2025. <https://www.pca.state.mn.us/sites/default/files/Iraq-3sy25.pdf>

<sup>ii</sup> State of Minnesota. *Climate Action Framework 2026 (Draft Fall 2025)*. St. Paul: State of Minnesota. Accessed November 12, 2025.

<sup>iii</sup> State of Minnesota. *Minnesota's Climate Action Framework*. St. Paul: State of Minnesota, 2022. Accessed November 12, 2025. <https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf>

<sup>iv</sup> State of Minnesota. 2025. *Minnesota Statutes § 216B.1691* (2025). Accessed November 12, 2025. <https://www.revisor.mn.gov/statutes/cite/216b.1691>

<sup>v</sup> State of Minnesota. 2025. *Minnesota Statutes § 326B.106*. Accessed November 12, 2025. <https://www.revisor.mn.gov/statutes/cite/326B.106>

<sup>vi</sup> State of Minnesota. 2025. *Minnesota Statutes § 216H.02*. Accessed November 12, 2025. <https://www.revisor.mn.gov/statutes/cite/216h.02>

<sup>vii</sup> State of Minnesota. *Climate Action Framework 2026 (Draft Fall 2025)*. St. Paul: State of Minnesota. Accessed November 12, 2025.

<sup>viii</sup> State of Minnesota. *Minnesota's Climate Action Framework*. St. Paul: State of Minnesota, 2022. Accessed November 12, 2025. <https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf>

<sup>ix</sup> State of Minnesota. *Minnesota's Climate Action Framework*. St. Paul: State of Minnesota, 2022. Accessed November 12, 2025. <https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf>

<sup>x</sup> State of Minnesota. 2025. *Minnesota Statutes § 216B.1691* (2025). Accessed November 12, 2025. <https://www.revisor.mn.gov/statutes/cite/216b.1691>

<sup>xi</sup> State of Minnesota. 2025. *Minnesota Statutes § 326B.106*. Accessed November 12, 2025. <https://www.revisor.mn.gov/statutes/cite/326B.106>

<sup>xii</sup> State of Minnesota. 2025. *Minnesota Statutes § 216H.02*. Accessed November 12, 2025. <https://www.revisor.mn.gov/statutes/cite/216h.02>

<sup>xiii</sup> Lucon O., D. Ürge-Vorsatz, A. Zain Ahmed, H. Akbari, P. Bertoldi, L.F. Cabeza, N. Eyre, A. Gadgil, L.D.D. Harvey, Y. Jiang, E. Liphoto, S. Mirasgedis, S. Murakami, J. Parikh, C. Pyke, and M.V. Vilariño, 2014: Buildings. In: *Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* [Edenhofer, O., R. Pichs-Madruga, Y. Sokona, E. Farahani, S. Kadner, K. Seyboth, A. Adler, I. Baum, S. Brunner, P. Eickemeier, B. Kriemann, J. Savolainen, S. Schlömer, C. von Stechow, T. Zwickel and J.C. Minx (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

<sup>xiv</sup> Langevin, J., Wilson, E., Snyder, C., Narayananmurthy, R., Miller, J., Kaplan, K., Reiner, M., Risser, R., Mahoney, M., Geyer, J., & Ciraulo, R. (2024). *Decarbonizing the U.S. Economy by 2050: A National Blueprint for the Buildings Sector*. <https://doi.org/10.2172/2338089>

<sup>xv</sup> Massachusetts Community Climate Bank. (n.d.). <https://www.masshousing.com/en/mass-community-climate-bank>

<sup>xvi</sup> *Clean Energy Initiative*. Homes and Community Renewal. (n.d.). <https://hcr.ny.gov/clean-energy-initiative>.

<sup>xvii</sup> *Maryland Department of Housing And Community Development*. Maryland.gov Enterprise Agency Template. (n.d.). <https://dhcd.maryland.gov/Energy-Home-Repair/Pages/Multifamily-Energy-Program/MEEHA.aspx>

<sup>xviii</sup> *Action: Electrically Heated Affordable Rental Pilot (EHARP)*. Saint Paul Climate Dashboard. (n.d.). <https://climateaction.stpaul.gov/actions/40>

<sup>xix</sup> *Green Cost Share*. City of Minneapolis. (n.d.). <https://www.minneapolismn.gov/government/programs-initiatives/environmental-programs/green-cost-share/>

This page intentionally left blank.



