



NOAH GROW Fund Policy

Effective August 18, 2026

NOAH GROW FUND OVERVIEW

The Washington County Community Development Agency (the "Agency") is committed to the development of affordable housing. The Agency established the GROW Fund (Growing Affordable Rental and Owner-Occupied Housing in Washington County) in 2005 to assist in the construction, rehabilitation, and preservation of affordable rental and owner-occupied housing. The GROW Fund meets the requirements of a Local Housing Trust Fund in accordance with MN Statute §462C.16. In response to the growing number of unsubsidized naturally occurring affordable housing (NOAH) properties with rising rent levels and the volume of currently subsidized affordable units reaching the end of their affordability terms, the Agency has established a set-aside of the GROW Fund specifically dedicated to assist in the preservation of NOAH and expiring affordable housing units. The NOAH GROW Fund is available to provide low-cost financing for projects implemented by eligible public or private entities with the capacity to preserve and operate affordable housing developments.

Fund Purpose

The NOAH GROW Fund is available to:

- Provide low-cost financing to preserve housing units with rents affordable at or below 60% of Area Median Income (AMI)
- Maintain the physical condition and value of aging rental developments
- Demonstrate local commitment to affordable housing to state and federal funding partners; and/or
- Leverage public and private sector funds.

Delegation of Authority

The Agency's Board of Commissioners has established this policy to guide the use of the NOAH GROW Fund. Agency staff are responsible for ensuring that funds are provided only to eligible applicants and expended only for allowable costs. NOAH GROW Funds for acquisition proposals shall be administered on a programmatic basis, acknowledging the time-sensitivity involved in acquiring a property listed for sale. The Board of Commissioners delegates authority to the Executive Director to approve the award of NOAH GROW funds for acquisition up to the amount of uncommitted funds available. The Executive Director or delegated staff shall notify the Board of Commissioners of the proposed acquisition. NOAH GROW Fund awards for property renovations will be presented by Agency staff to the Board of Commissioners for an approval decision at a scheduled meeting.

Capitalization of the NOAH GROW Fund

The NOAH GROW Fund is a set-aside of the Agency's GROW fund. NOAH GROW Fund sources consist of, but are not limited to, those listed below. NOAH GROW funding awards must meet the statutory requirements of the applicable funding source(s).

- State and Local Affordable Housing Aid: Funds allocated by the State of Minnesota to Washington County via the Local Affordable Housing Aid and Statewide Local Housing Aid Acts, MN Statutes §477A.35 and §477A.36, respectively.
- CDA Levy: The Agency established the GROW Fund by appropriating funds through the Agency's special benefit levy. The Agency evaluates its commitment to the GROW Fund on an annual basis through the adoption of its annual budget.

- Match Funding: From time to time, the Fund may receive additional funds from outside sources. Moneys received from other sources will be deposited into the Fund and used to make loans.
- Fund Income: Where financially feasible, the Fund will utilize a “Revolving Loan Fund” concept. Loan repayments and prepayments will be considered Fund Income and will be deposited back into the Fund to make additional loans.

Funding Availability

NOAH GROW funds are available on a first-come, first-served basis. Applications will be accepted throughout the year as long as uncommitted funds are available and the application meets both the NOAH GROW Fund requirements and Agency priorities. The Agency typically requires a minimum of 60 days to review a full and complete renovation financing application prior to recommendation to the Board of Commissioners. The Agency may determine to fund an application in whole or in part. In its sole discretion, the Agency reserves the right to waive any provision of this policy.

ACQUISITION AND RENOVATION FINANCING PROPOSALS

A. Applications

Applicants proposing the acquisition and/or renovation of an affordable multifamily rental housing development (minimum of four rental units in one rental building), must submit to the Agency an application in the form provided by the Agency and complete with all requested attachments (See Application for full list of submittals).

