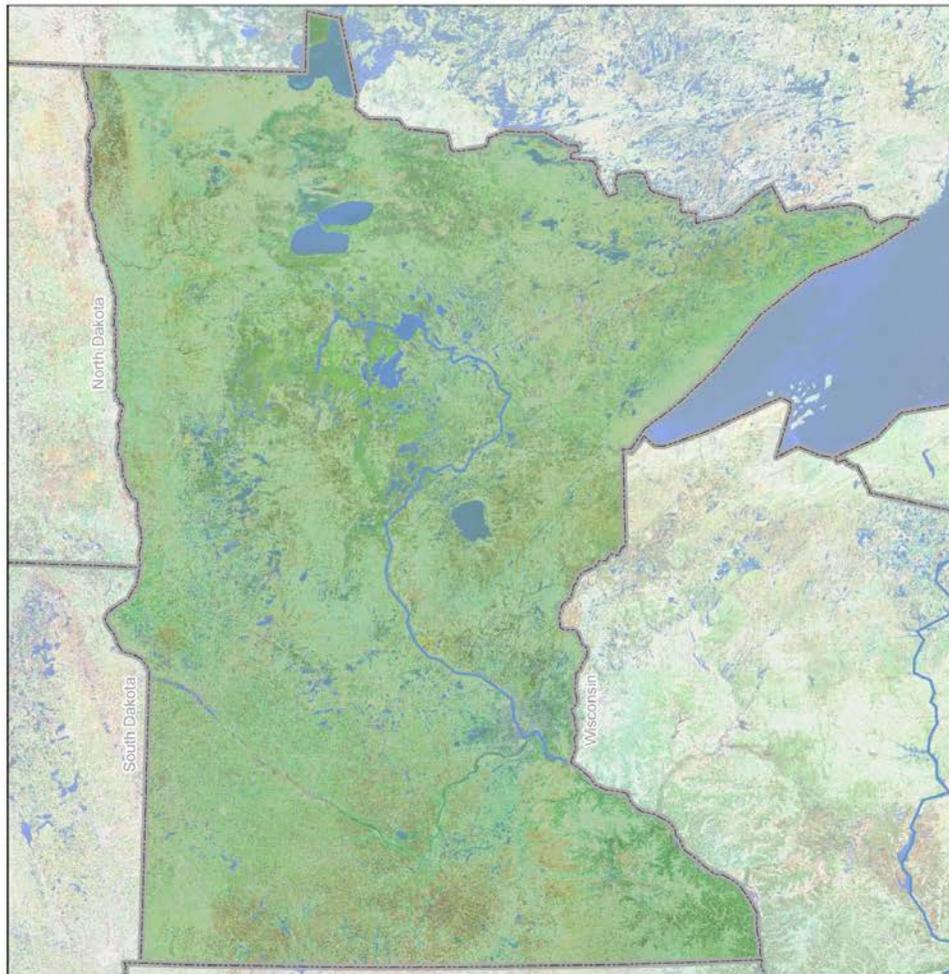


MINNESOTA ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT 2016



DRAFT: August 21, 2015

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

In 1994, the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting, and citizen participation processes for four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG),^[1] and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process, termed the Consolidated Plan for Housing and Community Development, is intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment, and to expand economic opportunities.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. The Plan offers entitlement jurisdictions the opportunity to shape housing and community development programs into effective, coordinated neighborhood and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

As the lead agency for the Consolidated Plan, the Minnesota Department of Employment and Economic Development (DEED), along with the sister administering agencies of the Minnesota Housing Finance Agency (Minnesota Housing) and Department of Human Services (DHS), hereby follows HUD's guidelines for citizen and community involvement. These agencies are responsible for overseeing citizen participation requirements that accompany the Consolidated Plan and the CDBG, HOME, ESG, and HOPWA programs.

Purpose of the Annual Action Plan

The 2016 Minnesota Annual Action Plan for Housing and Community Development is the one-year planning document that identifies the needs and respective resource investments regarding the state's housing, homeless and non-homeless special needs populations, community development, and economic development needs.

[1]Recently renamed the Emergency Solutions Grant.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The goals of DEED, Minnesota Housing, and DHS are to provide decent housing, a suitable living environment, and expanded economic opportunities for the state's low and moderate income residents. These agencies strive to accomplish these goals by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing needs and creating opportunities at the individual and neighborhood levels, Minnesota hopes to improve the quality of life for all residents. These goals are further explained as follows:

Providing decent housing entails helping homeless persons obtain appropriate housing and assisting those at risk of homelessness, preserving the affordable housing stock, increasing the availability of permanent housing that is affordable to low- and moderate-income persons without discrimination, and increasing the supply of supportive housing.

Providing a suitable living environment requires improving the safety and livability of neighborhoods and increasing access to quality facilities and services.

Expanding economic opportunities involves creating jobs that are accessible to low- and moderate-income persons, making mortgage financing available for low- and moderate-income persons at reasonable rates, providing access to credit for development activities that promote long-term economic and social viability of the community, and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The State's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER). This document states the objectives and outcomes identified in the 2012 to 2016 Consolidated Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. This document can be found on DEED's website <http://mn.gov/deed/government/financial-assistance/community-funding/>, available 12/31/2016. Minnesota Housing's 2015 goal for rental rehabilitation was 290 units for a total HOME cost of \$13,660,000. Minnesota Housing actually awarded through written

agreements \$X,XXX,XXX0 for ??? HOME units in X developments. [Compare reality to goal.] As of September 30, 2014, HOPWA had provided assistance to ??? households totaling \$331,391. Minnesota Housing goals for HOPWA were 220 households receiving assistance of \$183,394. [Compare reality to goal.]

This section is not updated until after September 30, 2015: For DEED, as of September 30, 2014 Owner Occupied rehab goal for 2014 was 300 with actual accomplishments totaling 399 for an amount \$7,183,855. For rental rehab the goal set was 50 with actual accomplishments at 79 totaling 742,605. Commercial rehab's goal was 50 and accomplishments at 97 for 1,990,183. For public facilities the goal was 500 with accomplishments of 1,103 costing 3,508,308. New construction's goal was 0. Due to the lateness in HUD allocations projects are not progressing as quickly. Additional activities such as clearance and acquisition had high units accomplished but low goals set as this are directly related to tornado and flooding projects which are impossible to predict. DEED projected 75 LMI jobs, however, due to lower than usual demand for funds accomplished only 25 full time equivalent LMI jobs. Funding in the amount of \$400,000 was awarded and the remaining balance was returned to the Small Cities Development Program.

See a number 7 summary below for DHS detail.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The Consolidated Planning process has been designed to enumerate Minnesota's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons. Interested groups and individuals have also been encouraged to provide input into all aspects of Minnesota's Consolidated Planning activities, from assessing needs to setting priorities through performance evaluation. The public involvement process was initiated with the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of Minnesota, particularly persons of low- and moderate-income, persons living in slum and blight areas, units of local government, housing agencies, and other interested parties, are provided with the opportunity to participate in the planning process and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. The CPP is attached in admin tab.

The State has aimed to broaden public participation through numerous opportunities for citizens to contribute information, ideas, and opinions about ways to improve Minnesota's neighborhoods, promote housing affordability and enhance the delivery of public services to local residents. These include a broad-based, statewide survey of interested citizens and stakeholders pertaining to Minnesota's housing and community development needs; meetings with agency representatives and stakeholders during focus group sessions to address rental, homeowner, and homeless needs; and

regional forums held across the state to gather input from Minnesota citizens and interested parties. Other steps the State took to encourage widespread participation in the planning process included publishing notices in local newspapers, with a combined circulation of over two million readers, and direct solicitation of stakeholders and their interest groups.

The State of Minnesota continues to be committed to keeping all interested groups and individuals informed of each phase of the Consolidated Planning process and of activities being proposed or undertaken under HUD formula grant programs. DEED, Minnesota Housing, and DHS published the draft Consolidated Plan for public review in a manner that afforded citizens, public agencies, and other interested parties a reasonable opportunity to examine its contents and submit comments. The draft Plan included the amount of assistance the state agencies expect to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income.

The availability of a completed draft Plan, how to access a copy of it, and information on public hearings was published in the statewide edition of the Minneapolis Star Tribune on Sunday, July 12, 2015, and emailed by Minnesota Housing to 3,600 individual and organization stakeholders. The notices described the purpose of the Plan and directed readers to where the Plan and directions on how to submit comment on needs, the draft action plan, and the CAPER was available. Documentation of this information is included in unique appendencies. Furthermore, citizens and groups may obtain a reasonable number of free copies of the proposed Action Plan by contacting DEED at 651-259-7462 or toll free at 800-657-3858 or the document may be downloaded from the DEED or Minnesota Housing websites.

DEED presented ideas to it's participants during input meetings throughout the state. Completed surveys available at DEED. Partipants are concerned about the reduction of HUD funds and also the attempt to reduce administration fees. Overall the participants are content with the use of the funds.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

No comments received by DEED. We received input during the public hearing(see unique app) but no comments during the comment period.

6. Summary of comments or views not accepted and the reasons for not accepting them

No comments or views were not accepted.

7. Summary

For the Emergency Solutions Grant Program (ESG), in the 2012-2016 Consolidated Plan DHS projected serving 12,158 persons with emergency shelter each year of the plan. At the time of publication of the 2016 Action Plan Draft, the 2015 CAPER was not yet completed. According to the 2014 CAPER, DHS came close but did not meet this goal, serving 11,400 persons in emergency shelter during FFY2014. This is the result of changes in who received ESG Shelter funding; several previously ESG-funded emergency shelters with large bed capacities are now funded with state funds and thus not part of the CAPER.

For FFY2015, DHS projected re-housing 460 individuals and having 350 persons remain stably housed as a result of ESG prevention and re-housing assistance. As noted earlier, results from the 2015 CAPER are not yet available.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	MINNESOTA	
CDBG Administrator		
HOPWA Administrator	MINNESOTA	Minnesota Housing Finance Agency
HOME Administrator	MINNESOTA	Minnesota Housing Finance Agency
ESG Administrator	MINNESOTA	Department of Human Services
HOPWA-C Administrator		

Table 1 – Responsible Agencies

Narrative

Lead Agency is The Minnesota Department of Employment and Economic Development. The "select organization" does not recognize DEED. See AD-55 grantee contacts for information needed.

Consolidated Plan Public Contact Information

Key Persons

Three state agencies were involved in the 2016 Action Plan process: The Minnesota Department of Employment and Economic Development (DEED), Minnesota Housing (MH) and the Minnesota Department of Human Services(DHS). DEED is the lead agency responsible for oversight and preparation of the Plan.

The following individuals from each of the agencies participated in development of the Consolidated Plan:

CDBG

Christine Schieber, DEED 651-259-7461

Lisa Dargis, DEED-Economic Development 651-259-7446

HOME and HOPWA

Jim Cegla, Minnesota Housing 651-297-3126

ESG

Isaac Wengerd, Dept. of Humans Services 651-431-3815

Dina Chou, Dept. of Human Services 651-431-3824

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

As part of the consolidated planning process, the lead agency, DEED, and sister administering agencies, Minnesota Housing and DHS, must consult with a wide variety of organizations in order to gain understanding of housing and community development needs.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

This represents a collective effort from a broad array of entities in Minnesota, ranging from advocacy groups for the disabled to economic development organizations. Private, nonprofit, and public organizations, including mayors, county supervisors, county commissioners, county managers, planning and development district administrators, councils of government, persons interested in the CDBG program, persons interested in the HOME program, persons associated with Continuum of Care organizations, and the Minnesota Department of Health were contacted through email correspondence, telephone interviews, and face-to-face interactions. These persons were solicited to discuss housing and community development needs in Minnesota, including the ranking of those needs and activities that DEED, Minnesota Housing, and DHS might consider to better address needs throughout the state. Further, individuals were asked to provide additional insight into prospective barriers and constraints regarding housing and community development needs in Minnesota.

As part of the consolidated planning process, Minnesota Housing emailed a notice of availability of the 2015 draft Action Plan public comment period and public hearing information to 4,400 organizations and individuals who had signed up for an email publication of items of interest to Minnesota Housing's stakeholders.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The DHS hosts a monthly meeting of all Continuum of Care Coordinators. Also in attendance are staff from various state administered homelessness programs as well as HUD CPD staff. Issues such as accessing HUD Super NOFA funding, the allocation of program resources, development of common assessment tools, performance measurement and HMIS as these issues relate to the CoC's are discussed at these meetings.

