



## **GUIDELINES FOR MHP PREDEVELOPMENT LOAN FUND**

Minnesota Housing Partnership (MHP) is a nonprofit organization whose mission is to promote homes for all Minnesotans and to assist Minnesota communities in the creation and preservation of housing affordable to low and moderate income people. MHP works to accomplish its mission by supporting communities as they plan and develop affordable housing as part of wider economic and social development objectives and by building community and political support for affordable housing. In doing that, applicants are encouraged to communicate development plans with MHP staff prior to submitting the application.

### **PROGRAM OBJECTIVES**

MHP's predevelopment loan fund provides resources for predevelopment expenses incurred in affordable housing developments for nonprofit borrowers (limited partnership with for-profit developers is acceptable) outside of the seven-county metro area and Duluth. MHP provides predevelopment loans for single family, multifamily, and mixed use development projects.

Successful applications will convey a high likelihood that the proposed activities will result in permanent affordable housing construction or preservation within 2 years of the application. Eligible activities include:

- Project specific market feasibility studies
- Site analysis
- Site design
- Securing zoning compliance
- Preparing funding applications
- Monitoring construction process
- Legal fees

### **ELIGIBILITY**

- Applicants must be a nonprofit developer, township, city, or county government body in the state of Minnesota, including housing authorities, housing and redevelopment authorities and tribal organizations. For multi-jurisdictional proposals, one entity may apply on behalf of numerous jurisdictions.
- These funds cannot be used to address housing needs within the seven-county Twin Cities metro area and Duluth.
- Only organizations that develop, rehabilitate, own or sponsor affordable housing are eligible to apply.
- The grantee must have good accounting and governance practices.



## **FUNDING CRITERIA**

- Need for and clarity of proposed activities.
- High likelihood that activities will lead to permanent affordable housing construction or rehabilitation in the next 24 months.
- To ensure even distribution of funds throughout the state during each fiscal year, priority will be given to regions that have not already received a funding commitment.
- Portfolio requests, up to a maximum of \$75,000 will be considered.
- Senior-only projects are an eligible activity.
- Evidence of strong community support (e.g., city/county resolution showing support for affordable housing in proposed community, letters of support from regional partners and/or collaborative organizations, matching funds, waived fees, etc.)
- Qualifications and track record of affordable housing staff, collaborative organizations, and housing advisers/consultants (e.g., success of past affordable housing projects).

## **BASIC LOAN TERMS**

Loans up to \$50,000 at 3% interest with an origination fee. Repayment is the earlier of A) loan closing (permanent or construction), or B) 2 years from date of origination. Only design aspect of architectural fee is allowable (75% of total architect fee). No more than \$7,500 of the loan funds may be used to pay for consultants or in-house staff.

MHP will begin reimbursing the organization for incurred eligible expenses 30 days after the Predevelopment Loan Fund agreement has been signed. To receive reimbursement the organization must provide MHP with receipts or documentation proving payment of expenses. The organization agrees to provide MHP quarterly interim reports as the project proceeds with a final 1-2 page report due 30 days after the final MHP reimbursement. MHP reserves the right to cancel any commitment not disbursed within one year from signature of the grant agreement.



**MHP reserves the right to reject any and all proposals received.**

**APPLICATION SUBMISSION**

Attach the following documents:

- Completed Loan Request Form
- Completed Application Form
- Most recent audited financial statement of the fiscal agent for the loan

**Questions:** Please do not hesitate to contact Sarah Belleful if you have any questions regarding this application. She can be reached at (651) 925-5558 or [sarah.belleful@mhponline.org](mailto:sarah.belleful@mhponline.org).

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**To submit: MHP requires a paper copy and an electronic copy of your Predevelopment Loan Fund Request Form and attachments.**

- **The electronic copy should be emailed to:** [sarah.belleful@mhponline.org](mailto:sarah.belleful@mhponline.org).
- **The paper copy should be mailed or faxed to:** Minnesota Housing Partnership  
Attn: Sarah Belleful  
2446 University Avenue West, #140,  
St. Paul, MN 55114  
Fax: (651) 649-1725

**LOAN AND GRANT SCHEDULE**

The MHP Loan and Grant Committee meet the first Tuesday of every even-numbered month to review applications. Applications must be received a minimum of three weeks prior to a meeting in order to be considered for funding.

<p><b>Application Due Dates</b></p> <ul style="list-style-type: none"><li>• February 2, 2010</li><li>• March 16, 2010</li><li>• May 11, 2010</li><li>• July 13, 2010</li><li>• September 14, 2010</li><li>• November 16, 2010</li></ul>	<p><b>Meeting Dates</b></p> <ul style="list-style-type: none"><li>• February 16, 2010</li><li>• April 6, 2010</li><li>• June 1, 2010</li><li>• August 3, 2010</li><li>• October 5, 2010</li><li>• December 7, 2010</li></ul>
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These dates are tentative and may change without notice.