



# Affordable housing 101

## Partnering to create housing

Affordable housing development is only possible through the joint efforts of partners across the region. This includes developers, banks, property managers, government, investors, regulatory bodies, and tenants.

Affordable multifamily housing projects are typically financed with debt (repaid from tenant rents) and federal low-income housing tax credits. These financing options, however, generally do not fully fund a project's development. Therefore, multiple funding sources come together to make the project happen, including:

- First mortgage
- Low-income housing tax credits
- Deferred loans (i.e. from a city, Minnesota Housing, or Hennepin County)
- Sales tax and energy rebates
- Deferred developer fee

In exchange for these public funds, projects typically must commit to keeping the property affordable for a number of years. In the case of deferred funding from Hennepin County, projects must remain affordable for a minimum of 30 years.

Meeting with program staff early in the development process allows developers to learn about resources and advance the feasibility of their project.

## Hennepin County resources

Hennepin County and its Housing and Redevelopment Authority (HRA) offers several funding opportunities to support housing and development projects. The county and HRA consider gap funding awards—typically as 30- year deferred loans—through competitive Request for Proposals (RFPs) processes which assess development fit with county priorities, long-term feasibility of the project, and leverage of other resources.

To maximize county resources and make the application process more efficient for those seeking funding, the county solicits funding proposals through an [annual coordinated affordable housing development RFP](#), typically released mid-December. Except for Supportive Housing, successful projects typically have already secured funding from Minnesota Housing and other funders. The RFP utilizes many of the same application tools as Minnesota Housing.

## Funding programs that may be included in the annual Coordinated RFP:

- [Affordable Housing Incentive fund \(AHIF\)](#) can fund multifamily housing development proposals across Hennepin County.
- [HOME Investment Partnerships \(HOME\)](#) can fund multifamily or single-family affordable housing developments in suburban Hennepin County, with some geographic restrictions.
- [The Homeownership Assistance Program](#) supports the creation of homeownership opportunities through new construction, homebuyer assistance, and other activities.
- [The supportive housing capital program](#) offers capital funding and technical assistance to develop long-term affordable supportive housing projects.

The county partners with suburban cities to solicit proposals for smaller community and housing development grants, funded through the [Community Development Block Grant \(CDBG\) program](#), each February. CDBG can finance the acquisition and rehabilitation of property for affordable housing development or preservation in suburban Hennepin County.

The HRA may issue revenue bonds, also called [conduit financing](#), to assist projects in Hennepin County. The HRA accepts applications in the March and September for the July and January state funding pools.

The county may also solicit proposals each January for [Housing Support and other resources](#) for operating subsidy and housing services.

## State resources

Minnesota Housing, the primary funder of affordable housing in Minnesota, solicits proposals for funding through its [annual Consolidated RFP](#), typically released in April. The Consolidated RFP includes financing in the form of Housing Tax Credits, amortizing mortgages and bridge loans, deferred loans, and Section 811.

## Municipal resources

Many cities in Hennepin County provide financing for affordable housing development and preservation, such as Tax Increment Financing, land donations, gap funding, or bonding. Cities also oversee local zoning and building regulations. Developers should consult with the local municipality to ensure alignment.

## Resources for new developers

- [City of Minneapolis B-TAP](#)
- Local initiative Support Corp. [\(LISC\) Developers of Color cohort programming](#)
- Hennepin County [Transit Oriented Communities \(TOC\) Pre-development](#)
- [ULI "REDI" Program](#)
- Development Consultants, such as Processing Agents who previously submitted qualification forms to [MN Housing](#)
- [Grow America Housing Development Finance Professional Certification](#)

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## Website

[hennepin.us/business/work-with-henn-co/rfp](https://hennepin.us/business/work-with-henn-co/rfp)