## Item: Preservation Framework for the Targeted Stabilization of Regulated Affordable Housing

**Discussion Item:** 8.B

**Date:** 01/22/2026

**Staff Contacts:** James Lehnhoff, 651.296.3028, james.lehnhoff@state.mn.us

**Request Type:** No Action, Discussion

### Request Summary

Staff will provide an overview of the Preservation Framework for the Targeted Stabilization of Regulated Affordable Housing.

### Fiscal Impact

None.

### Agency Priorities

<input checked="" type="checkbox"/> Improve the Housing System	<input type="checkbox"/> Make Homeownership More Accessible
<input checked="" type="checkbox"/> Preserve and Create Housing Opportunities	<input type="checkbox"/> Support People Needing Services
	<input type="checkbox"/> Strengthen Communities

### Attachments

- Background
- Minnesota Session Laws 2025, chapter 32, article 3, section 14

## Background

Minnesota has been a national leader in the preservation of multifamily affordable rental housing for several decades. From the launch of the Interagency Stabilization Group (ISG) in the early 1990s to the state's ongoing investment in Housing Infrastructure Bonds beginning in the 2010s, Minnesota has consistently advanced preservation strategies through coordinated efforts among public funders, housing providers and other stakeholders. Preservation has long been a core component of the state's housing policy, and the approach continues to evolve in response to changing conditions. Maintaining and preserving existing affordable rental housing is often more economical and, along with new construction, is part of addressing the housing need in Minnesota.

At the same time, the federal Low-Income Housing Tax Credit (LIHTC) program is nearly 40 years old, affordable housing portfolios have grown and aged, and resident needs have become more complex. The COVID-19 pandemic and social unrest compounded existing challenges, introducing new operational, financial, and service-related stressors for affordable housing properties, their owners, and residents. Recovery has been uneven across portfolios, and the need for targeted stabilization and preservation interventions has increased.

In response to these conditions, the Task Force on Long-Term Sustainability of Affordable Housing, which concluded its work in February 2025, identified the need for additional work on preservation and recommended the development of a preservation framework. The 2025 legislative session included direction for Minnesota Housing to develop the Preservation Framework for the Targeted Stabilization of Regulated Affordable Rental Housing (Minnesota Session Laws 2025, chapter 32, article 3, section 14).

The goal of this Preservation Framework is to support the preservation and sustainability of affordable housing development organizations, the affordable rental buildings they own, and the housing for the people who live in the buildings today and in the future. To the extent practicable, the Preservation Framework aims to identify:

1. Strategies, tools, and funding mechanisms to support targeted stabilization of affordable rental housing and recapitalization of distressed properties;
2. Options for temporary or permanent modifications to financing and regulatory terms and conditions, which may include changes to compliance requirements such as rent and income limits;
3. Potential improvements to processes and programs that are critical to the operations of permanent supportive housing including but not limited to coordinated entry, front desk and service funding, and relief options if there is a lack of identified service dollars or service providers;
4. Strategies for asset management to support long-term stabilization of regulated affordable housing;
5. State statutory changes needed to support or enable identified strategies;

6. Options for tenant protections that may be needed during stabilization efforts; and
7. Considerations for protecting public resources and abiding by legal requirements.

The Preservation Framework is due to the Legislature by February 15, 2026.

Minnesota Housing is responsible for leading the development of the Preservation Framework and is serving as a convener, researcher and policy integrator. The Preservation Framework is intended to serve as a statewide resource that helps improve understanding of stabilization needs and supports more consistent, informed responses across properties and jurisdictions. It brings together existing tools, strategies and initiatives, identifies gaps, and outlines potential improvements and new approaches to strengthen preservation and stabilization efforts. The Preservation Framework also functions as a coordination mechanism, supporting timely and strategic responses among funders, owners, and partners, and is intended to evolve over time through collaboration, stakeholder input and changing market conditions.

The Preservation Framework is not a single, prescriptive solution and is not intended to be applied uniformly across all properties or circumstances. It does not replace locally defined priorities, ownership decisions or community-level planning processes. Affordable housing preservation remains a shared responsibility, with property owners, managers, residents, funders, and local partners each playing a critical role in sustaining long-term affordability and property stability.

### **Targeted Stabilization of Regulated Affordable Housing**

For purposes of the Preservation Framework, Targeted Stabilization generally refers to rental housing projects that require immediate funding, financial restructuring, or regulatory intervention to address pressing challenges and prevent further deterioration or loss of affordability. By contrast, Comprehensive Long-Term Preservation refers to larger preservation efforts that often involve full recapitalization and substantial rehabilitation. At Minnesota Housing, Comprehensive Long-Term Preservation is primarily addressed through the annual Multifamily Consolidated Request for Proposals.

