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CITY OF SAINT PAUL

Naturally Occurring Affordable Housing (NOAH) Loan Fund



Why preserve NOAH, and why now?

Every year, Minnesota loses more affordable homes than we build.

We lost **52,000** naturally occurring affordable units from 2013 to 2019 in the metro through rent increases.

In that time, we only closed financing on **7,762** affordable (rent and income restricted) units.

Source: [MN House of Representatives NOAH Funding Proposal \(2022\)](#)

NOAH Preservation has many iterative benefits.

- Direct anti-displacement strategy that advances racial and economic equity through a place-based approach;
- Fast and cost-effective strategy;
- Flexible strategy that expands housing choices; and
- Long-term, environmentally sustainable strategy.

Source: [Enterprise Community Partners report on Preserving Affordability, Preventing Displacement \(2020\)](#)



Strategy: New NOAH Program

- Naturally Occurring Affordable Housing (NOAH) Preservation Fund
 - Three unit minimum building size: goal of supporting a mix of small and large projects
 - \$3 million initial investment from the Housing Trust Fund
 - Goal of launching fund early 2024.
- Acquisition focus
 - Compliment Rental Rehab program with acquisition focus
 - Support acquisition of properties by emerging developers, co-ops and nonprofits
 - Preserve long term (20-30 year) affordability and maintain housing stability when buildings transact



NOAH Program: Research and Outreach

- Housing staff began researching a NOAH Preservation Fund in 2020
 - Engaged with internal and external stakeholders
 - Researched existing program and best practices
 - \$3 million in Housing Trust Fund dollars flagged as a potential source
- Efforts were paused until late 2022 due to staff turnover and COVID-related programs in 2020 and 2021, including Emergency Rental Assistance and ARPA for 30% AMI development
- Program development resumed in early 2023, staff anticipates the program could be launched by the end of 2023



NOAH Program: Terms of Funding

- Loan amounts to any given borrower will be determined on a case by case basis to balance:
 - 1) Availability of funds
 - 2) Project underwriting
 - 3) Alignment with HRA preservation priorities
 - 4) Higher awards given to projects with deeper affordability (e.g. higher award for 50% AMI vs. 60% AMI)
- Aim to fund between 3-5 projects with initial \$3M allocation
- Funds secured by subordinate 20-30 year mortgage



NOAH Program: Preservation Priorities

- Properties located within 1/4 mile of existing or planned BRT or LRT lines, in alignment with other Saint Paul policies
- Support a variety of project sizes, including a mix of small projects and larger proposals
- Acquisition of property by limited equity housing cooperatives
- Acquisition of properties by small and emerging developers, such as developers who participated in the City's Emerging and BIPOC Developer Training and Engagement Initiative or in community initiatives such as the LISC Developers of Color Cohort, Greater MN Housing Fund capacity building initiatives, or ULI Real Estate Diversity Initiative, etc.
- Deeper levels of affordability (i.e. units affordable to households with lower incomes such as 30% AMI or 50% AMI units instead of 60% AMI units)
- Longer affordability commitment (e.g. 25 or 30 years instead of 20 years)
- Projects that maximize the leverage of outside funding and have lower subsidy per unit
- Commitment to serve households with housing barriers



Thank you!

Questions?

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