

## **Minneapolis Gap Funding Plan**

To combat COVID-19, leaders must act quickly but our actions must also be informed by the best obtainable data. That's how the City of Minneapolis has approached assembling its new set of gap funds to support renters, families, businesses, and workers.

In just the last week, the state legislature authorized over \$300 million and the federal government advanced a record-setting \$2 trillion package to support residents and businesses impacted by the pandemic. At the local level, we're taking steps to make sure that our new programs complement, not duplicate, the work made possible by the new state and federal funding.

Mayor Frey in partnership with the City Council and city leadership are dedicating more than **\$5 million** for Minneapolis residents and businesses hit hardest by this crisis.

## **Minneapolis Gap Funds for Housing**

COVID-19 has changed nearly every facet of our daily lives, but it hasn't changed city leadership's core conviction that housing is a right. Here's how the Minneapolis Gap Funds for Housing will help ensure that right is guaranteed for our residents.

First, we're moving forward with \$2 million in emergency housing assistance payments to help low-income residents who have lost income due to the crisis.

We're also infusing up to \$1 million in our Stable Homes Stable Schools initiative for a total of \$3 million in gap funding for rental housing.

### Emergency Housing Assistance Program

The amount of assistance will depend on the individual needs of the household, taking into consideration other resources the household is eligible to receive. In most cases, the maximum amount of assistance will not exceed \$1,500 per household, but providers will have the flexibility to provide up to \$2,000 under extraordinary circumstances. Eligible expenses include rent payments, including rent in arrears and rent due within 15 days and utility payments. Payments will be made directly to the rental property owner and/or utility company.

#### *Eligible families will:*

- Reside in Minneapolis;
- Have incomes of 30% AMI or below;
- Have experienced a significant loss of income (from self-employed or any other source) due to the COVID-19 emergency;
- Households are eligible irrespective of immigration or documentation status.

The program is designed to serve households that are not served by other COVID-19 related federal or state assistance.

### Stable Homes Stable Schools Emergency Expansion

The existing Stable Homes Stable Schools' Housing Stability Fund – which provides one-time or short-term assistance to families experiencing homelessness or housing instability – will be expanded to address COVID-19 related housing instability on an emergency basis.

With up to \$1 million added to the program's Housing Stability, the expansion will open eligibility for the fund to all 39 of the Minneapolis Public Schools' elementary schools.

In most cases, the maximum amount of assistance will not exceed \$1,500 per household, but up to \$2,000 will be available under extraordinary circumstances. Eligible expenses include rent payments, including rent in arrears, utility payments, and other housing stability related costs. Payments will be made directly to the rental property owner and/or utility company.

*Eligible families will:*

- Have at least one child enrolled in one of MPS' 39 elementary schools;
- Have incomes of 50% AMI or below;
- Households are eligible irrespective of immigration or documentation status.

For both the Emergency Housing Assistance Program and the Stable Homes Stable Schools Emergency Expansion, the plan is for the intake process to be managed through the Tenant Resource Center (TRC). The TRC is a community collaboration which provides support for renters – including emergency assistance, workforce, legal assistance and mediation services. Our team is working hard to launch the funds and begin to accept applications by mid-April.

As application process details are being finalized, the Tenant Resource Center will not be able to provide any additional information on the Minneapolis Housing Gap funds or the application process.

Information about how and when to apply for these funds will be available on the City's COVID-19 webpage and disseminated widely as the process is finalized.

#### Naturally Occurring Affordable Housing (NOAH) Preservation

We're also preparing to respond to new opportunities and guard against speculator behavior that may work against the long-term housing stability of our residents. Our non-profit NOAH preservation partners (Land Bank, LISC, Aeon) are expecting to prioritize NOAH acquisitions during the anticipated downturn in the economy. There may be more opportunities to acquire NOAH property than in the past.

Without City assistance for preservation, we are concerned that they will be scooped up by better capitalized investors at a bargain, which could create even more housing stability challenges during a downturn for our low-income neighbors.

The City has \$3 million budgeted in its NOAH Preservation programs, ready to be responsive to market availability and use acquired properties to both preserve affordable housing and meet public health challenges posed by COVID-19.

### Homeownership Support

The City provides \$275,000 in funding to the Minnesota Homeownership Center.

During these uncertain times, homeowners can turn to this resource to protect their investment and housing stability. The Minnesota Homeownership Center has a network of FREE homeownership advisors who provide guidance about homeowners' options, including how to contact mortgage lenders and request relief options. These supports are provided in multiple languages.

## **Minneapolis Gap Funds for Small Businesses**

There's no corner of our city that COVID-19 will leave untouched. But we know that the economic burden of the pandemic will impact some communities more than others. Our targeted business relief programs reflect that reality.

With \$2.2 million in city funds, the Minneapolis Gap Funds for Small Businesses include a new Small Business Debt-free Fund for companies with 20 employees or less and people who are self-employed along with a revamped 2% loan program, adjusted to 0%.

### Forgivable No-Interest Loans for Small Business

The new Forgivable No-Interest Loans for Small Business will come in fixed amounts of \$5,000 or \$10,000, depending on need resulting from the COVID-19 emergency.

The new loan will prioritize near-term working capital needs of businesses such as:

- Payroll and employee benefits;
- Rent or mortgage payments;
- Accounts payable and payments due to supply chain;
- And other critical working capital needs;

*Eligible small businesses will:*

- Be located in a designated area of Minneapolis, such as Cultural Districts, Promise Zone, Green Zone, or ACP50 and include businesses that have:
- Have 20 or fewer employees and/or \$1 million or less in annual revenue;
- \$1 million or less in annual revenue;
- Self-employed workers are eligible and;
- Immigration status does not impact eligibility

### Revamped 2% Loan Program to 0%

We're modifying the city's existing 2% Participation Loan program for small businesses in two key ways: 1) setting the interest rate to 0% and 2) expanding the eligible expenses to include working capital costs.

These loans are available to businesses city-wide in amounts up to \$50,000 or \$75,000 depending on location to be matched by the lending partner.

These loans are originated and serviced by participating lenders and will have the following terms:

- Up to 10 years matched by the term of the lending partners' loan;
- Zero percent interest on the city's portion of the loan;
- Payments may be deferred for up to the first six (6) months matching the deferral terms of the Lending Partner;
- Principal and interest amortized over term thereafter;

*Eligible borrowers will:*

- Demonstrate a financial impact from the COVID-19 emergency;
- Have 20 or fewer employees and/or \$1 million or less in annual revenue;
- Self-employed workers are eligible;

### **City Loans**

We've also taken a closer look at city loans administered before the pandemic, and identified several ways we can help businesses do more.

For eligible and existing City-issued loans less than \$200,000 to homebuyers and businesses, the City is moving forward with six months of forbearance and deferred payments. The City will also seek forbearance on its commercial real estate loans greater than \$200,000.

### **More of What Works**

Finally, we're doing more of what we know works.

We're stepping up support from our Business Technical Assistance Program (B-TAP) with a \$300,000 boost in funding, so more people can get city support navigating challenges brought by COVID-19. We're also investing \$100,000 in the Twin Cities Hospitality Fund, a partnership fund with labor, civic, and business leaders to support low-wealth employees in the hospitality and service industry with micro-grants to cover basic needs.