

Stevens Square Community Organization Perpetual Affordable Home Ownership Fund Guidelines

The SSCO Perpetual Affordable Home Ownership Fund (“Fund”) is designed to create new opportunities for perpetually affordable home ownership in the Stevens Square-Loring Heights neighborhood. Such opportunities might be created through limited equity cooperative, land trust/deed restrictions, or other proven mechanisms for perpetual affordability.

The Fund provides loans or deferred loans in accordance with Minneapolis CPED’s Affordable Ownership Program, for up to a 30-year period. The maximum amount available to any project will be the smaller of \$20,000 per unit or \$240,000 for the entire project.

The Fund may be accessed for projects that involve either rehabilitation of an existing residential building or new construction in the Stevens Square-Loring Heights neighborhood. The developer must provide evidence of site control for the property.

Repayment of a loan from this Fund will not be required as long as the project maintains affordability for the designated number of funded units, for the entire term of the loan, in accordance with the Program Requirements. If the project loses its affordability status before the end of the loan term, the full loan amount must be repaid to Stevens Square Community Organization.

Program Requirements

- Projects funded through this program are required to meet all Minneapolis CPED Affordable Ownership Program guidelines and contracting requirements. Go to: http://www.ci.minneapolis.mn.us/cped/affordable_ownership_rfp_home.asp.
- Projects eligible for consideration must be affordable at or below 60% of area median income, including monthly fees and utilities, and the residential population served must be income-restricted at or below 60% of area median income. The City of Minneapolis further requires that publicly-funded projects (including NRP-funded projects) include 20% of units affordable at 50% area median income.
- Affordability and income restrictions must be held in place for a period of at least 30 years
- The applicant must demonstrate that the major components and systems of the building (roof, electricals, plumbing, heating system, etc.) are viable for 10 years from the time units are sold, or submit a plan which outlines the improvements to be made to the structure, including the sources of funding for these improvements.
- Homebuyer education must be required of individuals served by the project.
- Funding through the SSCO Perpetual Affordable Homeownership Fund is contingent upon a funding commitment from the Minneapolis CPED Affordable Ownership Program. Approved SSCO funding will be released with CPED funding.

Desired Elements

- 20 pts. Demonstrates financial feasibility and long-term stability
- 20 pts. Project's plan for addressing long-term capital needs -- roof, electricals, plumbing, heating system, etc. – will ensure financial stability for buyers.
- 10 pts. Project maximizes the number of units of perpetually affordable homeownership made available, considered both in absolute terms and as a proportion of total units in the structure
- 10 pts. Targets existing residential buildings with rehab needs
- 10 pts. Meets SSCO NRP Phase II strategies such for green space, historic preservation, safety. Go to:
http://www.sscoweb.org/What_We_Do/Neighborhood_Revitalization_Program/documents/PhaseII.pdf
- 10 pts. Cost-effectiveness
- Developer's profit may not exceed 8% of total development cost
 - Soft costs may not exceed 15% of total development cost
 - Contingency: maximum of 10% of total development cost for rehab projects; 5% for new construction
 - Marketing costs, including advertising, may not exceed 7% of sales price
- 5 pts. Developer will market the project to residents of Stevens Square-Loring Heights through direct mail, informational meetings and/or other methods
- 5 pts. Project developer (for profit or nonprofit) is experienced and credentialed with a proven ability to undertake a development project of this type
- 5 pts. Affordability restrictions extended beyond 30 years
- 5 pts. Leverages other public and/or private funding sources

Only projects that receive a score of 70 or higher will be considered for funding.

Application Process

Applicants must submit to SSCO a completed City of Minneapolis CPED Affordable Ownership Housing Development Program application from the most recent RFP (prior year acceptable), including all background documentation *except for Developer Financial Statements, which may be omitted*. In addition, please provide a narrative, *not to exceed 3 pages*, that addresses the ways in which the project meets the *Desired Elements* of the SSCO funding program.

Application deadline: Friday, April 28, 2006

Applicants are strongly encouraged to contact SSCO to discuss their project prior to submitting an application. Contact Julie Filapek at 612.874.2840 or at julie@sscoweb.org.