

EDD Solicitation FAQ

1. Can EDD Funds be used to fill an affordability gap?

Answer:

- Yes, funds awarded through EDD can be used to fill an affordability gap for rehabilitation as well as acquisition. Ex: A four-unit apartment building that does not have affordability right now. Applicants can apply to this funding source to purchase the building (acquisition) and then rehabilitate (rehab) the building as needed to create units with affordability at or below an 80% AMI income-limit for the tenants.
- For proposed owner-occupied units for affordable homeownership EDD funds can be used to fill an affordability gap (the difference between the construction price and the reduced sale price). However, all construction costs including invoices and reimbursements will need to be provided to staff and reviewed prior to award disbursement.

2. Multifamily Workbook – The RFP states to include all required information. Does that mean there are some parts of the workbook that aren't required, or is the County expecting the entire workbook to be completed?

Answer:

- The multifamily workbook (MFW) is a required document for application submittal and 40% of available points in scoring will be a result from the review of the MFW. The more information an applicant can provide the better.
- A completed workbook will make applicants more competitive in the review process.

3. Would you please clarify what you're looking for with the following optional additional materials?

Answer:

- Financial Analysis/Underwriting Report
- Applicants can provide additional information on their financial assumptions based off the Minnesota Housing's 2023 Multifamily Underwriting Standards. Applicants can create their own form to explain any assumptions or projections that they are using in their MFW. More information on Minnesota Housing's underwriting standards can be found online.

4. Do you need site ownership or site control for rehab or new construction?

Answer:

- For new construction or rehab, some form of site control will suffice for the application. An applicant must demonstrate site control this could include a pending or completed purchase agreement, a letter of intent, tentative developer status assigned by a local government body, or a deed.

5. Is affordable housing preservation an eligible project for the Emerging and Diverse Developers Solicitation?

Answer:

- Yes, affordable housing preservation is an eligible activity. Affordable housing preservation is identified as a goal of this Solicitation.

6. For the EDD solicitation, is it a requirement that we have site control to apply or do we need to simply identify a parcel of land that we would like to develop?

Answer:

- There are four approved activities for the EDD Solicitation.
 1. Housing rehabilitation
 2. New construction
 3. Acquisition
 4. Pre-development

If an Applicant is applying for pre-development activities, then the applicant must demonstrate **site ownership**. The only activity of the four listed that requires full **site ownership** is pre-development. The other eligible activities only require the applicant to demonstrate site control.

7. How will applications for affordable owner occupant proposals be handled?

Answer:

- As a reviewing team, under the quantitative analysis for affordability, we will be rating projects by the incomes of the tenants and expecting an 80% AMI cap for single and multi-family acquisition.
- For single-family acquisition, we will not support a proposal for selling a home over \$372,600.00. This aligns with our FirstHome downpayment assistance program.
- Funding would not be available for the developer to occupy one of the housing units and rent a portion of the building. All units of the housing project will be evaluated for affordability.
- Proposals that include new construction units for affordable housing must list the available units on the open market or work directly with a nonprofit housing provider to select eligible buyers through existing programs.

8. For Financial Feasibility criteria, do the sources of other funding need to be committed sources? Or can they be sources that have been requested (pending)?

Answer:

- Sources of funding do not have to be fully committed to use them in the income and expense tab on the MFW. Ramsey County CED understands that you may be using our source as “first-in” funding to get other sources of funding committed to your project. In the notes section of the income and expense tab notate that the affected source is pending, not committed.

9. Maximum points will be given for projects at \$200,000 per unit or below. Even if it is a studio or one bedroom unit for \$200,000 or less?

Answer:

- Ramsey County seeks to expand the total number of affordable units. The affordability scoring measure is calculated by number of units rather than unit size.
- A high score in the affordability category, does not mean then your project will score higher in other categories, such as, Strategic Alignment (40 points), where larger units could be a part of the narrative.

10. Does the proposal have to include 30% Area Median Income (AMI) units?

Answer:

- No. In order to qualify for funding through the EDD Solicitation, applicants must use income averaging that amounts to no more than 80% AMI for the full project of housing units. Having 30% AMI income-averaging in the mix, will result in a higher score on affordability.
- Units can be market rate, 30%, 50%, 60%, and 80% AMI. Market rate units can be included in the project's unit mix if the affordability of the project's units does not exceed an average of 80% AMI.

11. Would EDD funds work for a single-family home? Or does it have to be at least a duplex?

Answer:

- Single family new construction is an eligible activity under the EDD Solicitation. However, single family acquisition is not covered. Applications that include pre-development, acquisition, and rehab activities must be for a housing project with more than one unit of housing attached. Please describe the specific unit mix and proposed use in your MFW, project description and narrative when responding to this solicitation.

12. Is the multifamily workbook a Ramsey County document?

Answer:

- No, the MFW is a Minnesota Housing Finance Authority (MHFA) document and can be used and repurposed as a financial proforma.

