

REQUEST FOR PROPOSAL
for
Research and Development Consulting Services to Support the Implementation of a
Regional Plan for Development of Market Rate Housing in NW Minnesota

A Joint Effort of the NW Regional Development Commission and the NW MN Multi-County HRA
(Phase 1)

PURPOSE

The purpose of this Request for Proposal (RFP) is to obtain competitive proposals from qualified persons who are interested in providing consulting services for the following:

- Research (including initiating contacts, holding discussions, meetings, zoom sessions, etc.)
- Strategic development of network of stakeholders
- Identifying opportunities, collaborations, and innovative approaches to Market Rate housing development

WHO WE ARE

The Northwest Regional Development Commission is a body of 23 local elected officials and 8 public interest members that represent counties, cities, townships, school districts and special interest unit of government to develop plans and implement programs which address growth and development issues in NW Minnesota.

Created in 1973, its programs and work priorities have changed in response to economic and social trends, but the central mission of supporting efforts by cities, counties, townships, businesses, and individuals to improve living, working and natural resource conditions in NW Minnesota have remained constant.

The HRA was organized in 1972 and provides HUD housing assistance and community development services to cities in an 8-county area of NW Minnesota including Kittson, Roseau, Lake of the Woods, Polk, Marshall, Pennington, Norman, and Red Lake. They operate over 750 units for rent assistance to low-income families in the area, along with 24 scattered-site homes, and 118 Public Housing units. Additional programs include a down payment assistant program, two contract-for-deed homebuyer's programs, and management of 600 rental units in the region through Greater Minnesota Management Company. The HRA continues to work with cities and counties to assist with their evolving economic and community development needs.

BACKGROUND

The need is now critical for "market rate" housing in many communities across NW Minnesota; so much so that it is creating a significant impact on employers' ability to realize additional economic growth. Market rate housing is defined as single or multi-family dwelling units which are not subject to income limitation and do not require a percentage of mixed-income occupants. Due to the lack of available housing stock (both new and existing) there are just not enough available options to attract the additional, needed workforce to the area.

Since mid-April of 2022, James Retka (Community Development Director for the NW Regional Development Commission) and Kristi Thorfinnson (Community Development Coordinator for the NW MN Multi-County HRA) began convening stakeholder conversations to first, understand the issues, and then assess more deeply what can be done to mitigate them. An extensive list of housing industry contacts has been identified, with the intent to continue conversations in the coming weeks.

One of the most significant factors affecting housing development in Greater Minnesota is the "appraisal gap" which is a significant deterrent when working to attract private housing developers. Even though a community may be able to incentivize development with public financing mechanisms such as tax increment financing and tax abatement, the risk is often viewed as hard to overcome. In most cases, a housing project (no matter the size), will appraise some 25% below its turn-key construction cost and financing will cover roughly 80% of the appraised value. This presents a critical gap in capital required between project financing and the actual construction costs. More needs to be known about what tools are available to assist in offsetting this gap for future development. At the same time, new conversations must address additional tools not currently in use,

which can be developed to go beyond the current capability in NW Minnesota's efforts to encourage more housing options.

PROJECT SCOPE

By conducting additional research, we propose to bring many stakeholders together to understand what needs to change, and how to best affect that change. The contacts we have spoken with had some of the pieces of the puzzle, but most were viewing this issue through the narrow lens of their particular programs or agencies. It seems the region may be operating in a vacuum when considering how and when housing is developed. With input from local governments, private developers, regional business and industry, financial organizations, non-profits, state agencies, and our local legislators, we intend to develop a path forward which will identify potential opportunities and innovative collaborations.

Our goal is to understand what we are currently not considering, and what changes or improvements are needed to ignite a partnership and structure that works for the NW Minnesota region. We need to better understand what factors are impeding housing development in our region and identify/create the tools to assist area communities in developing housing appropriate to the needs of the typical workforce employee in rural Minnesota.

Under direction of the NW Minnesota Multi-County HRA and the NWRDC, a consultant will be hired to manage the project. It is expected that the consultant will engage in research relative to best practices from across the state and other similar geographies. Public policy will be considered, and changes proposed with input from stakeholder groups. Financial tools currently not in use in the region will be explored for their applicability when considering local conditions. Private philanthropic examples will be investigated for their appropriateness, including creation of a NW Minnesota Housing Trust Fund similar to the Minnesota Impact Investing Initiative.

ANTICIPATED TIMELINE

Award of grant from NMF	July 15, 2022
Proposal submission deadline	August 15, 2022
Proposal awarded & Consultant retained	August 22, 2022
Project completion and final report	November 1, 2022

BUDGET

Our grant allocation for Phase 1 of this project allocates \$14,500 for consulting services, and \$500 for travel.

PROPOSAL SUBMITTAL

Firms or individuals who are interested in providing services requested under this RFP should submit a resume and 3 professional references, either by email or by standard mail, by 12:00 p.m. on August 15, 2022, to:

James Retka, Community Development Director
NW Regional Development Commission
109 S. Minnesota Street
Warren, MN 56762
218-745-9135
james@nwrdc.org

Questions on this RFP can be directed either to James Retka at 218-745-9135, james@nwrdc.org or to Kristi Thorfinnson at 218-309-0057, kristi@nwmnhra.org