Representatives from the Minnesota Interagency Council on Homelessness (MICH) subcommittee on Continuum of Care Planning send representatives to all Continuum of Care regional meetings.

As part of the DHS' participation in the MICH, staff are working with CoCs around the state to implement the State's Heading Home plan, which includes many goals related to the needs of chronic homeless individuals and families, families with children, veterans and unaccompanied youth. These goals include but are not limited to ending veteran homelessness, eliminating transitions to homelessness in youth and adult systems of care, and connecting homeless and highly-mobile families with students to rental assistance and other resources to improve housing stability.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

Consultation on allocation:

The State's competitive RFP process for ESG funds continues to include the opportunity for each CoC representative(s) to participate in the evaluation of applications for funding. CoCs have taken advantage of this opportunity and offered meaningful and important input into the allocation of ESG funds in their regions. Additional meetings and opportunities for CoC consultation have been added to the RFP review process as well, ensuring a strong CoC voice in funding decisions.

Performance Standards and Evaluation:

The existing performance standards for ESG were developed in recent years during meetings with CoC representatives from around the state, and reflect the basic purpose of ESG shelter, prevention and rapid re-housing funds to a) keep people safely sheltered, b) re-house persons who are homeless, and c) ensure persons are stably housed at program exit. ESG sub-recipient performance reports are sent to each CoC Coordinator, and include information on these goals and sub-recipient performance. This set of outcomes, as well as specific annual goals for these ESG-funded activities, are included in the Outcomes Measures and Performance Standards section of this Plan.

Policies and Procedures for HMIS:

The State is an active participant in the HMIS Governing Group, which oversees the operation and administration of Minnesota's statewide HMIS system. The Governing Group includes representatives from each of the 13 Continuum of Care regions in the state, as well as persons who were formerly homeless, various advocacy organizations, providers serving specific populations such as youth and veterans, and funders. State staff are members on the HMIS Governing Group, making joint decisions with CoC representatives regarding the administration of HMIS.

Each CoC representative is also responsible for ensuring HMIS receives adequate funding in part through their region's CoC funding process. Additionally, CoC representatives work on subcommittees to develop and refine policies and procedures for governance and operation of the State's HMIS system.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

2	Agency/Group/Organization	MN Dept. of Health
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Meeting with Dan Taylor, the Lead Specialist, discusses issues surrounding lead in homes. Discussed issues with coordination of lead funds with SCDP funds and how to improve locating homes with lead.
3	Agency/Group/Organization	MN NAHRO
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Discussed possible use of CDBG funds for Rural Development multifamily rehab and also public housing rehab. Outcomes are prioritizing which RD and Public Housing developments have urgency for rehab.
4	Agency/Group/Organization	Minnesota Department of Corrections
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	Homelessness Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Commissioner of the Department of Corrections actively serves on the State's Interagency Council on Homelessness (MICH), as do several staff from the Discharge Planning Unit. Through this planning body, the Dept. of Corrections coordinates its discharge planning and services with the state's ESG Recipient, the Department of Human Services, and Minnesota Housing. Corrections staff participate in the review of ESG funding applications, and provide input into DHS Consolidated Planning Homelessness Strategy.
5	Agency/Group/Organization	DEPT OF HUMAN SERVICES
	Agency/Group/Organization Type	Other government - State Child Safety Permanency, Chemical Health and Mental Health Divisions
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The State Recipient of ESG funding (The Department of Human Services) is responsible for many publicly-funded systems of care, including mental health, health care, foster care, and chemical health facilities and programs. In the past two years, the department has undertaken a massive planning and reorganization to better ensure a connection between housing assistance (such as ESG) and mainstream systems of care administered within the department. The result is and will continue to be improved access for clients in both arenas, as well as more effective discharge planning that includes transition resources, respite care, and transitional housing as appropriate.

Identify any Agency Types not consulted and provide rationale for not consulting

none.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Minnesota Interagency Council on Homelessness (MICH)	Minnesota has a statewide plan to end homelessness which includes all CoCs in the state. This plan is coordinated by the MICH, in which DHS staff participate. The MN Plan to End Homelessness encompasses all of the affordable housing and suitable living environment goals of the Strategic Plan. In addition, DHS and other state agency staff regularly attend local and regional CoC and FHPAP planning meetings to give and receive input to inform the Strategic Plan.
Local Units of Gov't	DEED	Consulted with many units of local gov't across the state when preparing the action plan, 3 separate meetings held in the Spring. All are Ok with process and use of funds.
Non-profits/for profits.	DEED	Consulted with in the spring, 3 separate meetings in different parts of the state. Most concern was the reduction in funding from HUD. They like our program as it is easy to administer.
Affordable Housing Plan	Minnesota Housing	All of Minnesota Housing's investments each year are guided by an "Affordable Housing Plan," (AHP). The AHP is developed with input from stakeholders and staff who are familiar with housing needs around the state from their work during the year. A draft is made available on Minnesota Housing's website for a 14 day public comment period ending August 27, and notice of its availability is made to the public and stakeholders. The AHP is reviewed twice by the Minnesota Housing Board and, once approved, prescribes the amounts and uses of all the agency resources, which may not be deviated from without the Board's approval.
Youth at Risk of Homelessness	Minnesota Dept. of Human Services	The Youth at Risk of Homelessness is a federally-funded pilot program at DHS that is focused (in the planning stage) on identifying what factors put youth in the foster care system most at-risk of homelessness. This overlaps with the Strategic Plan goals of preventing homelessness for vulnerable populations, and will assist DHS and other State agencies in ensuring programs reach those youth most likely to leave foster care and become homeless.

Table 3 - Other local / regional / federal planning efforts

Narrative

DHS works closely with other ESG jurisdictions within the State to ensure consistency and coordination wherever possible. The State periodically meets with local units of government who are also administering ESG funding, providing a venue for close coordination and communication, as well as peer to peer technical assistance. Local jurisdictions also participate in the State's ESG funding review process each biennium.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The Consolidated Planning process has been designed to enumerate Minnesota's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons. Interested groups and individuals have also been encouraged to provide input into all aspects of Minnesota's Consolidated Planning activities, from assessing needs to setting priorities through performance evaluation. The public involvement process was initiated with the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of Minnesota, particularly persons of low- and moderate-income, persons living in slum and blight areas, units of local government, housing agencies, and other interested parties, are provided with the opportunity to participate in the planning process and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. The CPP is presented under the administration tab.

The State has aimed to broaden public participation through numerous opportunities for citizens to contribute information, ideas, and opinions about ways to improve Minnesota's neighborhoods, promote housing affordability and enhance the delivery of public services to local residents. These include a broad-based, statewide survey of interested citizens and stakeholders pertaining to Minnesota's housing and community development needs; meetings with agency representatives and stakeholders during focus group sessions to address rental, homeowner, and homeless needs; and regional forums held across the state to gather input from Minnesota citizens and interested parties. Other steps the State took to encourage widespread participation in the planning process included publishing notices in local newspapers, with a combined circulation of over two million readers, and direct solicitation of stakeholders and their interest groups.

The State of Minnesota continues to be committed to keeping all interested groups and individuals informed of each phase of the Consolidated Planning process and of activities being proposed or undertaken under HUD formula grant programs. DEED, Minnesota Housing, and DHS published the draft Consolidated Plan for public review in a manner that afforded citizens, public agencies, and other interested parties a reasonable opportunity to examine its contents and submit comments. The draft Plan included the amount of assistance the state agencies expect to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income.

A notice of the completed draft Action Plan, how to access a copy of it, and information on public hearings and forums was published in the statewide edition of the Minneapolis Star Tribune on Sunday, July 6, 2014. The notice described the purpose of the Plan and directed readers to where the Plan was available. Minnesota Housing Emailed a notice of public meetings and availability of the draft action plan and CAPER to 4,400 stakeholders. Documentation of this information is included in the Appendix. In addition, Minnesota Housing's Affordable Housing Plan process seeks public comment on its uses of HOME funds and other agency resources. Furthermore, citizens and groups may obtain a reasonable number of free copies of the proposed Consolidated Plan by contacting DEED at 651-259-7462 or toll free at 800-657-3858 or the document may be downloaded from the DEED or Minnesota Housing websites.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	Non-targeted/broad community	July 25, 4:00 pm at Human Services. Attended Angelina Nguyen, Council on Asian Pacific MN, Elyse Ruiz, Chicano Latino Affairs Council, La Shella Sims, MICAH, Jean Lee APAHC Housing Consortium.	See attachments.	None	
2	Newspaper Ad	Non-targeted/broad community	none July 7, 2014, Star Tribune	none	none	http://www.mnhousing.gov/news/reports/MHFA_011842.aspx

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
4	Public Meeting	Cities/Counties /CDBG Administrators	Administrators of DEED CDBG grants and some communities, 3 meetings held around the state in September.	CDBG administrators agree with the program and the states use of funds, major concern is the reduction of funds from HUD.	none	
5	Internet Outreach	Affordable housing stakeholders: developers and management companies, local governments, nonprofits	Notice of the draft Action Plan were emailed to 3,875 stakeholders and notices of the AHP were emailed also. stakeholders		Not applicable.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
6	Monthly Meeting with Continuum of Care Coordinators	Continuum of Care Coordinators	Each month DHS staff meet with representatives of the State's 10 Continuum of Cares to discuss updates in HUD funding, both ESG and CoC. During the October 12, 2012 the State's ESG portion of the 2013 Annual Action Plan and future plans for ESG funding priorities were discussed with CoC Coordinators.	No comments were received regarding the Action Plan at this meeting.		

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
7	Public Meeting	Non-targeted/broad community Residents of Public and Assisted Housing	Several Housing Forums held around the state by Minnesota Housing. City and county leaders, housing professionals including real estate people, public housing leaders, non profits and for profits, and economic development professional. Well attended. Discussions on issues in the region, solutions to the issues, and strategies to access financing. Agencies involved: MH, CMHE, PD, and	Depending on the current housing situation and future forecast in the regions, the comments received varied. The most common theme is that more funds are needed for housing and economic development. Annual Action Plan 2016	none	21

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
8	Internet Outreach	Non-targeted/broad community	The plan was available electronically in multiple libraries across the state.	No comments received.	None.	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Anticipated resources are assumed to equal new appropriations for 2014 plus carry forward of prior years' resources plus program income, as described below.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	16,847,866	100,000	3,000,000	19,947,866	0	DEED CDBG community and economic development.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	0	0	0	0	0	MHFA: Rental rehabilitation and new construction
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	0	0	0	0	0	MHFA: Emergency assistance for homeowners and renters; MAP admin of \$3,181; MHFA admin of \$4,4272015 funds will ot be allocated until October 2015

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,078,744	0	23,542	2,102,286	0	ESG resources will be used to provide shelter, prevention and rapid rehousing assistance.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The HOME match requirement is met through tenant-based rental assistance from Minnesota Housing's Bridges program, which provides a rent subsidy for up to five years to persons with mental illness until they can obtain a permanent rent subsidy; and the State Housing Trust Fund program. The CDBG match will be a mix of private, local, and state resources such as loans from local banks, weatherization funds, Minnesota Housing rehabilitation loans. CDBG-Economic Development match is through local initiatives, local banks, owner equity.

DHS has required its sub-recipients to provide eligible matching funds at the sub-recipient level for each dollar requested in ESG funding. To

ensure compliance with the requirement, DHS has required identification of matching funds in all sub-recipient contracts and reimbursement requests. In addition, review of ESG matching funds has been added to the ESG Monitoring Protocol for ESG subrecipients and ensures that the adequate documentation of eligibility exists for funds used to match ESG. Because of the diverse nature of local homelessness program funding, it is not possible to summarize at the State level the exact types and amounts of each funding source, but the most common sources of matching funds include state Family Homelessness Prevention and Assistance Funds (FHPAP), state and HUD Transitional Housing Program funds (for scattered-site programs), Minnesota Community Action Grants, Private Foundations and Individual Donations.

Minnesota Housing's Affordable Rental preservation program (HOME) leverages other agency, private, and low-income housing tax credit investment.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The State will not use state-owned land to address the needs identified in the plan, though CDBG recipients may use locally-owned land.

