

Subject Naturally Occurring Affordable Housing (NOAH) Appropriation

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Overview

This bill appropriates \$50 million from the general fund to the Minnesota Housing Finance Agency (MHFA) to make loans or grants to certain owners of NOAH properties. The funds must be used to acquire and rehabilitate NOAH properties that are at risk of increased rents and are occupied by tenants at risk of displacement. Priority may be given to applicants that reserve at least 15 units to house the homeless. A funding recipient is obligated through a deed restriction to maintain a NOAH property at one of three levels of affordability for at least 15 years. The maximum loan or grant amount is 40 percent of the total acquisition cost of the NOAH property but no more than \$50,000 per rental unit acquired.

Summary

Section	Description
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1	Appropriation.
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Appropriates \$50 million in fiscal year 2022 from the general fund to MHFA to make loans or grants directly or through a statewide intermediary to experienced, capable owners of NOAH properties. A loan or grant must be used to acquire and rehabilitate NOAH property that is determined at risk of increased rents and is occupied by tenants at risk of displacement. The appropriation is available until June 30, 2024.

2	Requirements; terms.
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An applicant must demonstrate that sufficient capital is available to improve and maintain the property for at least 15 years. The applicant must provide financial information and comply with all program criteria. Priority may be given to applicants that reserve at least 15 units to house the homeless.

A funding recipient is contractually obligated by a deed restriction to maintain the property for at least 15 years at one of three levels of affordability:

- 1) at least 75 percent of the units must be affordable to households with incomes at 80 percent or less of the area median income (AMI), and at

Section	Description
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least 51 percent of the units must be affordable to households with incomes at 60 percent or less of AMI;

- 2) the fewer of 15 percent of units or 15 units must be affordable to households with incomes at or less than 30 percent of AMI, and at least 51 percent of the units must be affordable to households with incomes at 60 percent or less of AMI; or
- 3) at least 75 percent of the units must be affordable to households with incomes at 50 percent or less of AMI, and 100 percent of the units must be affordable to households at 80 percent or less of AMI.

Properties must accept Section 8 vouchers if the subsidy payment standard is no more than five percent below marketplace rent levels.

The loan or grant may be for up to 40 percent of the total acquisition cost of the NOAH property but no more than \$50,000 per individual rental housing unit acquired. The term of the loan is up to 15 years at no- or low-interest rates.

3 Report.

A funding recipient must report to MHFA or the statewide intermediary information that's required by the agency as a condition of the funding.



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