



Federal Housing Policy Forum October 23, 2009





Minnesota Housing finances
and advances affordable housing
opportunities for low and moderate
income Minnesotans to
enhance quality of life and foster
strong communities.

Photo by Scott Stierle


Minnesota
Housing
Finance Agency

End long-term homelessness.

Finance new affordable housing opportunities.

Increase emerging market homeownership.

Preserve affordable housing.

Implementation of Selected Federal Stimulus Funding

- **Low Income Housing Tax Credit Program**
- **Neighborhood Stabilization Program (NSP)**
- **Energy Stimulus Funding**

Low Income Housing Tax Credit Program

- **Tax Credit Assistance Program (TCAP)**
- **Exchange (or Section 1602) Program**

Tax Credit Assistance Program (TCAP)

- **Funds for gap financing for tax credit projects**
- **Divided among states based on HOME allocation rules**
- **Projects awarded tax credits between 10/1/06 and 9/30/09**
- **Certain “cross-cutting provisions apply**
- **Funds must be used for capital investment**
- **Awarded on a competitive basis**
- **Seventy-five percent (75%) of funds must be used on eligible properties by 2/16/11; all funds used by 2/16/12**

Exchange or Section 1602 Program

- **All of 2008 and 40% of 2009 tax credits may be returned to treasury**
- **In exchange, allocating agency receives 85¢ cash/dollar of credits returned**
- **Projects that return credits are not guaranteed cash assistance**
- **Cash assistance must be awarded on competitive basis**
- **Projects receiving cash assistance must meet tax credit income and rent restrictions**
- **Developer must demonstrate good faith efforts to find a tax credit investor**
- **Cash may be used for construction or acquisition**
- **Funds must be disbursed by 12/31/11**

Policy Framework

- **Produce as much quality affordable housing as possible**
- **Stimulate the economy**
- **Maximize use of ARRA funds**

Funds Available

- TCAP - \$28.4 million Statewide**
\$19.2 million administered by Minnesota Housing
- Exchange - \$58,663,115 requested from Treasury**
\$48,595,347 awarded to developments

Awards

- **Seven developments awarded Exchange funds**
- **Nine developments awarded TCAP funds**
- **\$10 million in Exchange funds available to fill financing gaps in future projects**
- **\$3 million in TCAP funds available to fill financing gaps in future projects**

Neighborhood Stabilization Program (NSP)

- **Emergency Assistance to states and localities for redevelopment of abandoned and foreclosed homes**
- **Five eligible activities:**
 - » **Financing mechanisms for purchase and redevelopment**
 - » **Purchase and rehabilitation of homes and residential properties, in order to sell, rent or redevelop**
 - » **Land banking**
 - » **Demolition of blighted structures**
 - » **Redevelopment of demolished or vacant properties**

NSP (con't)

- **In general, CDBG rules apply**
- **Funds awarded on a competitive basis**
- **Funds must be obligated within 18 months from grant agreement and expended with 48 months (start date is January 30, 2009)**

Minnesota's NSP Plan - Highlights

- **Comprehensive stabilization plan**
- **Continued affordability**
- **Economic diversity**
- **Proximity to transit**
- **Leverage**
- **Demolition permitted only as part of a redevelopment plan**
- **“Green” standards apply to rehab activities**

NSP Funding

- **\$58.8 million available statewide**
- **\$38.8 million administered by Minnesota Housing**
- **21 communities awarded funds**

Progress to Date

- **Disbursements range from 0% to 67%**
- **Competitive bids reported in many communities**
- **Plan amendments based on experience to date**
- **Administrative complications**

Energy Stimulus Funding

- **Administered through Office of Energy Security/ Department of Commerce**
- **Weatherization - \$131.9 million**
- **State energy program - \$54.2 million**
- **Energy Efficiency and Conservation Block Grant (state) - \$10.7 million**

Weatherization

- **Interagency agreement between HUD and Department of Energy to ease qualifying HUD assistance properties**
- **\$6500 per unit maximum – not guaranteed**
- **Encouraging all potential properties to contact local weatherization service provider**

State Energy Program

- **\$7.9 million available for residential energy efficiency programs**
- **Approximately one-half of that used with Minnesota Housing's Fix-Up Fund program**
- **Remaining funds targeted to energy efficiency in local, school and state buildings**
- **Public Housing eligible to apply for \$8.7 million in public building funds**

Contact Information

Tonja Orr – Assistant Commissioner
651 296-9820
Tonja.Orr@state.mn.us

400 Sibley Street, Suite 300
St. Paul, MN 55101

651-296-7608 * 800-657-3769 * TTY 651-297-2361
www.mnhousing.gov