Discussion

Not applicable

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Create Economic Opportunities	2012	2013	Non-Housing Community Development	SLUM AND BLIGHT COMMERCIAL DISTRICT CITYWIDE PUBLIC FACILITIES	Non Housing-Comm Development-Public Facilities	CDBG: \$5,999,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 1422 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 2246 Households Assisted Facade treatment/business building rehabilitation: 75 Business
4	Create Economic Opportunties-Jobs	2012	2013	Non-Housing Community Development	Economic Development	Non housing-economic development-Jobs-DEED	CDBG: \$2,461,636	Jobs created/retained: 60 Jobs
6	Enhance affordable housing opportunities	2112	2116	Affordable Housing	TARGET AREA HOUSING REHAB Balance of State	Affordable Rental Rehab-DEED and MH Affordable Single Family Housing Rehab-DEED	CDBG: \$8,486,079 HOME: \$13,660,000	Rental units rehabilitated: 290 Household Housing Unit Homeowner Housing Rehabilitated: 350 Household Housing Unit Other: 100 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
7	Prevent homelessness	2012	2016	Persons At-Risk of Homelessness	Balance of State	Homeless Prevention-DHS & MHFA	HOPWA: \$183,394 ESG: \$180,026	Homelessness Prevention: 250 Persons Assisted
8	Rapidly Re-house Homeless Persons	2012	2016	Homeless	Balance of State	Rapid Re-Housing - DHS	ESG: \$651,472	Tenant-based rental assistance / Rapid Rehousing: 650 Households Assisted
9	Emergency Shelter	2012	2016	Homeless	Balance of State	Emergency Shelter - DHS	ESG: \$1,247,246	Homeless Person Overnight Shelter: 10200 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

3	Goal Name	Create Economic Opportunities
	Goal Description	CDBG: For water and sewer improvements to communities, the state proposes 3469 people of which 2246(59%) are LMI(census or survey) and 1422 non LMI for approx. \$2,700,000. Entries in goal indicators are for people. Target area slum and blight districts in small towns(usually a downtown area), the state proposes 75 units \$3,299,000. DEED allows a maximum of 15% of project costs to administer the grant.
4	Goal Name	Create Economic Opportunties-Jobs
	Goal Description	

6	Goal Name	Enhance affordable housing opportunities
	Goal Description	<p>For this year, CDBG plans to fund the rehab 350 Owner occupied units. Rental rehab of 32(combination of single family, duplexes and 3 or more of multi-family). DEED and Minnesota Housing are partnering for 188 rental units for rehab. Projects funded typically have a 30 month timeframe for completion.</p> <p>Goals: CDBG proposes rehab of Single family owner occuppied units (350). Single famliy rental and small multi family rental rehabilitations, and large multi family rental with DEED partnering with Minnesota Housing with a goal of 100 units(see the "other" box below). We are not proposing to fund any new rental housing projects.DEED allows a maximum of 15% of project costs to administer the grant. DEED will not be using funds for the activities of general planning or public service.</p> <p>HOME: It is Minnesota Housing's preference to use its HOME funds for rental preservation; however, a portion of HOME funds may be redirected to rental new construction, depending on the type of applications received in response to Minnesota Housing's Consolidated RFP and the relative need for new construction or preservation.Multi-family rental rehabilitation (??? units approx \$XX,XXX,XXX).</p>
7	Goal Name	Prevent homelessness
	Goal Description	<p>30 of the 250 persons assisted with homelessness prevention will be attributable to the Emergency Solutions Grant Program (ESG). The remaining 220 persons will be served under the Housing Opportunities for Persons with AIDS (HOPWA) program.</p> <p>As stated in the 2012-2016 Consolidated Plan (Goal 1), the goal of these ESG funds is that persons at-risk of homelessness are stably rehoused or diverted from shelter as quickly and effectively as possible, through the provision of short and medium-term rental assistance and housing relocation and stabilization services.</p> <p>At the time of publication for the 2016 Action Plan Draft, DHS was still collecting the planned expenditures (FFY2016 grant budgets) for ESG sub-recipients and therefore the funds allocation to this goal is only a preliminary estimate.</p>

8	Goal Name	Rapidly Re-house Homeless Persons
	Goal Description	<p>As stated in the 2012-2016 Consolidated Plan (Goal 1), the goal of these ESG funds is that homeless persons are stably rehoused or diverted from shelter as quickly and effectively as possible, through the provision of short and medium-term rental assistance and housing relocation and stabilization services.</p> <p>At the time of publication for the 2016 Action Plan Draft, DHS was still collecting the planned expenditures (FFY2016 grant budgets) for ESG sub-recipients and therefore the funds allocation to this goal is only a preliminary estimate.</p>
9	Goal Name	Emergency Shelter
	Goal Description	<p>As stated in the 2012-2016 Consolidated Plan (Goal 3), the goal of these funds are to ensure homeless persons, including special needs populations, have adequate emergency shelter.</p> <p>For the upcoming program year, we anticipate that 11,400 homeless persons will will receive adequate emergency shelter.</p>

Table 7 – Goal Descriptions

AP-25 Allocation Priorities – 91.320(d)

Introduction

For the SCDP program we have three times the request for funds than we are able to award. Although estimated five year goals for specific activities need to be set as required by HUD the reality is that if goals are not achieved it is based on the lack of funding, economic times, and local objectives and goals that, while compliant with the program, do not achieve the numeric goals of DEED. Thank you for having an allocation number early and allowing us to set a goal based on an allocation, it is much easier to plan realistically. DEED believes that using one year accomplishments and current funding as a source for future planning of funds is more realistic and five goals hold no merit due to uncertainty of future funding. The SCDP program is highly utilized and very successful in Greater Minnesota.

HOME funds are not allocated to local units of government or to nonprofits to administer. The Minnesota Housing Finance Agency awards HOME funds through its HOME Affordable Rental Preservation program directly to owners and loan applicants for constructing new or rehabilitating affordable rental developments. The program is available throughout the state.

HOPWA provides temporary emergency rental and homeowner assistance to persons with HIV/AIDS to avoid homelessness. Funds are available through the Minnesota AIDS Project throughout the portion of the state that is outside the 13-county metropolitan area that accesses the Minneapolis HOPWA grant.

ESG funds for shelter will be awarded to programs throughout the state of Minnesota. ESG funds for rehousing will be targeted to non-entitlement areas only. ESG funds will be used for the purposes of providing shelter and rehousing activities, some of which fall under the category of rapid re-housing and some of which are considered a prevention activity by HUD (even though the assisted households lack permanent housing and need to be re-housed). Minnesota has a state funded program named the Family Homeless Prevention and Assistance Program which is used to meet homelessness prevention needs in the state for persons needing assistance with arrears to stay in their housing and avert homelessness.

Funding Allocation Priorities

	Create Economic Opportunities (%)	Create Economic Opportunities-Jobs (%)	Enhance affordable housing opportunities (%)	Prevent homelessness (%)	Rapidly Re-house Homeless Persons (%)	Emergency Shelter (%)	Total (%)
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CDBG	0	0	0	0	0	0	0
HOME	0	0	100	0	0	0	100
HOPWA	0	0	0	100	0	0	100
ESG	0	0	0	9	31	60	100

Table 8 – Funding Allocation Priorities

Reason for Allocation Priorities

Percentages include administration costs. Allocation priorities are based on needs in market study, needs assessment and public input.

CDBG: Seventy percent of the funds will serve low to moderate income persons, categories include housing rehabilitation or public facilities. The remaining thirty percent will be spent on ED for jobs, commercial slum and blight or urgent threat, including administration dollars. The state does not intend on spending funds toward public services for homelessness as DHS receives ESG funds to address this. CDBG rental housing rehab funded by DEED in conjunction with the MH RFP does allocate rehab dollars to homelessness units as part of the multifamily projects.

HOPWA: Federal regulations dictate both the geography in which HOPWA funds may be used and the beneficiaries. Because only 15% of persons living with HIV/AIDS live in counties outside the seven-county Twin Cities metropolitan area and most are already housed, preventing homelessness is a more cost-effective approach than housing development or tenant-based rent assistance.

HOME: Many federally assisted and naturally affordable housing developments need rehabilitation to preserve their federal rent subsidy or affordability of their units. There is a growing need for affordable rental housing.

ESG: The majority of shelter beds in the state of Minnesota are located with-in ESG entitlement areas, however, the balance is shifting gradually towards more shelter beds in non-entitlement areas where many homeless persons originally resided. ESG shelter funds will be targeted to non-entitlement areas, but some ESG funding of shelters in entitlement areas will continue. ESG rehousing activities will be funded in non-entitlement areas only. Indicators of rehousing need such as poverty, housing burden and public assistance use show a need that is commensurate with federal ESG formula allocation of ESG funds.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

For CDBG, the distribution of funds address the high needs of housing by providing safe, stable and affordable housing to low to moderate income households. In creating economic opportunities, the rehabilitation of commercial property eliminates slum and blight, for assistance to businesses there is job creation for low to moderate income persons.

For HOME, the consolidated plan ranks very low-income renters of every type as a high priority need and tenants with incomes between 51% and 80% as a medium priority need. Targeting the HOME funds for rental new construction or rehabilitating rental developments that are already populated with tenants at these income levels ensures that HOME addresses the priority needs of renters. Deferred loan funding enhances affordability by reducing the need for amortizing debt, which could force owners to increase rents to repay the loans.

Minnesota uses its HOPWA resources to maintain persons with HIV/AIDS in their current housing by providing emergency assistance because that is the most pressing need identified for this population.

As outlined in the Consolidated Plan, ESG funds will be used to meet the priority needs of providing emergency shelter, prevention and rapid re-housing to persons at-risk of, and experiencing, homelessness.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction

Formula grant funds from the CDBG, HOME, HOPWA, and ESG programs may be directed to their highest and best use first, within each set of program guidelines, given the funding of all housing and community development programs throughout Minnesota.

Still, the housing and community development needs statewide far exceed the available resources to address them. Therefore, it is necessary to prioritize needs by type of activity and geography in order to ensure the greatest impact with limited resources. Diversity across the state means that different areas have different housing and community development needs that are best addressed through different types of investment activities. Such activities are guided by selected ranking criteria. Minnesota's experience with these programs shows that these resources are indeed distributed throughout the state. The entire state will be served by HOME and ESG funds, and non-entitlement areas will be served by CDBG and HOPWA funds.

Distribution Methods

Table 9 - Distribution Methods by State Program

1	State Program Name:	DEED:Small Cities Development Program and ED
	Funding Sources:	CDBG

Describe the state program addressed by the Method of Distribution.

Of the amount available for awards, DEED intends to provide SCDP funds in accordance to the following approximate allocations: 30 percent for Single Purpose Applications and 55 percent for Comprehensive Applications. The remaining 15 percent allocation is designated for DEED's federal economic development set-aside. Allocation percentages may be modified by DEED if it determines that there is a shortage of fundable applications in any category. DEED does not distribute funds based on specific geographic area. Applications are competitive in nature. Grants are typically 30 month projects.

MOD calculation: The State subtracts from the CDBG Award the amount it sets aside for State Administration (\$100,000 + 2% of the CDBG Award) to determine the amount available for CDBG grants. The State then allocates the amount available for CDBG grants to three categories based on State Rules. That is; 15% for Economic Development Set-Aside, 55% for SCDP Comprehensive Grants, and 30% for SCDP Single Purpose Grants. The Business Finance Unit administers the Economic Development Set-Aside Grant Program and the Community Assistance Unit administers the Small Cities Development Program.

The next step in the allocation process is to determine if there are any unawarded Economic Development Set-Aside funds from the previous fiscal year's CDBG allocation, as those funds by State Rules must be awarded by June 30th of the current year. Thus, the unawarded Economic Development Set-Aside funds are added to the current year SCDP allocation to be awarded prior to June 30th. Also, added to the current SCDP allocation are funds reverted from grantees that did not spend their total grants awarded to them in previous fiscal years and any program income within applications.

