



Community Homeownership Impact Fund PROGRAM CONCEPT

Agency Mission and Strategic Priorities

Minnesota Housing Finance Agency (Minnesota Housing) finances affordable housing opportunities for low- and moderate-income Minnesotans while fostering strong communities. Minnesota Housing's priorities are to:

- Promote and support successful homeownership
- Address specific and critical needs in rental housing markets
- Prevent foreclosures and support community recovery
- Preserve federally-subsidized rental housing
- Prevent and end homelessness
- Strengthening Organizational Capacity

Impact Fund Program Background

The Community Homeownership Impact Fund (Impact Fund) Program is the umbrella name for a variety of Minnesota Housing's limited funding resources/dollars provided under one program. Funding resources include the Economic Development and Housing Challenge Fund (Challenge), interim loan financing and other resources when available.

Program Goal

To maintain and/or increase the supply of affordable, Owner-occupied, single family housing in neighborhoods and communities throughout Minnesota.

Funds Available

Impact Fund dollars are generally offered in the spring, on a yearly basis, through a competitive Request for Proposal process. Please refer to the most current [Single Family Request for Proposal \(RFP\) Consolidated Application Guide and Instructions](#) found on Minnesota Housing's website for fund availability and deadlines.

Eligible Applicants

Eligible Applicants include Minnesota cities, city and county Housing and Redevelopment Authorities, other public bodies authorized to act under Minnesota Statutes, chapter 462C, for-profit organizations, nonprofit organizations, private developers, natural persons, Indian tribes or tribal housing corporations, public housing agencies, joint powers board established by two or more cities, and cooperative housing corporations.

Eligible Use & Fund Terms

All proposed housing activities must, at a minimum, provide decent, safe, affordable single-family Owner-occupied housing that conforms to the Minnesota State Building code and/or local codes and regulations, with the more restrictive codes and regulations prevailing. All acquisition/rehabilitation activities and new construction are required to adhere to the most current Green criteria. Current Green information/requirements can be found on Minnesota Housing's website.

The type, terms and conditions of assistance will vary depending upon the needs outlined in each proposal and the availability of funding resources. Generally, if an activity may be addressed through a loan rather than a grant, a loan will be offered.

All Applicants are encouraged to form working partnerships with one or more entities to achieve the objectives stated in their proposal.

NOTE: If your organization is awarded funds, administration of the Program must comply with all the requirements listed within the Community Homeownership Impact Fund Program Procedural Manual found on [Minnesota Housing's website](#).

Impact Funds may be used up to 20 months from the Effective Date of the Agreement; however, the Agency may adjust the loan term based on requirements and conditions of other funding sources related to the loan term or economic analysis by Agency staff of the financial feasibility of the owner-occupied housing. The determination of financial feasibility shall be based on whether all sources of funding are available and sufficient to cover the total development costs of the housing.

Interim loans shall not be transferred to eligible homebuyers.

Use of Funds

The Impact Fund may be used to address the following activities related to single family, Owner-occupied housing, including manufactured homes:

- Acquisition of land or existing structures;
- Construction of housing;
- Rehabilitation of housing;
- Conversion to Owner-occupied housing from another use;
- Demolition or removal of existing structures ;
- Interim loan financing;
- Reduction of interest rates of Community Fix Up loans;
- Financing to fill a funding gap (Affordability or Value gap);
- Innovative approaches to housing construction or rehabilitation (e.g.; construction methods, materials, financing).

Visitability requirements apply for all new construction of single-family homes, duplexes, triplexes, and fourplex town homes financed in whole or in part through Minnesota Housing's state appropriated Interim Loan funds. Minnesota Housing offers 2% Interim loans under the RFP from non-State-appropriated funds, which if awarded alone with no other Impact Fund dollars do not require visitable elements in unit construction.

If funds are awarded for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned by persons who meet the Impact Fund income limits.

Individuals cannot apply for Impact Fund dollars to refinance an existing mortgage.

To be eligible for funds, the Owner-occupied housing proposal must be:

- Attached or detached, residential in nature, contain no more than four units with at least one unit being occupied by the household, and able to be used profitably for a minimum of ten years after the end of the loan term;
- Occupied by an eligible homebuyer (see program income limits);
- Affordable to the local workforce and;
- Able to be completed no later than the date that is 20 months after the date on which the Administrator executes an Agreement.

Type of Funds Available

A. Interim Loan

Minnesota Housing may provide a short-term, non-or-low-interest bearing loan to assist with acquiring, demolishing, rehabilitating and/or constructing Owner-occupied housing. Projects that use innovative building techniques and/or building materials may qualify for interest-free Interim Loan. Interim loans may not be transferred to eligible homebuyers.