1. Applicant: The Agency will accept applications from established rental housing ownership and development entities. The Agency will prioritize proposed acquisitions/renovations by Minnesota-based parent entities with a demonstrated commitment to long-term housing affordability and well-maintained properties.
2. Application Fee: Applications must be accompanied by a fee of \$1,500. Except when an application is withdrawn by an applicant prior to review by Agency staff, application fees shall be non-refundable.
3. Community Review: For renovation applications, Agency staff will communicate with applicable city staff to understand any building code or rental license compliance concerns that should be addressed in the renovation proposal. City staff will be given a reasonable period of time to review and submit comments. The Agency will not approve any request for funding when a community indicates that the proposed renovation is not consistent with the community’s current comprehensive plan.

B. Eligible Activities / Costs

NOAH GROW Funds can be used for the following activities for multifamily rental developments of 4 or more units:

1. Property acquisition and related fees

2. Construction costs related to the property renovation
3. Other costs directly related to the property renovation, including architectural and engineering services, environmental remediation, demolition, financing costs or required fees, temporary relocation costs during renovation, and other similar costs
4. Site improvements (i.e. streets, sewer, water, lighting, landscaping) that support the property renovation

C. Loan Limits and Terms

Loan limits are based on the number and affordability level of rental units. Contract rent levels must meet the most current HUD/MTSP Area Median Income (AMI) rent schedule for the Minneapolis/St Paul/Bloomington Metropolitan Statistical Area by bedroom size, less applicable utility allowance.

Properties with a mix of affordable and higher rent units may apply for NOAH GROW funds, but the NOAH GROW loan amount will be based on the number and affordability level of the units as defined below.

- \$25,000 per unit affordable at 60% AMI
- \$35,000 per unit affordable at 50% AMI
- \$45,000 per unit affordable at 40% AMI
- \$55,000 per unit affordable at 30% AMI

1. Financing structure: NOAH GROW funds are structured as loans secured against the property. Interest rates are provided at below market rates and vary according to market conditions. Contact Agency staff for current interest rates. A Declaration is recorded outlining the number and affordability level of units used to secure the loan. These units must remain at or below the stated affordability for a minimum of 10 years.

The Agency will consider the following financing structures:

- a. Amortizing Loan: Fully amortizing over 10 to 15-year term.
 - b. Interest-Only Deferred Loan: Interest-only payments with principal deferred for 15 to 20-year term.
 - c. Deferred Forgivable Loan: 25% of deferred principal and interest forgiven after 15 years, 25% forgiven after 20 years, 25% forgiven after 25 years, and 25% forgiven after 30 years. Principal and interest paid on loan cannot be refunded.
2. Closing fee: Greater of \$3,500 or 1% of loan amount payable to the Agency.
 3. Reservation period: To ensure NOAH GROW Funds remain available to support eligible projects, funding reservations will expire 6 months after the date of Agency Board approval unless the applicant demonstrates significant progress toward securing funding commitments and any required city approvals. Applicants may request an extension to accommodate extenuating circumstances. The Agency reserves the right to consider each request on a case-by-case basis.

D. Compliance Requirements

Recipients of NOAH GROW funding must comply with the following ongoing requirements.

1. Resident Eligibility:
 - a. All existing tenants at the time of application for NOAH GROW funds are considered eligible residents. Existing tenants in good standing with their current lease may not be displaced as a result of receiving NOAH GROW funds.
 - b. New tenant household income must not exceed 60% of Area Median Income, adjusted for household size, as reported on the most recent required Federal tax return for all adult household members. Adult household members not required to file Federal income tax returns may provide alternative documentation of income (such as their most recent Social Security statement, etc.)
 - c. Households receiving rental assistance vouchers are deemed eligible residents without providing further income documentation.
 - d. A rent roll shall be provided at the time of application and annually to demonstrate resident and rent limit eligibility, with supporting income documentation for new lease-ups.
2. Rent Eligibility: Units designated as affordable for the purpose of securing the NOAH GROW funds must continue to provide rent levels at or below their designated affordability level, in accordance with the Fund application and Declaration.
3. Annual Rent Increase Limits for Existing Residents: Where the designated HUD/MTSP rent level by bedroom size for a NOAH GROW unit would allow for an annual increase greater than 6%, annual contract rent increases for existing residents cannot exceed 6%. NOAH GROW Units are not required to charge the maximum rent allowed and are encouraged to charge lower rents where financially feasible. Rents for units receiving rental assistance are not subject to this annual rent increase limit, as long as the rent level for the rent-assisted units remains under the applicable rental assistance payment standard.

