



Community Planning & Economic Development

Housing Revenue Bonds

Application Procedural Guide

A Guide for Developers

I. POLICY STATEMENT

Housing Revenue Bond (“HRB”) Financing is undertaken by the City pursuant to applicable provisions of State and Federal law. The program requirements of the City’s [Conduit Bond Policy](#), [Unified Housing Policy](#), and [Affirmative Fair Housing Marketing Policy](#) apply to all projects receiving HRB Financing. Bond Counsel, the Bond Purchaser, and/or the Underwriter may have additional requirements.

This guide is intended to be used as a reference and an overview of the application process for HRBs and should not be anything other than a guide and an overview. For additional information on the City’s HRB program, please contact Amy Geisler (HRB Program Coordinator) at (612) 673-5038 or amy.geisler@minneapolismn.gov.

II. INTRODUCTION

HRBs may be used to finance the acquisition and rehabilitation or new construction of renter-occupied residential units where the intended occupants of the units qualify the Project for tax-exempt status in conformance with the Internal Revenue Code, the Statutes of the State of Minnesota, and City Ordinances.

The statutory and regulatory requirements which must be met to assure the continued tax-exempt status of the obligations are complex. The advice of financial and legal counsel, skilled in the areas of tax-exempt obligations and real estate, is not only essential, but required.

Each bond issue is unique with respect to the interplay of the nature of the project, debt structure, form of security, etc. IN AGREEING TO ISSUE HOUSING REVENUE BONDS, THE CITY ASSUMES NO LIABILITY WITH RESPECT TO THE STRUCTURING OF THE OFFERING. The Applicant is expected to possess (or retain advisors who possess) a highly sophisticated understanding of the bonding process.

If you intend to apply for Housing Tax Credits (HTCs) in addition to HRBs, please note a separate application for the City’s HTC program is required. The City’s HTC program has a competitive award process. All projects seeking 4% HTCs must comply with the HTC Procedural Manual and Qualified Allocation Plan (QAP) that is in effect for the calendar year in which the HRBs are first issued, and no HTCs will be allocated for any projects that do not score a minimum of 30 points under the selection criteria as established in the QAP.

Please refer to the current [Low Income Housing Tax Credit QAP and Procedural Manual](#) for additional information.

III. REQUIRED FEES

The City’s [Conduit Bond Policy](#) lists required application, closing, and administrative fees for HRB projects in Exhibit A-2. In addition, the Applicant shall be required to pay at the Bond closing the non-refundable State application fee charged by Minnesota Management and Budget (MMB). Presently, the State fee is \$20 for each \$100,000 of entitlement requested, rounded to the nearest \$100,000. The City pays this fee to MMB, and the cost is reimbursed by the applicant to the City at Bond closing. Payment of these fees as well as all Bond Counsel fees and Underwriter fees are the responsibility of the Applicant.

IV. APPLICATION

Bond applications are typically submitted 6-12 months prior to a desired closing date, depending on the status of other project financing. See Section V for additional information on City Approval timeline requirements. Consult with the HRB Program Coordinator on the required application format and specific timing.

Applications must include the following items:

1. The name, address and telephone number of each of the following participants:

- a) Applicant
- b) Applicant's representative (if other than Applicant).
- c) Applicant's legal counsel.
- d) Applicant's accountant.
- e) Proposed Bond Counsel.
- f) Proposed trustee and/or paying agent, if any.
- g) Underwriter

2. As to Applicant:

- a) The state (or other jurisdiction) of incorporation or organization, the form of organization and a brief description of the organizational structure of Applicant, including parent, subsidiary and affiliate organizations (if Applicant is other than an individual).
- b) A brief statement of the type of business engaged in by Applicant and Applicant's business history.
- c) The names of executive or managing officers and directors of Applicant (if Applicant is other than an individual).
- d) A statement as to whether Applicant is rated or listed with any published rating agency, and the rating, if any.
- e) A statement as to whether Applicant has previously been the applicant for a project financed by Housing Revenue Bonds in the City.

3. As to the Guarantor of the Bonds (if applicable):

The same information required of Applicant in Part 2 (above) shall be required of the guarantor. If a guarantor is secured subsequent to the passage of the preliminary resolution, the application shall be modified to provide the required information.

4. Information pertaining to the Project:

- a) A description of the Project.
- b) Location of the site(s).
- c) Present ownership of the proposed Project site(s) and Applicant's interest therein. (Copy of Purchase Agreement if not currently owned by the Applicant).
- d) Present zoning of the Project site(s).
- e) The projected number of new employees to be added to Applicant's permanent work force because of the Project.
- f) The names of the architect, the engineer and the general contractor for the proposed Project.

- g) The anticipated construction commencement and completion dates.
- h) A statement as to whether any residents or businesses will be temporarily or permanently displaced due to either the Project and/or program income limits. In the case of displacement, the Applicant must submit a relocation plan consistent with the City's Relocation Policy. (The City may require a list of current tenant incomes and evidence that no attempts have been taken to avoid the City's Relocation Policy.)
- i) List the current rents and the proposed rents after rehabilitation.
- j) Detail of proposed rehabilitation if applicable, including scope of work
- k) An architect's rendering of the proposed building and a site plan.