Regulated Affordable Housing includes rental housing with specific limits on rents and/or household income documented in recorded instruments such as declarations, covenants, or Land Use Restrictive Agreements. These documents may also include additional occupancy requirements, such as serving households experiencing homelessness or individuals with disabilities. Regulatory requirements typically have defined terms and expiration dates, and projects frequently involve multiple funding sources with layered compliance obligations.

Targeted Stabilization and Comprehensive Long-Term Preservation are complementary approaches that together support long-term affordability, resident stability and housing provider organizational health. While the legislation directing the Preservation Framework focuses on the Targeted Stabilization of Regulated Affordable Rental Housing, the Framework also acknowledges connections to Comprehensive Long-Term Preservation needs and, to a more limited extent, Naturally Occurring

Affordable Housing (NOAH) properties. These components are collectively important to sustaining the broader affordable housing system.

### **Engagement and Research**

A significant component of this effort has been the engagement process itself, which has supported shared problem definition, candid discussion and relationship-building across sectors involved in affordable housing preservation and stabilization. Since August 2025, Minnesota Housing has conducted multiple structured roundtables, hosted listening sessions and issued a statewide survey. Participants included nonprofit and for-profit housing providers and managers, publicly owned housing entities, other governmental funding partners, housing tax credit investors, tenant advocates, legal services organizations, and statewide housing coalitions. These conversations provided opportunities to surface challenges, constraints and tradeoffs, better understand differing perspectives, and identify areas of alignment and tension within the current preservation system.

The statewide survey received responses from 40 organizations representing approximately 27,300 affordable rental units across Minnesota and helped supplement qualitative engagement with broader input across portfolios and geographies.

In addition to stakeholder engagement, Minnesota Housing reviewed and analyzed prior preservation initiatives within the state, including the Interagency Stabilization Group's work in the 1990s, Minnesota Housing's Preservation Business Plan from the early 2000s and the Minnesota Preservation Plus Initiative from the early 2010s. Staff also examined comparable preservation frameworks and stabilization efforts from other states to inform the development of this work.

### **Public Comment Period**

A draft of the Preservation Framework is scheduled to be posted on the Minnesota Housing website by January 20, 2026, initiating a two-week public comment period that will conclude on February 3, 2026. The document will be available at: <https://mnhousing.gov/home/policy-and-research/preservation-framework>.

Following the public comment period, Minnesota Housing will incorporate feedback as appropriate and finalize the Preservation Framework for submission to the Minnesota Legislature by February 15, 2026.

While the document will be finalized for purposes of legislative submission, the Preservation Framework is intended to serve as a foundation for ongoing collaboration and refinement as preservation needs, tools and processes continue to evolve.

## **Minnesota Laws 2025, chapter 32, article 3, section 14**

(a) The commissioner of the Minnesota Housing Finance Agency must work with members of the affordable housing industry, representing diverse racial and geographic perspectives including the Interagency Stabilization Group, affordable housing providers, supportive service providers, legal services, and housing stakeholders, to develop a preservation framework for the targeted stabilization of regulated affordable rental housing. The goal of this framework is to preserve and sustain affordable housing development organizations, the affordable rental buildings they own, and the housing for the people who live in the buildings today and in the future. To the extent practicable, the framework must identify:

- (1) strategies, tools, and funding mechanisms to support targeted stabilization of affordable rental housing and recapitalization of distressed properties;
- (2) options for temporary or permanent modifications to financing and regulatory terms and conditions, which may include changes to compliance requirements such as rent and income limits;
- (3) potential improvements to processes and programs that are critical to the operations of permanent supportive housing including but not limited to coordinated entry, front desk and service funding, and relief options if there is a lack of identified service dollars or service providers;
- (4) strategies for asset management to support long-term stabilization of regulated affordable housing; and
- (5) state statutory changes needed to support or enable identified strategies.

(b) The framework shall identify options for tenant protections that may be needed during stabilization efforts. The agency must also consider such factors as protecting public resources and legal requirements.

(c) By February 15, 2026, the commissioner of the Minnesota Housing Finance Agency must submit the preservation framework to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy on the preservation framework, including any improvements implemented as well as any potential changes to existing state statute that may be needed to support targeted stabilization of regulated affordable housing and recapitalization of distressed properties.

This page intentionally left blank.