



## GUIDELINES FOR MHP LOAN PROGRAMS

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 its wider economic and social development objectives and by building community and political support for affordable housing.

### PROGRAM OBJECTIVES

MHP offers two housing development loans: One for pre-development expenses and one for other affordable housing programs. Both are revolving loans but they each have individual payment structures. These programs are for nonprofit borrowers in the State of Minnesota (limited partnership with for profit developers is acceptable) or for MHP partners outside of Minnesota. MHP provides loans for single family, multifamily projects, and mixed income developments projects.

#### *Affordable Housing Loans*

Generally these funds are available for nearly any activity related to affordable housing.

Eligible activities include:

- Rehab loan programs
- Entry cost assistance loan programs
- Other housing loan programs
- Construction Financing
- Gap financing

*If funds are used for Pre-Development activities, the following applies:*

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:

- 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 or MHP partners, including housing authorities, housing and redevelopment authorities and tribal organizations. For multi-jurisdictional proposals, one entity may apply on behalf of numerous jurisdictions.
- Only organizations that develop, rehabilitate, own or sponsor permanent affordable housing are eligible to apply.
- The grantee must have quality accounting and governance practices.

## FUNDING CRITERIA

- Need for and clarity of proposed activities.
- Likelihood that activities will lead to permanent affordable housing construction or rehabilitation in the next 24 months. (Pre-development Loans)
- To ensure even distribution of funds throughout the state, each fiscal year, priority will be given to regions that have not already received a funding commitment.
- Pre-development loan requests, up to a maximum of \$75,000 will be considered.
- Affordable Housing Loan requests, up to \$300,000 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, matching funds, successfulness of past affordable housing projects, waived fees, etc.)
- Qualifications and track record of affordable housing advisers/consultants.

## BASIC LOAN TERMS

### *Affordable Housing Loans*

Loans up to \$300,000 at 4% interest with an origination fee. Interest is paid quarterly with the balance due in five years from the receipt of the loan.

*If loan funds are used for Pre-Development activities, the following terms apply:*

Loans up to \$75,000 at 4% 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.

Upon signature of grant agreement, MHP will reimburse the organization for eligible expenses incurred after 30 days of a signed agreement. The organization agrees to provide MHP quarterly interim reports as the project proceeds with a final 1-2 page report 30 days after the final payment. MHP reserves the right to cancel any commitment not disbursed within one year from signature of grant agreement.



## APPLICATION SUBMISSION

Attach the following documents:

- Completed Application Form
- Most recent audited financial statement of the fiscal agent for the grant.

**Questions:** MHP is interested in using the MHP Loan Program to assist communities and non-profit organizations develop and preserve affordable housing. If there is a project or program that needs technical or financial assistance please contact Bill Vanderwall regarding the loan application. He can be reached at (651) 925-5541 or [bill.vanderwall@mhponline.org](mailto:bill.vanderwall@mhponline.org).

*Generous support from the McKnight Foundation, Minnesota Housing and Wells Fargo make these programs possible.*

### Mail, fax, or email your application and attachments to:

<b>Mail:</b>	<b>Fax:</b>	<b>Email:</b>
Minnesota Housing Partnership Attn: Kris Brogan 2446 University Avenue West Suite #140, St. Paul, MN 55114	(651) 925-5550	<a href="mailto:kris.brogan@mhponline.org">kris.brogan@mhponline.org</a>