Once the State has determined a total SCDP allocation available for award, it allocates this total to the Comprehensive and Single Purpose grant budget based on the ratio of Comprehensive funds to Single Purpose funds which is 64.7% to 35.3%. Once SCDP determines their grant awards for the year, they determine the percentage of grants awarded for comprehensive projects. If that percentage is less than 55%, we seek approval from the DEED Commissioner for the lesser percentage. DEED allows a maximum of 15% of project costs to administer the grant payable to grantees.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

Projects are evaluated based on an assessment of need, impact and the capacity of the applicant to complete the project in a timely manner. **SCDP Funds:** Up to 240 of the points will be awarded based on evaluation of the proposed project to serve low- and moderate-income persons in relation to housing, alleviate slum and blight in commercial areas, and/or address public facility activities. Up to 180 points will be awarded based on evaluation of need, impact, and capacity for the proposed project. **Need-** up to 90 points given for the following: Benefit to low and moderate income persons and are either substandard or pose a threat to the health or safety of the occupants; An inadequate supply of affordable housing for low or moderate income persons; or Other documented condition that gives evidence of the need for improvement or additional units to the housing stock serving low and moderate income persons. **Impact-** up to 90 points given for the following: An evaluation of the extent to which the proposed project will eliminate housing deficiencies or improve public facilities services serving low and moderate income persons. Evaluation of administrative capacity to complete the activity in a timely manner. The application must include information documenting an applicant's history in administering prior SCDP funds and/or other programs similar in nature, to determine whether the applicant has the ability to complete the proposed activity. Prior SCDP performance will be taken into consideration for future funding. **Cost-Effectiveness-** up to 30 points given for the following: An evaluation of the extent to which the proposed project will make cost-effective use of grant funds, including consideration with, and use of, funds from other public and private sources. Per household benefit is reasonable. Project benefits existing, rather than future, population, unless growth is beyond applicant's control. **State Demographics-** Up to 30 points based on: The number of poverty-persons in the area under the applicant's jurisdiction. The percentage of persons residing in the area under the applicant's jurisdiction. The per capita assessed valuation of the area under the jurisdiction of the applicant, such that points are awarded in inverse relationship to the applicant's per capita assessed valuation. **Economic Development** Applications must attain at least 400 of the 600 available points for the project to be recommended for funding. Points are broken down as follows: **Community Need and Capacity** - a maximum of 170 points: Economic Distress Demographics. Up to 70 points may be awarded based on unemployment levels, percent of poverty persons and median income compared to the state averages. Improve Economic Stability. Up to 80 points may be awarded based on economic vulnerability of the community, chronic unemployment and out-migration due to lack of jobs. Consideration of Capacity. Up to 20 points may be awarded based on applicant's ability to properly manage project within state and federal guidelines. **Impact** - maximum of 230 points: Impact of Project. Up to 230 points may be awarded based on project's job creation, the ratio of grant funds to each full-time equivalent job, increase in property tax base and the immediacy of impact. **Financial Feasibility and Cost Effectiveness** - maximum of 200 points: Financing Gap. Up to 70 points may be awarded based on reasons for

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>http://mn.gov/deed/government/financial-assistance/</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>Of the amount available for awards, DEED intends to provide SCDP funds in accordance to the following approximate allocations: 30 percent for Single Purpose Applications and 55 percent for Comprehensive Applications. The remaining 15 percent allocation is designated for DEED's federal economic development set-aside. Allocation percentages may be modified by DEED if it determines that there is a shortage of fundable applications in any category. DEED does not distribute funds based on specific geographic area. Applications are competitive in nature. Seventy percent of the HUD funds will serve low to moderate income persons, categories include housing rehabilitation or public facilities. The remaining thirty percent will be spent on commercial slum and blight or urgent threat, including administration dollars.</p>
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<p>Describe threshold factors and grant size limits.</p>	<p>The SCDP portion of CDBG funds made is available to the state for distribution to develop viable eligible communities by providing financial assistance to address the need for decent, safe, and affordable housing; economic development and public facility needs; and the need for a suitable living environment by expanding economic opportunities that principally benefit low- to moderate-income households. Eligible applicants are cities with a population under 50,000 and counties and townships with an unincorporated population of less than 200,000. Grant size limits are up to \$600,000 for single purpose(housing or public facilities) which includes administration costs, or comprehensive projects(combination of any: housing, commercial, or public facilities) up to 1.4 million including administration.</p> <p>,</p> <p>There are two types of SCDP applications accepted by DEED:</p> <ol style="list-style-type: none"> 1. The Single Purpose Application is used by a housing project that includes one or more activities designed to increase supply or quality of dwellings suited to the occupancy of the individuals and families or public facilities projects that include one or more activities designed to acquire, construct, reconstruct, or install buildings or infrastructure that serve a neighborhood or community. With the Single Purpose Application, aggregate funding amount cannot exceed \$600,000. Two or more activities cannot exceed \$600,000 in total. 2. The Comprehensive Application is for projects that include a combination of at least two interrelated activities that are designed to address community development needs that, by their nature, must be carried out in a coordinated manner and/or require a coordination of housing, public facilities, or community development/revitalization activities. These projects must be designed to benefit a defined geographical area. Aggregate funding amount cannot exceed \$1,400,000, and each activity within the application is limited to \$600,000. <p>For Economic Development the grant size limit is 500,000.</p>
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	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Number of low to moderate households served, number of slum and blight properties brought to code, health and safety and facade improvements. Provide decent and affordable housing and create suitable living that is sustainable. Create economic job opportunities that are sustainable.</p>
2	<p>State Program Name:</p>	<p>Minnesota Emergency Solutions Grant Program</p>
	<p>Funding Sources:</p>	<p>ESG</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>Emergency Solutions Grant Program.</p>
	<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>For more detail on criteria, see "AP-30 ESG Methods of Distribution" Attachment under AP-90 Attachments.</p>

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Announcement of the Request For Proposals for the ESG program will be distributed to all Department of Human Services - Office of Economic Opportunity funded housing agencies, all Continuum of Care committees, all members of the Minnesota Interagency Council on Homelessness, the Minnesota Coalition for the Homeless, the U.S. Department of Housing and Urban Development local office. The RFP will be posted on the Minnesota Department of Human Services website and published in the State Register.</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>2016 ESG funds were awarded through a two-year competitive Request For Proposals process covering FFY2015 and FFY2016 funds conducted in March 2015. Eligible applicants included non-profit 501 (c) (3) organizations and local units of government. Many of non-profits are community and/or faith based. Criteria for making awards were as follows:</p> <p>For more detail, see "AP-30 ESG Methods of Distribution" attachment under AP-90 Attachments.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>NA</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>The State of Minnesota will use the maximum amount of funding allowable for shelter activities, which in FY2016 is 60 percent of the State's estimated allocation or \$1,247,246.</p> <p>The State of Minnesota and its sub-recipients will use the maximum allowed amount for ESG Administration. A portion of these funds are shared with sub-recipients to assist in administration of their ESG programs.</p> <p>Additional ESG funds above the allowable shelter and administration limits will be used exclusively for rehousing activities.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>The State of Minnesota does not have grant limits in awarding ESG funds. However, because DHS attempts to achieve statewide distribution with emergency shelter and re-housing funds, sizes of grant awards may be limited by available funds and the number of requests. There are no threshold factors for funding other than those identified in "AP-30 ESG Methods of Distribution" attachment under AP-90 Attachments, which is limited to the timely and complete submission of application materials by the deadline.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>For the upcoming program year, we anticipate that 10,200 homeless persons will will receive adequate emergency shelter and 229 households who are either at-risk of, or currently experiencing homelessness, will be moved to permanent housing.</p> <p>By funding a continuum of activities with ESG, we are meeting needs for homeless persons for both crisis housing and long-term solutions, including emergency shelter, prevention (re-housing those at-risk of homelessness) and rapid re-housing (for those already homeless by HUD's definition). Currently, we are the only State agency providing funding for emergency shelter activities, which meets a critical needs gap particular in rural parts of Minnesota.</p>
<p>3 State Program Name:</p>	<p>Minnesota Housing-HOME</p>

Funding Sources:	HOME
Describe the state program addressed by the Method of Distribution.	<p><u>HOME Affordable Rental Preservation (HARP)</u></p> <p>This is a statewide program that provides deferred loans to help cover financing gaps of rehabilitating or acquiring and rehabilitating qualified affordable rental housing for the purpose of preserving rental subsidies or the affordability of non federally-assisted housing. Assistance will generally be in the form of a 0 percent interest rate, 30 year deferred loan due and payable at the end of the term. Minnesota Housing provides the loans directly to the owners. While rehabilitation is a priority for Minnesota Housing, a portion of funds allocated to HARP may be redirected to rental new construction, depending on the types of applications received in response to the consolidated RFP and the relative need for new construction or preservation.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>HARP is a statewide program that provides deferred loans to help cover financing gaps of rehabilitating or acquiring and rehabilitating permanent affordable rental housing with or without long-term, project-based federal subsidies for the purpose of preserving the subsidies or the affordability of housing without federal subsidies. Properties without federal rental assistance or tax credit properties ending their compliance period must have the support of the Interagency Stabilization Group (ISG), a group of government and philanthropic organizations, at least one member of which has provided funds for the project at least 15 years ago. These “stabilization” projects are required to have a comprehensive stabilization plan approved by the ISG that stabilizes the property’s operations and physical needs for the long term.</p> <p>HARP is primarily provided through the Minnesota Housing Consolidated RFP, which awards assistance from several different sources. Applicants are not required to identify a funding source, other than tax credits. Selected applications and developers are evaluated and offered the best matched funding source. If funding is sufficient, the Agency may offer a portion of the HARP funds on a pipeline basis. Projects are evaluated for financial feasibility; developer capacity and fiscal condition are also considered, and CHDOs receive preference points. All projects are required to be selected by the Minnesota Housing Board of Directors and obtain approval from the agency's Credit Underwriting committee before loans may be closed.</p> <p>While rental rehabilitation is a priority for Minnesota Housing, a portion of funds allocated to HARP may be redirected to rental new construction, depending on the types of applications received in response to the consolidated RFP and the relative need for new construction or preservation.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>n/a see ESG section.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not applicable</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>Rental Rehabilitation; \$13,095,588; Administration: \$564,672</p>

	<p>Describe threshold factors and grant size limits.</p>	<p>HARP: The development must be receiving federal rental assistance, be nearing the end of its tax credit compliance period, or be in need of stabilization and have a stabilization plan approved by the Interagency Stabilization Group, at least one member of which had provided funding to the projects at least 15 years ago. There are no limits on assistance amounts other than those established in HOME regulations.</p> <p>Rental applications under the Consolidated RFP must meet the threshold requirements specified in the RFP at that time. The most recent threshold requirements were that the project had to meet the six factors of project feasibility, and the applicant had to meet the five factors of organizational capacity. Application processes and eligibility criteria for the 2015 Consolidated RFP may be found at MHFA's website www.mnhousing.gov.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Numbers of rental units rehabilitated and preserved.</p>
4	<p>State Program Name:</p>	<p>Minnesota Housing-HOPWA</p>
	<p>Funding Sources:</p>	<p>HOPWA</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>Grant funds are currently awarded to the Minnesota AIDS Project (MAP), which provides the assistance to low-income persons diagnosed with HIV/AIDS, and their families. MAP is the only HOPWA formula project sponsor in Minnesota outside of the metropolitan area, and works in partnership with over 1,000 volunteers in community and outreach efforts. MAP provides a range of support services for persons with HIV, works to prevent the spread of HIV, and collaborates with a number of community organizations.</p>

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>With limited funding, renewal of existing grants is a priority.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>N/A</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>N/A</p>

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Following priorities set by the Minnesota HIV Housing Coalition, which acts as an advisory group to make recommendations for HOPWA funding, renewal funding for ongoing programs receive funding priority. There is a separate renewal process for ongoing HOPWA programs. If funds appropriated exceed the amount necessary to continue those programs at comparable levels, or if priorities change to address changing needs, those funds will be made available in the Minnesota Housing Multifamily Consolidated RFP process for application by all eligible sponsors, including eligible grassroots faith-based and other community-based organizations.</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>There is only one funding category and all resources are allocated to it.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>With limited funding, renewal of existing grants is a priority.</p>

What are the outcome measures expected as a result of the method of distribution?	Assisted households remain in their homes.
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Discussion

AP-35 Projects – (Optional)

Introduction

Not applicable to state CDBG.

#	Project Name

Table 10 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

AP-38 Project Summary
Project Summary Information

Table 11 – Project Summary

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

N/A

Acceptance process of applications

N/A

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

No

State’s Process and Criteria for approving local government revitalization strategies

CDBG-No.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Formula grant funds from the CDBG, HOME, HOPWA, and ESG programs may be directed to their highest and best use first, within each set of program guidelines, given the funding of all housing and community development programs throughout Minnesota.

