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Date: January 14, 2022

To: Representative Hausman, Chair, Housing Finance and Policy
Representative Theis, Ranking Minority Lead, Housing Finance and Policy
Representative Marquart, Chair, Taxes
Representative Davids, Ranking Minority Lead, Taxes
Senator Draheim, Chair, Housing Finance and Policy
Senator Dzedzic, Ranking Minority Lead, Housing Finance and Policy
Senator Nelson, Chair, Taxes
Senator Rest, Ranking Minority Lead, Taxes

From: Jennifer Leimaile Ho, Commissioner, Minnesota Housing

A handwritten signature in blue ink, appearing to read 'Jennifer Ho'.

Subject: Workforce and Affordable Homeownership Development Program Report

Pursuant to Minnesota Statutes 462A.38, Subdivision 6, Minnesota Housing is required to report on the projects that receive funding awards under the Workforce and Affordable Homeownership Development Program.

Summary of Program

In the 2021 Legislative Session, the Legislature appropriated funding of \$3,750,000 for the Workforce and Affordable Homeownership Development Program for FY 2022-23. The funding may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development, and residential housing. Eligible program applicants are nonprofit organizations, cooperatives, cities (including county community development agencies/housing redevelopment authorities), tribal governments and community land trusts. On-going funding for the program is \$500,000 per biennium.

Funding Processing and Awards

Minnesota Housing's Board approved funding selections for the Workforce and Affordable Homeownership Development Program in November 2021. The Agency received applications for the Workforce and Affordable Homeownership Development Program through the annual Single Family Consolidated Request for Proposals (RFP) process but followed a more accelerated timeline than the Single Family RFP. All proposals were reviewed, scored and ranked based on the 2021 Single Family RFP scoring and selection criteria, and evaluated for project feasibility, organizational capacity, community need and the Agency's funding priorities.

The Agency approved Workforce and Affordable Homeownership Development funds for eight proposals for a total of \$3,425,752, including one proposal from the Twin Cities Metropolitan area for \$1,158,000 and seven proposals from Greater Minnesota for a total of \$2,267,752. The remaining \$324,248 of these grant

funds that were not awarded in the 2021 RFP round will be made available next year or may be available for potential increases in development costs for the selected projects.

In addition to Workforce and Affordable Homeownership Development funds, the Agency approved interim construction loans funded by Agency resources for some proposals for development financing. The table below provides information about the awardees, the project, and funding approved.

Awardee	Project Title	Location	# of Units	Funding Type	
				Workforce and Affordable Homeownership Development	Interim Construction Loans
Cass Clay Community Land Trust	Cass Clay Community Land Trust	Clay County	4	\$ 200,000	\$ -
Habitat for Humanity of Minnesota, Inc.	Habitat for Humanity of Minnesota	Cities of Walnut Grove and Miltona	2	\$ 55,000	\$ -
Headwaters Housing Development Corporation	Regional Application	Counties of Beltrami, Hubbard, Clearwater, Mahnomen, and Lake of the Woods	2	\$ 60,000	\$ 200,000
Midwest Minnesota Community Development Corporation	Blackduck Two-Lot Single Family Development	City of Blackduck	2	\$ 106,170	\$ -
One Roof Community Housing	One Roof Acquisition-Rehab-Resale – Duluth/Cloquet	City of Duluth and Cloquet	12	\$ 940,000	\$ 500,000
One Roof Community Housing	One Roof Scattered Sites	Cities of Duluth, Proctor, and Cloquet	6	\$ 390,000	\$ 400,000
Otter Tail Housing and Redevelopment Authority	Hidden Meadows Development	City of Battle Lake	3	\$ 516,582	\$ 750,000
Project for Pride in Living, Inc	Portland Place	City of Minneapolis (Phillips West neighborhood)	9	\$ 1,158,000	\$ 3,200,000
TOTAL			40	\$ 3,425,752	\$ 5,050,000

Cass Clay Community Land Trust

Cass Clay Community Land Trust (CLT) will use the funds to acquire, rehabilitate and resell four units in Clay County that will be placed in the CLT. Cass Clay CLT will serve households with incomes at or below 80 percent area median income (AMI). Cass Clay CLT will seek to preserve and create housing opportunities by addressing the aging housing stock in the community. This project will address the local workforce housing needs of the community and allow for the homes to remain affordable to low-to moderate income families by placing the homes into the CLT.

Habitat for Humanity of Minnesota, Inc.

Habitat for Humanity of Minnesota, Inc (Habitat MN) will use the funds to construct two new construction homes in the Cities of Walnut Grove and Miltona. Habitat MN will serve households with incomes at or below 80 percent of area median income (AMI). Habitat MN will provide the funds to their Greater Minnesota affiliates, Redwood River Habitat and Douglas County Habitat to build the new construction homes that will be sold to a Habitat homebuyer. This project will address the local workforce housing needs of the community, address the high development and material costs, and increase the supply of affordable homes for low-to moderate income families.

Headwaters Housing Development Corporation

Headwaters Housing Development Corporation (HHDC) will use the funds to construct two new single family detached homes in in-fill lots in the counties of Beltrami, Hubbard, Clearwater, Mahnomon and Lake of the Woods. HHDC will serve households with incomes at or below 80 percent of area median income (AMI). This project will address the local workforce housing needs of the community by increasing the supply of affordable housing.

Midwest Minnesota Community Development Corporation

Midwest Minnesota Community Development Corporation (MMCDC) will use the funds to construct two single family homes in the City of Blackduck. MMCDC will serve households with incomes at or below 115 percent of area median income (AMI). This project will increase the supply of affordable housing in the community.

One Roof Community Housing

One Roof Community Housing (One Roof) will use the funds to acquire, rehabilitate and resell twelve units that will be sold through One Roof's Community Land Trust (CLT) program in the Cities of Duluth and Cloquet. One Roof will serve households with incomes at or below 80 percent area median income (AMI). One Roof seeks to preserve and create housing opportunities by addressing the aging housing stock in the community where maintenance is becoming a necessity for a substantial portion of properties in the area. This project will address this problem and allow for the homes to remain affordable to low-to moderate income families.

One Roof Community Housing

One Roof Community Housing (One Roof) will use the funds to construct six new construction scattered site units in the Cities of Duluth, Proctor and Cloquet. One Roof will serve households with incomes at or below 115 percent area median income (AMI). Four of the homes will be sold and placed into the CLT program. One Roof's project will produce new construction single-family homes in areas of increasing housing choice and community recovery areas within Duluth, Cloquet and Proctor, and offer affordable and quality homeownership opportunities for low-to moderate income families.

Otter Tail Housing and Redevelopment Authority

Otter Tail Housing and Redevelopment Authority (Otter Tail HRA) will use the funds to construct three new construction homes in the City of Battle Lake. Otter Tail HRA will serve households with incomes at or below 115 percent area median income (AMI). The project will construct the new single-family homes within the Hidden Meadows Development in Battle Lake.

Project for Pride in Living, Inc

Project for Pride in Living, Inc (PPL) will use the funds to develop nine new construction single family row homes in the Phillips West neighborhood of south Minneapolis. PPL will serve households with incomes at or below 80 percent area median income (AMI). The Portland Place project will expand on PPL's redevelopment work in the Phillips West neighborhood. The new homes in this project will complement the

scale and style of the neighboring structures and represent the final phase of PPL's Portland Place redevelopment work. This project will address the local workforce housing needs of the community by increasing the supply of affordable housing in disinvested communities where there are lower median household incomes, older housing stock, and lower than average increases in home sales prices.