13. If we hire a more experienced development company as consultation to our team, will we still qualify under emergent (sic) developer?

Answer:

- Yes, if you have developed no more than five (5) housing projects in the state of Minnesota in the last 10 years, you would qualify as an emerging developer. This will be attested to prior to any funding awards.
- Hiring an experienced consulting team would not change your emerging developer status. It could be a benefit and add to your organizational capacity scoring criteria.

14. Is this funding opportunity a grant or loan opportunity?

Answer:

- Awards will be structured as a 20-year, 0% interest deferred loan. At the end of the loan term, the loan would need to be repaid or extended.
- Awards for housing developments will be between \$100,000 and \$500,000. Pre-development funding (up to \$20,000) will be structured as a forgivable loan that is forgiven once the construction of the proposed project begins.

15. Will there be gap financing to cover development cost versus maximum sell price set by the county for a house to be considered affordable? It will be hard to develop anything at around \$372K these days.

Answer:

- New construction of units for affordable homeownership are a covered activity in the solicitation. Please review the FAQ for questions regarding affordability gap.

16. How is Ramsey County calculating AMI?

Answer:

- We are using the Area Median Income limits from the Metropolitan [Council's 2023 Ownership and Rent Affordability Limits](#).

2023 Area Median Income Guidelines - Minneapolis - St. Paul - Bloomington, MN								
Effective June 1, 2023								
Household Size								
AMI%	1	2	3	4	5	6	7	8
30%	26,100	29,800	33,550	37,250	40,250	43,250	46,200	50,600
50%	43,500	49,700	55,900	62,100	67,100	72,050	77,050	82,000
60%	52,500	60,000	67,450	74,950	80,950	86,950	92,950	98,950
80%	66,300	75,750	85,200	94,650	102,250	109,800	117,400	124,950
100%	87,450	99,950	112,450	124,900	134,900	144,900	154,900	164,900
115%	100,550	114,950	129,300	143,650	155,150	166,650	178,150	189,600
120%	104,950	119,950	134,900	149,900	161,900	173,900	185,900	197,850

17. How is profitability handled? Example: Single family new construction. Request 270k, sell for 370k. Are there restrictions on the 100k profit?

Answer:

- A developer may choose to sell a property and pay off the attached loan. Please note: the affordability declaration will remain with the property for the remainder of the twenty-year period.
- The County will review the attached MFW in our underwriting standards and a higher debt service coverage ratio (DCR) may result in a partial award depending on the landscape of proposed applications.

18. Can the County provide an example of a sufficient response to Attachment A- Equitable Development and Livability Questions?

To better help applicants align their answers to Attachment A, Ramsey County has provided the scoring criteria for the Strategic Alignment section, see below.

Strategic Analysis Scoring Criteria:

Applicant fully responds to all Attachment A questions AND demonstrates a clear link between project proposal and the Economic Competitiveness Inclusion Plan and/or Equitable Development Framework, and/or the Deeply Affordable Housing Initiative Report AND incorporates many strategies/actions/recommendations into the development of the project, which could include diverse subcontracting or project team, larger units, on-site supports. (30-40 Points)

Examples of what the County is looking for:

1. Applicant connects the proposed development in the policy verbiage in the ECI Plan strategies, Equitable Development Framework and the Deeply Affordable Housing Initiative by name strategy, number, etc.
2. Applicant proposes the unit mix that will be used in the attached MFW, narrative/project description, and scope of work.
3. Applicant displays a clear connection to the affected community and work that has happened with all community partners. If a market evaluation was completed, Applicant explains what things were changed to better serve the community through this housing development project.
4. Applicant explains a personal or direct connection to the community work and the project description in the response.
5. Applicant describes any layout-specific interventions that support tenant use in regard to American Disability Act and other interventions.
6. Applicant indicates local history and environmental assets of the project area to honor and integrate that legacy into project planning.
7. Applicant explains their understanding of the housing trends as indicated in the ECI Plan strategies, Equitable Development Framework and the Deeply Affordable Housing Initiative by name strategy, number, etc.
8. Applicant describes any characteristics of self that could indicate minority status or greater connection to community. Ex: if applicant is Black, American Indian (or racially and ethnically diverse), immigrant, low-income residents, has disabilities, is a member of multilingual communities, etc.
9. Applicant describes any minority characteristics of development team. Ex: if development team is Black, a woman, Indigenous, immigrant, etc. This could include MBE, MWBE, etc.
10. Applicant explains how new units will avoid further displacement from affected area of development.
11. Applicant lists any natural gathering spaces around the proposed development where future tenants will have access.
12. Applicant describes any local amenities that tenants will be close to including transit lines, libraries, school districts, etc.
13. Applicant explains any energy efficient/ sustainable development interventions implemented in the proposed housing development.