Still, the housing and community development needs statewide far exceed the available resources to address them. Therefore, it is necessary to prioritize needs by type of activity and geography in order to ensure the greatest impact with limited resources. Diversity across the state means that different areas have different housing and community development needs that are best addressed through different types of investment activities. Minnesota’s experience with these programs shows that these resources are indeed distributed throughout the state. Properties throughout the state will be eligible to apply for HOME, non-entitlement areas will be served by CDBG, and HOPWA funds are available outside the metropolitan area, as required by HOPWA regulations.

For ESG Shelter funding, the application is open to all areas of the state, but priority is given to applications from the balance of state areas (non-ESG entitlement areas). Within ESG entitlement areas, priority is given to those jurisdictions which have chosen to use their ESG resources for emergency shelter but still demonstrate significant unmet need. For ESG Prevention and Rapid Re-Housing funding, funds will only be awarded to applications from non-ESG entitlement areas of the state.

Geographic Distribution

Target Area	Percentage of Funds
SLUM AND BLIGHT COMMERCIAL DISTRICT	20
TARGET AREA HOUSING REHAB	55
CITYWIDE PUBLIC FACILITIES	20
Balance of State	85
Economic Development	5

Table 12 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Of the amount available for awards, DEED intends to provide SCDP funds in accordance to the following approximate allocations: 30 percent for Single Purpose Applications and 55 percent for Comprehensive Applications. The remaining 15 percent allocation is designated for DEED's federal economic development set-aside. Allocation percentages may be modified by DEED if it determines that there is a shortage of fundable applications in any category. DEED does not distribute funds based on specific geographic area. Applications are competitive in nature. Percentages above are for CDBG only.

The Single Purpose Application is used by a housing project that includes one or more activities designed to increase supply or quality of dwellings suited to the occupancy of the individuals and families or public facilities projects that include one or more activities designed to acquire, construct, reconstruct, or install buildings or infrastructure that serve a neighborhood or community. With the Single Purpose Application, aggregate funding amount cannot exceed \$600,000. Two or more activities cannot exceed \$600,000 in total.

The Comprehensive Application is for projects that include a combination of at least two interrelated activities that are designed to address community development needs that, by their nature, must be carried out in a coordinated manner and/or require a coordination of housing, public facilities, or community development/revitalization activities. These projects must be designed to benefit a defined geographical area. Aggregate funding amount cannot exceed \$1,400,000, and each activity within the application is limited to \$600,000. Economic Development does not allocate geographically.

HOME funds are not allocated geographically because the needs are statewide and the state has chosen to address statewide needs rather than target funds to specific geographic areas.

HOPWA funds are targeted outside the metropolitan area, as required by federal rules. Since the need for emergency assistance that HOPWA provides is scattered throughout the state, the funds are also available wherever the need is in the federally-mandated target area.

Priority is given to ESG shelter applications from the balance of state areas (non-ESG entitlement areas) in recognition of these areas inability to receive ESG funding directly from HUD. This is the same rationale for limiting prevention and rapid re-housing funding to non-ESG entitlement areas within the state.

Discussion

Slum and blight, target area housing, and city wide public facilities, and economic development are DEED activities and the 100 percent is based on the DEED allocation only. The balance of the state(85) includes funds from Minnesota Housing, and Human Services. We do not geographically allocate funds to any part of the state. This page does not fit with state programs but as usually for entitlements.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction

The term affordable housing that is used in 24 CFR 92.252 and 92.254 includes several elements that are not requirements of ESG, HOPWA and CDBG. Therefore, the only units that receive federal assistance that can be assured of meeting the standard of "affordable housing" and are described here are HOME units.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	290
Special-Needs	0
Total	290

Table 13 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	290
Acquisition of Existing Units	0
Total	290

Table 14 - One Year Goals for Affordable Housing by Support Type

Discussion

HOME: 290 rehabilitated and/or newly constructed rental units, assuming average costs of \$46,781 per unit, though there are no plans to finance new construction unless and until such a program is authorized by the MHFA Board.

HOPWA Special Needs: 220 households assisted by HOPWA emergency assistance

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction

The State does not own or manage public housing.

Actions planned during the next year to address the needs to public housing

In February 2015, MHFA awarded nearly \$18,000,000 of state bond proceeds to make essential repairs and energy improvements to 35 public housing developments with 2,438 units. Troubled PHAs are not eligible to apply for these funds and the State has no plans to provide other financial assistance to troubled PHAs.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The State does not own or manage public housing and, therefore, has no opportunities to access public housing tenants and has no actions planned.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The State is not a PHA.

Discussion

See discussion above

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

As stated in the 2012 to 2016 Consolidated Plan, Minnesota's goal for the homeless and special needs populations is: - ensure homeless persons and those at-risk of homelessness are stably rehoused or diverted from shelter as quickly and effectively as possible; - provide safe, adequate emergency shelter for those who have not yet been rehoused or diverted from shelter; - ensure homeless families and individuals transition to stable, long-term housing situations; The specific objectives and strategies for addressing homelessness and non-homeless special needs populations that Minnesota will take over the next five years can be found in the Consolidated Plan, Volume 1. The State will fund homeless prevention, shelter, transitional housing programs and rapid rehousing programs to move people from homelessness(or at risk of homelessness) to permanent housing, stable housing. The state will do this using state-appropriated Family Homeless Prevention and Assistance Program, Emergency Services Program, and Transitional Housing Program funding in addition to Emergency Solutions Grant Program and Emergency Food and Shelter Program funding from the federal government. Non-homeless special needs populations in the state include the elderly and frail elderly, persons living with disabilities, persons with alcohol or other drug addiction, victims of domestic violence, persons living with HIV and their families, persons recently released from prison, and veterans. These populations are not homeless but are at the risk of becoming homeless and therefore often require housing and service programs. The needs of special populations are relative to the programs currently provided. More information regarding the State's commitment to ending homelessness is in the Homelessness Prevention Funds section of this plan

A key component of the State's Plan to End Homelessness involves working closely with local and regional planning bodies to ensure alignment and efficiency in allocation of resources. This happens in a variety of ways, with State ESG and Homeless staff actively participating in monthly local CoC planning meetings, monthly statewide CoC Coordinator meetings, and Family Homeless Prevention and Assistance Program (FHPAP) Regional Advisory boards. These regular interactions are play a critical role in ensuring both state and local governing groups communicate with each other about their needs and priorities.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The 2015 HUD Point In Time Count reported approximately 7,509 homeless persons in Minnesota, including 842 unsheltered persons on a given night. However, because the survey is conducted in January, the difficulty of locating persons during extreme winter months makes it virtually certain that this is a significant undercount of unsheltered persons. The State of Minnesota provides funding to a

number of street outreach, emergency shelters and transitional housing programs across the state with the state and federal funding that has been made available to it. Many of these programs will provide outreach to the unsheltered homeless population. Unfortunately, the amount of resources available through these state and federal programs is not sufficient to meet the needs of all homeless persons in Minnesota. The State of Minnesota is working in collaboration with the Continuum of Care Committees to develop Coordinated Entry systems in all areas of the state which will serve as a focal point for assessing the individual needs of both unsheltered and sheltered persons.

Addressing the emergency shelter and transitional housing needs of homeless persons

The State of Minnesota will use the resources available to it to provide funding to shelters and transitional housing programs across the state. On a given night, approximately 4,000 persons are staying in emergency shelters in Minnesota and approximately 3,500 persons are staying in transitional housing. The goal for the 2015 year, assuming that no new resources will become available, is to continue to support these capacities at current levels.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Since the creation of the Prevention and Rehousing component of the Emergency Solutions Grant Program in FFY 2011, the State of Minnesota has had another tool to assist homeless persons to move from homelessness to permanent housing. Emergency Solutions Grant Program funds will be targeted to provide prevention and rehousing assistance and services to families, individuals and youth, many of whom are veterans and some of which are chronically homeless, to move these households from homelessness to housing.

Data for the State's 2015 CAPER was not yet available at the time of publication for this draft Annual Action Plan. However, according to the State's 2014 CAPER, ESG sub-recipient assisted 806 persons who were either doubled-up (at-risk) or in shelter (rapid re-housing) to move to permanent housing. By targeting these funds to persons that currently reside in shelters (or who would not for this assistance), the length of time these households are homeless will be reduced. With the provision of supportive services to the rapid rehousing participants, it is expected that permanent housing retention will be improved.

In addition to efforts with ESG funding, the State provides over \$8.5 million dollars per year in Family Homelessness Prevention and Assistance Program (FHPAP), a funding stream which is dedicated to transitioning homeless persons to stable housing, and preventing persons who are at greatest risk from

becoming homeless. Over 7,952 households received assistance under FHPAP during 2014 (2015 data was not yet available).

The State has prioritized Chronic Homeless persons for additional state and federally funded assistance since the inception of the State's Plan to End Long-Term Homelessness in 2004. Since then, over 4,000 housing opportunities for the long-term and chronic homeless have been created by the State. Despite this investment, the numbers of Chronic Homeless persons continue to increase, up 27 percent to 1,124 persons in the 2015 Point in Time Count. In 2014, the legislature approved \$80 million in Housing Infrastructure Bonds that will support the development of an additional 689 affordable housing units, including 325 for long-term homeless households.

Because the State's Housing Trust Fund dollars, Infrastructure Bonds, and DHS-funded Long-Term Supportive Services dollars are focused on serving this population, and the length of stay limitations of ESG funding, the State has chosen not to prioritize ESG funds for this group.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

In Minnesota, the state legislature appropriates over \$8.5 million dollars per year under the Family Homeless Prevention and Assistance Program which is used mostly for homelessness prevention activities. These funds are available in all 87 Minnesota counties. The Minnesota Department of Corrections hosts Transitional Fairs at all of the state run correctional facilities. CoC coordinators and state homeless program staff have been active in attending these resource fairs during which they provide information and referrals to inmates who are being released into the community. State staff and CoC's will attend 100% of these transition fairs in 2014.

The Department of corrections also has a small pilot program through which they are able to provide transitional housing to persons leaving state run correctional facilities. This program will assist approximately 200 persons leaving state run correctional facilities. In addition, the state's Housing Finance Agency recently developed a pilot rental assistance program designed to help persons who are formerly incarcerated to re-integrate into communities through rental assistance funding, the outcomes of which are still being evaluated.

At the Department of Human Services, the Child Safety Permanency Division is in the middle of a two-year planning grant from the Federal Health and Human Services Youth Services Bureau to curb the population of homeless Minnesota youth leaving the foster care system. In addition, the state provides Healthy Transitions for Homelessness Prevention (HTHP) funding and Homeless Youth Act fundign to

support unaccompanied youth leaving foster care to become stably housed and avoid homelessness.

Discussion

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	220
Tenant-based rental assistance	0
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	220

AP-75 Barriers to affordable housing – 91.320(i)

Introduction

The State's programs are heavily weighted toward reducing the financial barriers to affordable housing, but the State recognizes that there are non-financial policy barriers to affordable housing as well.

The State does not have control over local land use controls, zoning, permitting, or growth policies; but it can, and does, provide incentives in Minnesota Housing's Consolidated Request for Proposals, which DEED also participates in, to alleviate the barriers to affordable housing those local policies may impose. Actions the State has taken in its Consolidated RFP in the past to reduce regulatory and policy barriers and will likely continue are described below.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Minnesota Housing's Consolidated Request for Proposals:

1. reduces the barrier of local land use and development policies by prioritizing developments that use land efficiently and minimize the loss of agricultural land and green space,
2. reduces barriers of zoning by prioritizing developments that address the needs of the underserved populations of households of color, single-headed households with minor children, and disabled individuals; developments that are located near jobs, transportation, recreation, retail services, schools, and social and other services; and developments that promote economic integration by providing housing opportunities for households with a wide range of incomes within a community and the proposed housing,
3. reduces barriers of local application and permit processes by prioritizing developments for which costs are reduced or avoided by regulatory changes, incentives, or waivers by the local governing body, including fast-track permitting and approvals, flexibility in site development standards and zoning requirements, and waiver of permit or impact fees.

