Draft Guidelines and Criteria:
Workforce Ownership Housing Development Program
(approximately $1M local funds)

Primary Objective: Maxfield Research predicts the need for 6,300 ownership workforce housing units (defined as "housing that is affordable to the typical worker earning $20,000-$45,000 per year", which roughly translates to 30-60% of MMI) in the Twin Cities in the next five years. In order to meet this demand, there is clearly a great need for additional gap funding for owner-occupied workforce housing development in Minneapolis. Development of affordable ownership housing creates the potential for both a development cost gap and a buyer affordability gap. Gap funding resources for ownership housing are scarce and extremely competitive.

Eligible Costs: The proposed Workforce Housing Development Program would provide up to half of the total project gap funding. Funds may be used for both development cost gap and/or buyer affordability gap. In no case shall the total combined gap exceed $80,000 per unit (maximum CPED assistance of $40,000 per unit) for units at ≤50% MMI and $40,000 per unit (maximum CPED assistance of $20,000 per unit) for units at ≤80% MMI. CPED staff will undertake sufficient financial analysis of the projects to determine the appropriate amount of CPED assistance. Half of the CPED funds will assist units at ≤50% MMI and half will assist units at ≤80% MMI.

Development cost gap shall mean financing that is needed for the difference between the cost of the improvement/construction of a property (including acquisition, demolition, rehabilitation, and construction), and the market value of the property upon sale.

Buyer affordability gap shall mean financing that is needed for the difference between the market value of the property upon sale and the maximum mortgage amount the actual homebuyer qualifies for to purchase.

Eligible projects will include both single family and multifamily development, and both new construction and acquisition/substantial rehab/resale. Land trust models are encouraged to apply. Applicants may be for-profit or non-profit developers. An acceptable form of site control is required at the time of application. Developers must also submit appraisals and/or market studies to support proposed sales pricing.

The city's Affordable Housing Policy requirements (20% at ≤50% MMI) will apply to all projects with 10+ units (scattered site or contiguous).

Pursuant to the second mortgage strategy adopted by the city council in November of 2002, CPED second mortgage affordability loan documents will be required for all projects.

All homebuyers will be required to participate in pre-purchase and post-purchase homebuyer workshops prior to closing.

Process: RFP consistent with MHFA CRV dates.

Selection Criteria:

- Proximity to jobs and transit (projects that demonstrate transit access and are oriented to primary commercial and community corridors) (up to 10 points)
- Contributions from area employer(s) (up to 15 points)
- Linkage to City of Minneapolis employee needs (up to 15 points)
- Private leverage (up to 10 points)
- Other public leverage (over and above the required match) (up to 10 points)
- Long term affordability (up to 15 points)
- Addresses the housing needs of underserved populations (individuals and/or households or color, single female heads of households with minor children and households with disabled individuals) (up to 20 points)
- Mixed-income (up to 10 points)
- Developer experience and capacity (up to 15 points)
- Financial feasibility and readiness (up to 15 points)
- Quality of site control (up to 15 points)
- Non-impacted area (up to 20 points)
- Density appropriate to the location (up to 10 points)
- Treatment of blighted property (up to 5 points)
- Zero displacement (up to 10 points)
- Integration with broader city revitalization efforts (up to 10 points)
- Neighborhood support and financial contribution (up to 15 points)

Equal Housing Opportunity