5. Information pertaining to the Bonds:

- a) The amount of Bonds proposed to be issued.
- b) The proposed date of closing or delivery of the Bonds.
- c) The number of series of Bonds, length of each Bond Issue, and proposed maturities.
- d) Any guaranty of the Bonds or the security underlying the Bonds (if applicable).
- e) State whether the Bonds will be taxable or tax-exempt.

6. Additional Information:

- a) Letter from Applicant agreeing to comply with the City's Affirmative Action requirements, Small and Underutilized Business Program requirements, equal opportunity requirements, prevailing wage, apprenticeship requirements, and CPED bidding procedures.
- b) Letter from Applicant, agreeing that, if the Bonds are not sold or if the project is not completed, Applicant will pay all reasonable and necessary expenses and costs which the City may incur in connection with the Project, including the fees of Bond Counsel.
- c) Letter from Applicant agreeing to CPED Construction Management monitoring of project rehabilitation or construction. The Construction Specialist will receive or attend at his/her discretion the construction draws from applicant or applicant's designated person.
- d) The following documents prepared by Bond Counsel:
 - i. A public hearing notice
 - ii. A preliminary resolution
 - iii. A comprehensive statement indicating how the Project furthers statewide housing policies (Housing Plan). The Housing Plan will be submitted by City staff to the Metropolitan Council for review and comment.
- e) Evidence of neighborhood review.
- f) An organizational chart of the Applicant showing the name, address, and ownership interest of each member or parent of the Applicant in the project.

7. Non-refundable City application fee.

THE FOLLOWING ITEMS ARE TO BE SUBMITTED UNDER SEPARATE COVER:

8. MN Housing Multifamily Workbook:

Submit completed and signed [Minnesota Housing Multifamily Workbook](#), in both PDF and Excel format.

9. Economic Feasibility Analysis:

Third-party economic feasibility study (if available).

10. Litigation Disclosure:

A statement describing all pending litigation, either by or against Applicant, its subsidiaries, or its executive or managing officers/directors.

11. Purchase Agreement and Letter of Intent

A copy of any agreement between Applicant and the Bond Purchaser or Placement Agent, and a letter of intent to purchase the bond issue, executed by the Bond Purchaser or Placement Agent, as an indication of the financial feasibility of the Project.

12. Appraisal:

An appraisal prepared for the 1st mortgage lender. CPED may also order its own appraisal, at the applicant's cost.

13. Environmental Phase I study.

14. Financial Statements:

- a) As to the Applicant, the Guarantor (if any), and any controlling members/parents of the Applicant described in Section 6(f) (if any):
 - i. The most recent balance sheet and statement of assets and liabilities.
 - ii. The two most recent audited statements financial statements.

V. CITY APPROVAL

Applications will be reviewed by CPED, Finance and Property Services, and City Attorney's Office staff. The CPED Director will make the initial determination of whether to make a recommendation to the City Council to proceed with HRB financing.

In accordance with the [Conduit Bond Policy](#) adopted by the City Council, the decision to award bonds to a particular project is at the sole discretion of the City. Projects must meet basic program requirements including financial feasibility and readiness to proceed. Projects will also be evaluated based on the requested bond amount in the context of available bond resources.

If the City's bond allocation is oversubscribed, the most competitive projects for bond awards will be those that meet one or more of the following criteria:

- Projects that have an existing Affordable Housing Trust Fund (AHTF) award
- Projects that support recovery from the 2020 civil unrest
- Projects with a significant number of units rent and income restricted at 30% AMI

Secondary considerations may include:

- Projects located on City-owned land
- Geographic location
- Risk of loss of federal subsidy

If the CPED Director authorizes proceeding with HRB financing, the Borrower and the City will follow the procedures outlined in the City’s Conduit Bond Policy. The final decision on whether to award HRBs to a project is made by the City Council.

Upon approval of the project by the City Council, the developer/owner will be required to close on the project no later than 180 days from the date of the HRB public hearing. If the project does not close within the time allotted, the City will, in its sole discretion, decide whether to grant a one-time extension of up to one year from the date of the HRB public hearing, or to require that the developer/owner relinquish the bond allocation.

VI. DOCUMENTATION

The Applicant, the Underwriter, and Bond Counsel will be responsible for preparing all documents necessary for the bond issue. Please refer to the City of Minneapolis [Conduit Bonds Policy](#) for additional detail.

VII. RESERVATION OF RIGHTS

The decision to award Bonds to a project is made by the City Council. Until the Bonds are issued (notwithstanding that any agreement or approval or understanding may have indicated to Applicant or the Bond Purchaser that the City would take any action at any certain date), the City reserves the right to:

1. Reject the application for Bonds, in whole or in part;
2. Refuse to issue the Bonds;
3. Reject Applicant’s choice of Underwriter, Trustee, Paying Agent, Placement Agent or Bond Counsel;
4. Reject the Project, in whole or in part;
5. Require “No Action” letters or Internal Revenue Service ruling before issuing the Bonds. If such letters or ruling are required, Applicant and Bond Counsel must submit the needed request;
6. Require corrections or amendments to any legal document;
7. Impose any other requirements as conditions precedent to the issuance of its Bonds; and
8. Consult with Bond Counsel concerning the Project, issuance of the Bonds or any fees to be paid from the proceeds of the Bonds or (if the Bonds are not issued) by Applicant.