In addition, the State fully supports efforts to reduce NIMBYism, prejudice, and negative attitudes toward affordable and multifamily housing, and will encourage planning decisions by CDBG sub-recipient communities that work to decrease segregation and increase integration of populations. The State will also fully support civic leaders and developers who undertake education in communities statewide. Such education could be targeted, timely, and, in the context of a possible development, relevant to potentially affected citizens.

Discussion

The State is in the process of developing its Consolidated RFP for 2016 and expects that the priorities in the 2015 RFP will carry forward to 2016, as they are important policy objectives of the State.

AP-85 Other Actions – 91.320(j)

Introduction

The following sections discuss other actions the state is currently conducting.

Actions planned to address obstacles to meeting underserved needs

See below.

Actions planned to foster and maintain affordable housing

Minnesota Housing will continue to give preference points in its RFPs to projects for which concessions are given by local units of government to enhance the affordability of the project. The Low Income Housing Tax Credit Program (LIHTC) is available to owners and investors of affordable rental housing for low-income households to help finance development. The State will mitigate the effects of zoning, land use, and impact fee barriers by giving preference points in its selection process to LIHTC projects that rehabilitate existing housing and to new construction projects that use existing sewer and water lines without substantial extensions. The 2014 Minnesota Legislature appropriated \$20 million if General Obligation bond proceeds to Minnesota Housing for the purpose of public housing preservation. Troubled PHAs are not eligible to receive these funds. Preference points are also awarded for LIHTC projects for which development-specific assessments or infrastructure costs are donated or waived or that have been approved for reduced setbacks, reduced parking requirements, decreased road widths, flexibility in site development standards and zoning code and other requirements, preservation of affordable housing, WAC/SAC reductions or fast-track permitting and approvals.

Actions planned to reduce lead-based paint hazards

Exposure to lead-based paint is one of the most significant environmental threats posed to homeowners and renters. Housing units built before 1940 are most likely to contain lead-based paint. Units built between 1940 and 1978 have a lesser risk, and lead was removed from household paint after 1978. Many older units may have few if any lead hazards depending on construction methods, past renovation, and other factors. The Environmental Health Division of MDH oversees a comprehensive lead program that includes testing, state-wide medical monitoring, health care, elevated blood investigations, compliance assistance, compliance assurance, and environmental remediation of identified lead hazards. The program is largely funded by federal dollars (HUD and EPA), with additional funding provided by the state's general fund. For more information see: www.health.state.mn.us/divs/eh/lead/index.html

Actions planned to reduce the number of poverty-level families

In Minnesota, there is a statewide network of Community Action Agencies (CAAs) and tribal governments with a common purpose: fighting poverty and its effects in Minnesota communities. The goals of these agencies are to better focus available local, state, private, and federal resources to assist low-income individuals and families to acquire useful skills and knowledge, gain access to new opportunities, and achieve economic self-sufficiency. Each agency assesses needs, establishes priorities, determines strategies to respond to local poverty issues, and delivers a broad range of services and activities to strengthen self-reliance.

The specific programs delivered by the CAAs and tribal governments include:

- **Energy Assistance:** Provides financial assistance toward energy bills for low-income households;
- **Weatherization:** Offers weatherization of homes of low-income households to reduce heat loss and increase heating efficiency;
- **Financial Literacy programming:** Includes Family Assets for Independence in Minnesota, a program which matches low-income households' income with state, federal, and private funding for the purpose of buying a home, furthering education, or starting a business. Other forms of financial literacy programming include tax preparation assistance, budget counseling, and general financial education;
- **Food Shelves and various nutrition programs:** Provides food for households experiencing emergencies through the network of locally run foodshelves;
- **Head Start:** Assists low-income families break the cycle of poverty by improving the health and social competence of children up to age 5 and pregnant women and by promoting economic self-sufficiency for parents;
- **Homeless Programs:** Provides assistance to households or individuals who are at-risk of being homeless, who are currently homeless, or who were previously homeless and are receiving follow-up services;
- **Housing Construction, Rehabilitation, and Assistance:** Develops long-term low-income housing, including the rehabilitation of unoccupied housing and the provision of rental housing assistance;

Actions planned to develop institutional structure

The delivery of affordable housing programs authorized by the federal government and Minnesota state legislature is centralized in Minnesota Housing. DEED is the primary administrator and provider of CDBG funds in non-entitlement areas of the state. Minnesota Housing and DHS share the delivery of supportive housing programs for persons experiencing homelessness. DHS is primarily responsible for the delivery of supportive services for persons with special needs because many persons DHS serves are homeless.

Affordable housing assistance in Minnesota depends upon a large network of local lenders, housing authorities, community action agencies, nonprofit and faith-based organizations, homeowner educators and counselors, and local governments throughout the state. The State relies on these entities to administer a number of affordable and supportive housing programs, to identify housing needs at the local level, and to encourage the development of affordable housing.

Recognizing the need to increase both the accessibility and effectiveness of assistance programs for low- and very low-income people, Minnesota Housing has worked to increase the participation of local nonprofits and other nontraditional lenders in delivering its programs. These nontraditional participants provide a greater opportunity to coordinate the delivery of assistance and to better target funds to people with the greatest need.

The State does not have any plans for developing new institutional structures but will continue to participate in the various structures currently in place, supporting the Minnesota Chapter of the National Association of Housing and Redevelopment Officials (NAHRO)'s conferences and the Working Together conference. Minnesota Housing coordinates its RFP selections with other funding partners, including DEED. DEED's CDBG grantees coordinate CDBG funding with Minnesota Housing, Greater Minnesota Housing Fund, DHS, Rural Development, Department of Health, and Weatherization funding. DHS will continue to participate in the various structures currently in place. The State hosts the Minnesota Interagency Council on Homelessness (MICH), through which all state agencies involved in the provision of services to homeless persons meets monthly. Members of the MICH are assigned to all Continuum of Care committees and Family Homeless Prevention and Assistance Program advisory committees to provide technical assistance and attend meetings of these groups. The State also hosts the Interagency Stabilization Group as well as the Greater Minnesota Preservation Work Group and the Stewardship Council to ensure coordination of funding resources.

The State participates in a number of standing meetings with representatives from local government, nonprofit, and private providers of housing and homelessness services

Actions planned to enhance coordination between public and private housing and social service agencies

The delivery of affordable housing programs authorized by the federal government and Minnesota state

legislature is centralized in Minnesota Housing. DEED is the primary administrator and provider of CDBG funds in non-entitlement areas of the state. Minnesota Housing and DHS share the delivery of supportive housing programs for persons experiencing homelessness. DHS is primarily responsible for the delivery of supportive services for persons with special needs because many persons DHS serves are homeless. Coordination between public and private housing and social services primarily occurs at the local or regional level and is supported by the Continuum of Care committees and other regional planning bodies funded, in part, by the State of Minnesota.

Affordable housing assistance in Minnesota depends upon a large network of local lenders, housing authorities, community action agencies, nonprofit and faith-based organizations, homeowner educators and counselors, and local governments throughout the state. The State relies on these entities to administer a number of affordable and supportive housing programs, to identify housing needs at the local level, and to encourage the development of affordable housing.

Recognizing the need to increase both the accessibility and effectiveness of assistance programs for low- and very low-income people, Minnesota Housing has worked to increase the participation of local nonprofits and other nontraditional lenders in delivering its programs. These nontraditional participants provide a greater opportunity to coordinate the delivery of assistance and to better target funds to people with the greatest need.

The State does not have any plans for developing new institutional structures but will continue to participate in the various structures currently in place, supporting the Minnesota Chapter of the National Association of Housing and Redevelopment Officials (NAHRO)'s conferences and the Working Together conference. Minnesota Housing coordinates its RFP selections with other funding partners, including DEED. DEED's CDBG grantees coordinate CDBG funding with Minnesota Housing, Greater Minnesota Housing Fund, DHS, Rural Development, Department of Health, and Weatherization funding. DHS will continue to participate in the various structures currently in place. The State hosts the Minnesota Interagency Council on Homelessness (MICH), through which all state agencies involved in the provision of services to homeless persons meets monthly. Members of the MICH are assigned to all Continuum of Care committees and Family Homeless Prevention and Assistance Program advisory committees to provide technical assistance and attend meetings of these groups. The State also hosts the Interagency Stabilization Group as well as the Greater Minnesota Preservation Work Group and the Stewardship Council to ensure coordination of funding resources.

The State participates in a number of standing meetings with representatives from local government, nonprofit, and private providers of housing and homelessness services.

The state does not have plans to provide financial assistance to troubled PHAs. Troubled and other PHAs are invited to participate in the "Working Together" conference to receive training on topics relevant to their operations, Because the state is not a public housing owner, it does not have plans to encourage residents to become more involved in management of public housing or have a specific outreach plan to public housing residents to encourage homeownership. Public housing residents are eligible to apply for homeownership assistance and receive the same outreach as other potential first-time homebuyers.

Discussion

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction

CDBG:Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. The year of 2015.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	100,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	100,000

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income.Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

**HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

None

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Not applicable because Minnesota will not use HOME for homebuyer assistance.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Not applicable because Minnesota will not use HOME for homebuyer assistance.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

There are no plans for using HOME to refinance existing debt.

Emergency Solutions Grant (ESG)
Reference 24 CFR 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

All sub-recipients of ESG funding have been required by DHS to establish written standards for the provision of emergency shelter, homelessness prevention and rapid rehousing assistance to homeless persons. The State will not be developing statewide written standards due to the complex needs and characteristics of the 87 counties in which ESG assistance is provided.

DHS has developed a monitoring tool based on the requirements found in 576.400(e)(3) and is conducting reviews of each sub-recipient's Written Standards during the annual monitoring cycle to ensure that they adequately include the elements broadly outlined in 576.400(e)(3). During the monitoring visit, DHS staff will also ensure that the ESG sub-recipients Written Standards are in accordance with the local Continuum of Care's plans for Coordinated Assessment.

DHS has provided guidance on required standards for prevention and rapid re-housing providers (evaluating eligibility, prioritizing assistance, determining type, amount and length of assistance) in the 2015 Application Package.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

DHS funds ESG projects in all ten Minnesota CoCs Each Continuum of Care region is in a different phase of planning and implementation of Coordinated Assessment, and it is therefore impossible to summarize the characteristics or status of each CoC. Two CoCs (West Central and Ramsey) have chosen to pilot a coordinated assessment system, and ESG sub-recipients in the area are actively participating in this system.

In addition, with the recent release of CoC regulations, the MN Interagency Council on Homelessness (MICH) has convened a working group to advise and assist in the consistent and timely development of coordinated assessment systems throughout the State. ESG sub-recipients are participating in these planning session, and DHS has informed them that they are required to participate in any coordinated system developed for their CoC.

The State continues to play an active role in ensuring these systems meet both the requirements and intent of the new HUD regulations, and will describe these assessment system(s) in future ESG Action Plans. The State will also ensure that ESG sub-recipients are involved in this coordinated assessment to the maximum extent practicable, and that such participation requirements do not unintentionally prevent or discourage the most vulnerable homeless populations from receiving the outreach and emergency shelter they urgently need.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

ESG funds are awarded as part of a funding allocation process that combined the grant with available money from four state-funded programs: the Emergency Services Program (ESP), the Homeless Youth Act (HYA), the Transitional Housing Program (THP) and Safe Harbor Shelter and Housing.

The application process for ESG funding is open to programs from all areas of the state. Priority will be given to shelter applications from the balance of State areas (non-entitlement areas), and funds for homelessness prevention and rapid re-housing activities will only be awarded to balance of state areas who do not receive their own ESG allocation.

The allocation of funding to specific programs is based on the overall quality of responses to the evaluation criteria and in accordance with regional and local priorities, as established by each Continuum of Care (CoC) committee. Eligible organizations include local government, nonprofit, community, and faith-based organizations such as shelters, transitional housing programs, and emergency service providers.

Requests For Proposals (RFPs) are sent to all current Office of Economic Opportunity homeless programs grantees, all Continuum of Care Committees throughout the state, and all other interested parties who have contacted OEO during the course of the year and expressed interest in the homeless program funding. DHS also publishes the RFP in the State Register and posts the RFP on the DHS website.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

The recipient is a State and therefore not required to meet the homeless participation requirement in 24 CFR 576.405. However, all sub-recipients are expected to actively work to consult and involve homeless or formerly homeless individuals in their policy development and program operations and are monitored regularly on this topic. In addition, State staff recently conducted an extensive semi-structured interview process with over 100 persons residing in emergency shelter to increase opportunities for input and learning from persons experiencing homelessness.