Where total actual operating expenses have been significantly higher than projected, the Fund recipient may submit a request to the CDA for an annual rent higher than allowed under this paragraph. This request shall be submitted at least 90 days prior to the proposed implementation date of such annual rent increase and shall be subject to CDA review and approval in its sole discretion. Without prior CDA approval, all rent increases shall be subject to the limitations stated above for existing residents.

4. Acceptance of Rental Vouchers: NOAH GROW Fund recipients will be required to participate in the Section 8 Housing Choice Voucher and other applicable rental voucher programs for the duration of the affordability period. Participation means that recipients will not exclude qualified households who are receiving tenant-based rental assistance through the Section 8 Housing Choice Voucher and other applicable rental voucher programs.

E. General Application Requirements

1. **Organizational Capacity:** Applications must be received from a duly created and validly existing corporation, partnership, or other entity. Applicants must also demonstrate that the skills and experience of the ownership/development team and the property management team are appropriate to the size and complexity of the project. Applicants and the proposed property management firm must not have unresolved Fair Housing complaints or a documented history of Fair Housing violations. Applicants or affiliated entities that are disbarred from funding from U.S. Department of Housing and Urban Development or the Minnesota Housing Finance Agency are not eligible for NOAH GROW Funds.
2. **Site Control:** For renovation applications, applicants must provide, at the time the application is submitted, evidence of site control acceptable to the Agency.
3. **Relocation Plan:** For renovation applications, applicants must show that a temporary relocation plan has been developed to ensure that comparable units within the community are available and the budget is adequate to cover any temporary relocation costs. Any applications proposing to permanently relocate existing tenants in good standing with their current lease requirements will not be accepted.
4. **Design Requirements:** Design of the project must comply with all applicable zoning, building and energy codes, accessibility codes, and other local, state, and federal requirements applicable due to the source of funding. Those developments in cities and municipalities, which have not adopted the State Building Codes, must design and construct the development to comply with the State Building Code.

F. Financial Feasibility Analysis

In order to ensure that limited resources are utilized in the most effective manner, funding applications will be reviewed by Agency staff, analyzing the following items:

1. Reasonableness of costs
 - a. Per unit acquisition and renovation costs, including any related costs;
 - b. Required fees and financing costs;
 - c. Reasonableness and sustainability of maintenance and operating costs;
 - d. Level of Operating and Replacement reserves;
 - e. Necessity of funds based on total costs and any other proposed financing.
2. Development team capacity and experience
3. Level and duration of affordability
4. Underwriting analysis to support sustainable development operation, including debt coverage ratio and cash flow analysis. Underwriting analysis will follow the current underwriting guidelines from Minnesota Housing with exceptions approved by the Agency on a case-by-case basis. The final NOAH GROW loan amount will be limited to what is financially necessary as determined by the Agency's underwriting analysis.
5. Readiness to proceed

6. Leverage of outside dollars (e.g. private, nonprofit)
7. Prioritization of Funds: When evaluating competing applications that meet the funding review priorities identified above, the Agency may choose to prioritize projects located in submarkets or municipalities identified in the Agency's most current Comprehensive Housing Needs report as having greater need.

Policy Amendments

This policy may be amended from time to time by the Executive Director of the Agency to address administrative updates or to reflect the requirements of funding sources or applicable regulations. Substantive policy amendments shall be approved by the Agency Board.

Reporting

Per MN Statute §462C.16, Subd. 5, the Agency shall report annually to Washington County on GROW Fund activities, including activities under the NOAH GROW Fund set-aside.