An Interim loan must be repaid as specified under “Repayment Provisions” below.

B. Deferred Loan

A non-amortizing zero percent or low-interest loan from Minnesota Housing to the Administrator which the Administrator lends to an Owner-occupant to provide Affordability Gap financing or other improvements to Qualified Dwelling Units. The executed Deferred Loan Note and Mortgage are then assigned by the Administrator to Minnesota Housing.

Affordability gap is defined as the difference between the total cost of acquiring the dwelling, generally determined by the Fair Market Sales Price of the dwelling, and the amount of the first mortgage loan for which the Owner-occupant qualifies.

A deferred loan must be repaid as specified under “Repayment Provisions” below.

C. Grant

Minnesota Housing may provide a grant for one of two purposes:

- To finance Value Gap which is defined as the difference between the Fair Market Sales Price and the total development cost of a Qualified Dwelling Unit, or
- Other eligible activities for which Minnesota Housing may not recapture loans without increasing housing costs beyond that which affordable to the eligible homebuyer.

In deciding to award grant funds, Minnesota Housing will consider administrative ease and whether the award will expand and preserve affordable housing opportunities over time.

Repayment Provisions

Minnesota Housing governs the use and repayment of all program funds. The term of the fund award begins with the Administrator’s receipt of a written Community Homeownership Impact Fund Availability, Disbursement and Loan/Grant Agreement (the Agreement).

Interim Loan repayments plus interest, if any by the program Administrator is required when one or more of the following occurs:

- Project is completed and the home is sold to an eligible buyer;
- Administrator ceases to use the funds as stated in the application;
- Administrator does not use the funds within the time frame allowed, and
- Administrator does not use funds per the Agreement.

Deferred Loans must be repaid, typically by the homebuyer/homeowner when:

- The Borrower ceases to reside in or own the Qualified Dwelling Unit as their Principal Residence;
- The Qualified Dwelling Unit is sold, transferred, or otherwise conveyed by the Borrower;
- The date of repayment of the first mortgage, if co-terminus with the Deferred Loan, or On the date that is 30 years from the date of the loan closing or at the end of the loan term as stated in the Impact Fund Mortgage Note.

Deferred Loans to the Administrator must be repaid as per the Agreement. Grants generally do not require repayment.

Revolving Funds: The Administrator may on a case-by-case basis, retain the proceeds of the funds under the following conditions, if the project remains feasible and if approved in writing by Minnesota Housing:

- The Administrator uses the program funds for the same purpose for which Minnesota Housing originally awarded the funds; and
- The location of the Owner-occupied housing to be acquired, rehabilitated, or constructed with the funds is identified in the application.

Note: In most cases, Minnesota Housing will require repayment and funds will not revolve.

Income Limits

Income limits for eligible activities that receive financing from the Impact Fund cannot exceed 115% of the greater of state or area median income. Income limits are found on Minnesota Housing website.

RFP Scoring Information

All RFP applications will be discussed, evaluated, scored and ranked by a selection committee on each of the selection standards, the funding priorities noted below and additional information as requested within the current RFP.

The selection committee is comprised of Minnesota Housing staff and various representatives of funding partners whose selection criteria may differ from Minnesota Housing's.

Current scoring guidelines are found on [Minnesota Housing's website](#).

Selection Standards and Funding Priorities

For a proposal to be considered for funding, the Selection Standards, Funding Priorities, and additional requirements of Minnesota Housing will be used to evaluate, score and rank the proposals. See Minnesota Statutes (§462A.33-34) for the Economic Development and Housing Challenge Program statute, Minnesota Administrative Rule part 4900.3648, Subp. 1-4 for the Selection Standards and Minnesota Administrative Rule part 4900.3650, A-N for the funding priorities. Other Minnesota Housing priorities are listed in the most current Strategic Plan.

Selection Standards. To be considered for funding the Applicant must satisfy the following threshold requirements:

- A. Project Feasibility.** This includes the viability and feasibility of the proposed housing activity in the local market based on available data; the nature of the proposed site; the extent to which reasonable development costs are proposed; and whether the project is development ready.
- B. Organizational Capacity.** This includes the Applicant's purpose and mission; related housing experience; and whether the Applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects.
- C. Community Need.** This includes including the extent to which there is a well-defined community need for the housing activity in the Target Area based on local demographic, workforce, and economic factors.

Program Contacts

For technical assistance, please contact one of the Minnesota Housing staff listed below.

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