5. Describe performance standards for evaluating ESG.

The existing performance standards for ESG were developed in recent years during meetings with CoC representatives from around the state, and reflect the basic purpose of ESG shelter, prevention and rapid re-housing funds to a) keep people safely sheltered, b) re-house persons who are

homeless, and c) ensure persons are stably housed at program exit. ESG sub-recipient performance reports are sent to each CoC Coordinator, and include information on these goals and sub-recipient performance. This set of outcomes, as well as specific annual goals for these ESG-funded activities, are included in the Outcomes Measures and Performance Standards section of this Plan.

For the current Action Plan Year, the following performance standards will be used for evaluating each FY2015 ESG-funded activity:

Emergency Shelter:

of individuals in households receiving safe, adequate emergency shelter.

Prevention (Re-Housing)/Rapid Re-Housing;

of individuals in households who are stably re-housed.

of individuals in households who remain stably housed at program exit.

In addition to these performance standards, on-going evaluation of ESG sub-recipient performance occurs through DHS Grantee Assessment Tool (Risk Analysis) and its bi-annual monitoring process. This monitoring process places a heavy emphasis on program performance and effectiveness as well as ensuring sub-recipients have the technical assistance they need to be successful.

ESG Monitoring is described in more detail in the following attachment uploaded below: ESG Monitoring. The State will continue to share the outcomes of its monitoring visits with Continuum of Care Coordinators when there are relevant performance issues identified, and seek mutual problem-solving and assistance from CoC committees when appropriate.

Economic Development

Economic Development

Applications for economic development funding through the Minnesota Investment Fund may be submitted and approved throughout the application year or until the funds reserved have been exhausted. Applications are accepted for projects that will be started in a reasonable period of time i.e. "shovel ready".

Economic Development Criteria: Criteria for the economic development portion of SCDP funds is structured to ensure funds are targeted to companies that:

- Provide jobs to the low and moderate income populace

- Stimulate private capital investment
- Generate an increase in local tax base
- Provide improved employment and economic opportunity for Minnesota citizens to create a reasonable standard of living
- Meet a financial need
- Satisfy general accepted standards for financial feasibility,
- If appropriate, reduce excessive infrastructure costs which are beyond the means of the community and the private participants
- Meet acceptable lending standards
- “Favor” communities that experience greater economic distress i.e. higher unemployment and/or lower income levels compared to State averages.

CDBG Administrative Funds

Up to 5 percent of CDBG administrative funds are used to pay DEED staff and other administrative costs associated with the program. Unused administration dollars are allocated to future awarded projects.

MN ED Monitoring

Economic Development-Monitoring of economic development projects uses the same process as those established through the state of Minnesota's CDBG competitive program. The annual report asks for a list of the person receiving the assistance, the nature of the assistance provided; the name of the technical assistance provider, the cost of the assistance, the outcome of that assistance including in terms of number of businesses started up or expanded, the number of people employed and jobs created, information regarding any financial assistance secured as part of the business start or expansion, and the DUNS number where applicable.

ESG Interim Regulations: Written Standards

DHS-OEO Sub-Recipient Monitoring Tool

This information can be located in **Part 576 Emergency Solutions Grant Program Interim Rule** Handout

- Subpart E—Program Requirements
- Section 576.400 Area-wide coordination requirements, letter (e) *Written standards for providing ESG Assistance* (p. 75985)

“If the recipient is a state, the recipient must establish consistently apply, or require, that its sub-recipients establish and consistently apply, written standards for providing ESG Assistance....At a minimum, these standards must include...”

HOW DOES THE ESG SUBRECIPIENT MEET THE FOLLOWING REQUIREMENTS FOR WRITTEN STANDARDS:

1. Eligibility (EMERGENCY SHELTER and RE-HOUSING PROGRAMS):

Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG)

2. Admission, Diversion, Referral and Discharge (EMERGENCY SHELTER):

Policies and procedures for:

- a. Admission
- b. Diversion
- c. Referral
- d. Discharge by emergency shelters assisted under ESG, including standards regarding...
 - i. length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g.,
 1. victims of domestic violence, dating violence, sexual assault, and stalking
 2. individuals and families who have the highest barriers to housing and are likely to be homeless the longest

3. Assessing and Prioritizing (EMERGENCY SHELTER):

Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter

ESG Interim Regulations: Written Standards

DHS-OEO Sub-Recipient Monitoring Tool

4. **Coordination:** (EMERGENCY SHELTER and RE-HOUSING PROGRAMS)

Policies and procedures for:

- coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers;
- other homeless assistance providers; and,
- mainstream service and housing providers (see Sec. 576.400(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable)

5. **Determination and Prioritization:** (RE-HOUSING PROGRAMS)

Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.

6. **Rent and Utility Payments** (RE-HOUSING PROGRAMS):

Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance

7. **Length and Amount of Support (Rental Assistance)** (RE-HOUSING PROGRAMS)

Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.

8. **Type, Amount, and Duration (Housing Stabilization and/or Relocation):** (RE-HOUSING PROGRAMS)

Standards for determining:

- The type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant
- Including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the
 - maximum amount of assistance
 - maximum number of months the program participant receive assistance; or
 - the maximum number of times the program participant may receive assistance.

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Internal SCDP Monitoring Procedures

All grants will be monitored to determine whether or not the grant activities meet the following: federal objective, eligible activities, grant and financial management, activity specific and grant progress.

There are two types of monitoring conducted:

- Onsite Monitoring
- Desk Monitoring-ongoing

Onsite monitoring will be completed at least one time within the grant period. The goal is to monitor each grantee early enough to prevent problems but late enough to review grantee performance and progress. A monitoring checklist will be used at the visit with a description of a concern or a finding if applicable. Upon monitoring completion staff will input data into the monitoring spreadsheet.

The following is the onsite monitoring process:

- Notification of visit: The grantee and administrator will be emailed or called to set up the monitoring appointment and provided the monitoring checklist for preparation.
- Entrance meeting onsite(describing the process) will occur between the state, grantee, and administrator;
- State monitoring conducted using monitoring checklist: see areas reviewed in next section;
- Exit Meeting: Provide positive feedback and discuss findings/concerns;
- Cover letter and monitoring report written and approved by director prior to mail out;
- Notification of results to mayor and administrator: Cover letter and report;
- Follow up to clear Findings within 60 days from report date (when possible).

Areas reviewed will consist of:

- Activity Eligibility and National Objective;
- Grant and Financial Management;
- General areas of review: environmental, fair housing, labor standards- if applicable, grant progress, policies/procedures, and individual case files

Desk monitoring consists of DEED reviewing the items below at any time during the grant period:

- Annual Reports/Performance Measurements
- Disbursement Requests
- Labor Standards-Notice of Contract Awards and Final Reports
- Policies and procedures
- Environmental
- Requested information

April 2014

MONITORING

Rental Programs

Minnesota Housing monitors HOME-assisted rental properties for compliance by requiring owners to submit tenant income and rent information for annual review for compliance with HOME regulations. Minnesota Housing Multifamily Division staff physically inspect each property at least as frequently as required by 24 CFR §92.504(d) for compliance with property standard, to verify the accuracy of information owners submitted regarding tenant incomes and rents and to verify continued eligibility of a HOME-eligible lease form.

Minnesota Housing provides its Multifamily HOME Programs Compliance Manual to owners and management agents of HOME-assisted rental properties. The manual covers all HOME compliance issues, including leases, rents, incomes, maintaining unit mix, affirmative marketing, and property standards.

Minnesota Housing has a compliance monitoring system for tracking required submissions from owners, instances of non-compliance, and reporting on whether compliance is achieved. The system is automated with pre-determined times for follow-up reminders to staff to complete identified tasks and jobs according to the required schedule, report to managers when internal standards for correcting non-compliance are not met, and send automatic notices to owners and property managers when non-compliance is identified.

Downpayment Assistance

Minnesota Housing no longer provides downpayment assistance with HOME funds, so only monitors continued occupancy by HOME-assisted homebuyers.

HOPWA

For HOPWA capital projects, monitoring consists of the owner's annual submission of a Deferred Loan Owner Certification and Characteristics of Tenant Household Report as well as property inspections per the Board-approved inspection cycle, unless the owner has compliance issues that require more frequent inspections.

Inspection includes a physical inspection of the property, tenant file review to confirm eligibility, and HOPWA Development Review using the checklist that covers:

- Any service plans that are in place,
- To what degree HOPWA residents received the services offered to them,
- If any adverse actions have been taken against residents since the last HOPWA review,
- Evidence of due process that was provided, for any residents who were terminated from the program, and
- Compliance with audit and record retention requirements.

Monitoring of emergency rent and mortgage assistance includes:

1. Monthly review of administrative budget, production, and utilization of funding;
2. Evidence that the grantee is collecting appropriate demographic data; and
3. Biennial site visits to the grantee to review the following:
 - Policies and procedures,
 - Compliance with audit and data practices requirements,
 - Documentation of compliance with time limits for assistance,
 - Documentation of all aspects of tenant eligibility,
 - Documentation that each participant was provided an opportunity to receive case management services, and
 - Source documentation of rental, mortgage, or utility expense.

AP-30 Method of Distribution - 91.320(d)&(k)

ESG Funding

ESG Funding covered by this Action Plan is distributed in a competitive funding opportunity. The results of this funding process is reflected in the priorities and specific objectives outlined in State’s 2016 Annual Action Plan Table of Objectives and Outcomes.

ESG funds are awarded and distributed for emergency shelter, prevention and rapid re-housing. This competitive funding opportunity addresses three of the State’ priority objectives for ESG funding:

SL-1.1 Provide safe, adequate emergency shelter for those not yet re-housed or diverted from shelter.

SL-1.1 Stably rehouse homeless persons and those at-risk of homelessness

SL-1.1 Ensure homeless families and individuals transition to stable, long-term housing situations.

Following are the criteria used for distributing ESG funding for emergency shelter, prevention and rapid re-housing:

<p>1. Phase I: Required Statements Review</p>	<p>The Required documents will be evaluated on a pass or fail basis. Responders must "pass" each of the requirements identified in these sections to move to Phase II. Required documents for this RFP include the electronic and hard copy versions of the application, fully completed and submitted by the deadline.</p>
<p>2. Phase II: Evaluation of Technical Requirements of Proposals</p> <p>Points have been assigned to these component areas. The total possible points for these component areas are outline in Table 2 below:</p>	<p>Program Capacity (18 points)</p> <ul style="list-style-type: none"> • Financial & Administrative Capacity • Level of demonstrated collaboration • Need for program and funding <p>Program Design (25 points)</p> <p><u>Emergency Services:</u> <u>State Transitional Housing/Youth Supportive Housing</u></p> <ul style="list-style-type: none"> • Accessibility of services • Appropriate services for program model • Cost-effective program • Accessibility of services • Appropriate services for program model • Cost-effective program • Appropriate outcomes for target population <p>Program Revenue & Budget (7 points)</p> <ul style="list-style-type: none"> • Detailed revenue sources • Reasonableness of budget • Descriptive/complete budget narrative
<p>Other Criteria</p>	<ul style="list-style-type: none"> • Geographic location • Previous performance including monitoring and reporting

Discussion

The pages downloaded as a JPEG(uploaded image) do not view in entirety. See AP30 Method of Distribution as an example. This system is very difficult to attach things to. The add text boxes are limited on the number of characters so you have to create several text docs to get all the information covered and it does not allow you to paste text from another document, you have to type everything.

Most times when you save the text box it goes to a white screen and kicks you out of the system. Spent too much time trying to attach or put text in this section. See Unique appendicies for additional readable attachments.

Attachments

Citizen Participation Comments

STATE OF MINNESOTA

Department of Employment and Economic Development

Minnesota Housing Finance Agency

Minnesota Department of Human Services

NOTICE OF PUBLIC HEARINGS AND DRAFT AVAILABILITY

STATE OF MINNESOTA 2016 HOUSING AND COMMUNITY DEVELOPMENT ANNUAL ACTION PLAN (ACTION PLAN) AND CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER) FOR 2015

The State of Minnesota is developing its annual Action Plan for 2016, and the Consolidated Annual Performance and Evaluation Report (CAPER) for 2015 and encourages citizens to participate in their development.

Annually the state submits an Action Plan to the U.S. Department of Housing and Urban Development (HUD) in order to receive federal housing and community development funding through the Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grants, Housing Opportunities for Persons with AIDS programs, and now the national Housing Trust Fund (HTF). The state's 2012-2016 Consolidated Plan examines the housing and community development needs of the state, and sets priorities for allocating HUD funds. The annual Action Plan directs how the state will meet current and future needs and priorities in the coming year.

For 2016, the Action Plan will include the HTF. HUD guidance prevents the State from including the HTF in the Action Plan it submits to HUD until the amount of funds the State is allocated is announced by HUD. If the HTF allocation is not announced before the State

submits the Action Plan, information developed in this public comment process pertinent to the HTF will be used to substantially amend the 2016 Action Plan that is submitted.

The state submits its CAPER to HUD annually as one of the conditions of receiving federal funds under the programs identified above. The CAPER provides information to measure the state's progress during the past year in meeting assistance goals and priorities identified in the Consolidated Plan. The CAPER includes a summary and analysis of progress made on identified actions that state agencies have elected to undertake to affirmatively further fair housing and overcome impediments to fair housing.

Process to Comment on the Annual Action Plan

The state will hold its first public hearing about the Action Plan on Monday, July 27, 2015, to gather citizen input on housing and community development needs and how federal funding should be allocated in the state.

A second public hearing on the Action Plan will be held on Monday, September 21, 2015. This second public hearing will be for review and comment on the draft Action Plan, which will be available for public review and comment beginning August 21, 2015. The draft Action Plan will be available on the Internet at <http://www.mnhousing.gov> and <http://mn.gov/deed/government/financial-assistance/community-funding/> and in state depositories identified in the Citizen Participation Plan, which may be viewed at the same internet locations. Hard copies of the Action Plan can be obtained by calling Gloria Stiehl, Department of Employment and Economic Development, 1-800-657-3858, or (651) 259-7462, or TTY 1-800-282-5909 or (651) 296-3900. Both hearings will be held at 4:00 p.m. at the Minnesota Department of Human Services, Room 1236, 444 Lafayette Road, St. Paul. Free

parking for the hearings is available in parking lot C adjacent to the building. Call 1-800-657-3858 or TTY 1-800-282-5909 for more information about these hearings.

Comments on the draft Action Plan will be accepted until close of business September 22, 2015. Written public comments should be submitted to: Action Plan, Attn: Gloria Stiehl; Minnesota Department of Employment and Economic Development; First National Bank Building; 332 Minnesota Street, Suite E200; St. Paul, MN 55101-1351; via fax to (651) 296-1290 or by email to gloria.stiehl@state.mn.us. To ensure consideration of your comments, type "Action Plan" in the subject line of your e-mail.

The State will consider any comments from individuals or groups received in writing or at public hearings. A summary of the written and public hearing comments on the Action Plan and the State's responses will be included in the final Action Plan. The Action Plan and, if necessary, substantial amendment, will be submitted to HUD after HUD notifies the State of its fiscal year 2016 allocations.

Process to Comment on the CAPER

A draft of the 2015 CAPER will be available for public review and comment beginning November 14, 2015, at www.mnhousing.gov and <http://mn.gov/deed/government/financial-assistance/community-funding/> and ending at close of business on December 1, 2015. Hard copies of the CAPER can be obtained by calling Minnesota Housing Finance Agency at 1-800-657-3769 or (651) 296-7608, or TTY (651) 297-2361.

Written public comments on the CAPER must be submitted by December 1, 2015 to: CAPER, Minnesota Housing Finance Agency; 400 Sibley Street, Suite 300; St. Paul, MN

55101; via fax to (651) 296-8139 or by email to mn.housing@state.mn.us. To ensure consideration of your comments, type "CAPER" in the subject line of your e-mail.

The State will consider any comments from individuals or groups received in writing and a summary of the written comments on the CAPER and the State's responses will be included in the final CAPER. The CAPER will be submitted to HUD on or before December 31, 2015.

Grantee Unique Appendices

Housing Trust Fund Substantial Amendments to the 2016 Annual Action Plan and the 2012-2016 Consolidated Plan

These substantial amendments (amendments) to the State of Minnesota's 2012-2016 Consolidated Plan and the 2016 Annual Action Plan (plan) is necessary to implement the federal government's Housing Trust Fund (HTF). The amendments are being offered for public comment prior to HUD approval of the 2016 plan so that funds may be made available as soon as possible after HTF fund allocations are announced by the Department of Housing and Urban Development. Such announcement is expected early in calendar year 2016.

The Minnesota Housing Finance Agency has been designated by the Governor as the Minnesota recipient of HTF from HUD.

HTF Strategic Plan §91.315(b)(2)

Goals: Because this is the final year of the 5-year strategic plan, the goals are the same as the 2016 plan.

Number of HTF Units constructed or rehabilitated in 2016:	43
Number of HTF Units receiving operating subsidies:	12

Operating subsidies assumes providing assistance for up to the full 30 year affordability period. The number may be greater if it is found that less than 30 years of subsidy is necessary, or less if eligible applications are not received and operating funds are not committed to projects.

HTF Action Plan §91.320(k)(5) Housing Trust Fund

Distribution of HTF funds: Minnesota will not allocate funds to subgrantees for their distribution to owners/developers. Instead, HTF funds will be distributed directly to owner/developers of affordable housing via Minnesota Housing's annual Consolidated Request for Proposals. Minnesota Housing retains the option to offer funds on a pipeline basis in the event qualified proposals are insufficient to use the entire HTF grant.

Application requirements and selection criteria: Developers, owners, and the entire development team are required to meet the same eligibility criteria as for other agency programs, as specified in the Consolidated RFP.

The needs of very low-income renters are a high priority for the State of Minnesota. Applications will be evaluated against that need and scoring criteria that emphasizes other State priorities. For the 2015 consolidated RFP, those strategic priorities included:

- Preservation of developments that contain existing federal assistance or other critical affordable units at risk of loss,
- Address specific and critical rental housing needs, for example, TOD on fixed transit, economic integration and others,
- Prevent and end homelessness.

Among proposals that best satisfy strategic priorities, Minnesota Housing will give priority in awarding funding to the proposals that best meet the greatest number of selection priorities in effect at the time of the RFP. Selection priorities may be found in the “Multifamily Request for Proposal Guide.” The 2015 Guide is located on the Minnesota Housing website, www.mnhousing.gov.

Maximum Per-Unit Development Subsidy: Minnesota will establish the maximum per-unit development subsidy at the same level as per-unit cost thresholds established in the State’s Low-income Housing Tax Credit Qualified Allocation Plan (QAP). Despite the per-unit subsidy limits, subsidies may be further limited on individual projects based on the result of subsidy layering reviews and the financing needs of the project.

Per-unit subsidy limits are set forth in Attachment A, but are subject to change whenever a new QAP is adopted or modified. Adjustments are made in response to cost trends.

Developer Application Requirements of §91.320(k)(5)(i)

Geographic Diversity: Minnesota Housing will accept and consider proposals for HTF from across the State. The needs of very low income tenants across Minnesota is a high priority in the consolidated plan; however, geographic location of a project may be considered in the context of the project’s proximity to certain community features whose presence is a priority for Minnesota Housing. See “Priority Housing Needs” below.

Applicant Developer’s Ability to Undertake Eligible Activities in a Timely Manner: Applicants must be capable of undertaking and completing HTF-funded activities in a timely manner. This capability is evaluated during the Consolidated RFP process. Capacity of the entire development team is evaluated, taking into consideration experience with similar projects, financial and staff capacity, and other factors relevant to the role of the entity.

Extent to Which the Project has Project-based Rental Assistance so That Rents are Affordable to Extremely Low-Income Families: Minnesota Housing gives priority for preservation of rent-assisted projects; and for projects with binding commitments for project-based housing choice vouchers.

Duration of Affordability Period: No additional consideration will be given to projects that will provide affordability beyond 30 years.

Priority Housing Needs: Minnesota Housing has defined the following housing priorities:

- Access to transit
- Housing in Greater Minnesota areas with Job growth
- Economic integration—projects located in higher-income communities with access to low and moderate wage jobs
- Housing sponsored by Tribal Governments, tribal corporate entities, or tribally designated housing entities
- Support planned community development
- Preservation of assisted or other affordable housing at risk of loss due to market conversion, critical physical needs, or ownership capacity
- Permanent supportive housing

Description of activities to be undertaken: The application/proposal must describe the activity to be funded with HTF; and the applicant must certify that the assisted units will comply with HTF requirements.

Action Plan Requirements of §91.320(k)(5)(ii – vii)

Eligible Recipients: The types of eligible HTF recipients are described below.

- A for-profit entity
- A 501(C)(3) non-profit entity (including Community Housing Development Organizations, or CHDO)
- A government unit (excluding the Federal government) and Religious Organizations.

The owner must provide evidence of a qualifying interest in the property with such interest recorded and appearing in the records of the county. Properties owned by a trust are not eligible to apply for HTF funds. The minimum qualifying interests is a 100% fee simple interest, which may be subject to a mortgage.

Applicants and their development team must undergo an evaluation by Minnesota Housing of their capacity and pass Minnesota Housing underwriting before the applicant qualifies as an eligible recipient.

Performance Goals and Objectives: Minnesota Housing expects that all HTF funds received in 2016 will house extremely low-income families and that the allocation for Minnesota will be the minimum grant amount of \$3,000,000. In accordance with 24 CFR Part 93, Minnesota Housing will allocate 10% of its grant to program planning and administration costs (\$300,000); one-third for operating cost assistance or funding operating cost assistance reserves (\$999,000); the balance of the grant (\$1,710,000) will provide capital funding for new construction or rehabilitation of HTF units. If the actual allocation for 2016 is more or less than \$3,000,000 the percentage allocation of HTF between planning and administrative costs, operating subsidies and capital described above will remain the same.

At an anticipated average per unit capital cost of \$39,000, Minnesota Housing anticipates completing 43 units of housing that is affordable to extremely low-income families.

Based on Minnesota Housing's experience of providing operating assistance through the State's housing trust fund for supportive housing, Minnesota Housing expects average annual operating cost assistance to be \$2,700, which will provide operating assistance for 12 HTF units for 30 years.

Minnesota Housing reserves the right to reallocate uncommitted operating funds to capital costs if qualified applications for operating funds are insufficient to award all operating funds.

Rehabilitation Standards: Minnesota Housing's Rehabilitation Standards are set forth in the publication "Rental Housing Design/Construction Standards," which may be found on the internet at: http://www.mnhousing.gov/idc/groups/public/documents/webcontent/mhfa_010795.pdf.

Limitations on Beneficiaries or Preferences: Minnesota Housing does not limit or give preference to segments of the HTF-eligible population.

Refinancing Existing Debt: Minnesota Housing will not use HTF to refinance existing debt.

Attachment A
Per Unit Subsidy as Adjusted for Mix of Unit Sizes

	Subsidy limit adjustment for unit size mix	Subsidy limit for Families/Mixed Developments
New Construction Metro for Singles	1.17	
New Construction Metro for Families/Mixed	1.00	\$242,000
New Construction Metro for Large Families	0.96	
New Construction Greater MN for Singles	1.17	
New Construction Greater MN for Families/Mixed	1.00	\$192,000
New Construction Greater MN for Large Families	0.96	
Rehabilitation Metro for Singles	1.30	
Rehabilitation Metro for Families/Mixed	1.00	\$193,000
Rehabilitation Metro for Large Families	0.85	
Rehabilitation Greater MN for Singles	1.30	
Rehabilitation Greater MN for Families/Mixed	1.00	\$153,000
Rehabilitation Greater MN for Large Families	0.85	
<ul style="list-style-type: none"> • "Metro" applies to the seven-county Twin Cities metro area, while "Greater MN" applies to the other 80 counties. • "Singles" applies to developments where the share of efficiencies and 1 bedroom units is 75% or greater. • "Large Families" applies to developments where the share of units with 3 or more bedrooms is 50% or greater. • "Families/Mixed" applies to all other developments. • "New Construction" includes regular new construction, adaptive reuse/conversion to residential housing, and projects that mix new construction and rehabilitation if the new construction gross square footage is greater than the rehabilitation square footage. 		