



Pairing **EMERGING DEVELOPERS** with **NOAH PRESERVATION**

An Assessment of Minnesota's Efforts 2021-2025



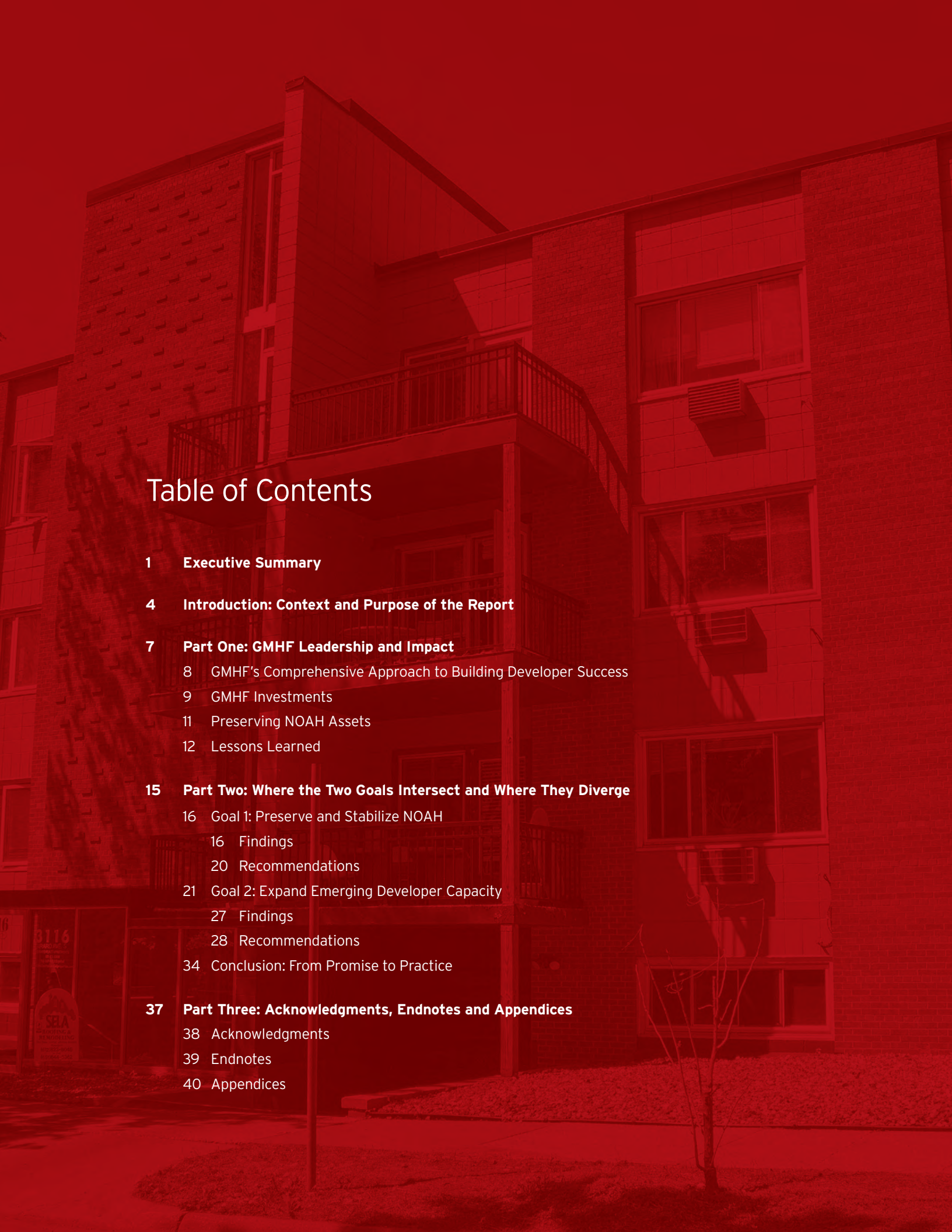


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Executive Summary

MINNESOTA'S AFFORDABLE HOUSING ECOSYSTEM FACES A DEFINING MOMENT. Since 2020, Minnesota has seen unprecedented investment to create pathways for emerging developers to enter the field and preserve naturally occurring affordable housing (NOAH) properties.

Now, several years later, this report examines a critical question: **How well do these parallel goals work together in practice** — building developer capacity while preserving naturally occurring affordable housing? **Where do they amplify each other's impact, and where do they create tension?**

PROGRESS AND INVESTMENT

The collective commitment among ecosystem partners has been substantial. Greater Minnesota Housing Fund (GMHF), the largest nonprofit affordable housing Community Development Financial Institution (CDFI) in Minnesota, invested over \$59.5 million in projects led by emerging developers, directly supporting 52 projects that created or preserved 1,076 units of affordable housing. Ecosystem partners across Minnesota — including the City of Minneapolis, Ramsey County, Twin Cities LISC, Minnesota Housing Partnership, City of Saint Paul, Land Bank Twin Cities, Urban Land Institute, and other CDFIs — contributed millions more through their own grants, lending programs, training initiatives, and technical assistance, supporting dozens of additional projects and developers.

Emerging developers entered the field through GMHF and multiple other pathways including LISC's Developers of Change Program, Ramsey County's Emerging and Diverse Developer program, the Minneapolis Developer Technical Assistance Program (DTAP), Minnesota Housing Partnership's Emerging Developer Initiative, and Urban Land Institute's Real Estate Diversity Initiative (REDI). GMHF alone trained 175 participants through its pro forma/

underwriting and property management programs, while hundreds more benefited from the broader ecosystem's education and mentorship offerings.

This collaborative investment reveals what success requires: comprehensive preparation, sustained multi-partner support, and careful property matching. When these align, emerging developers can preserve affordable housing while building lasting businesses.



PERSISTENT CHALLENGES

This report identifies challenges in the intersection of emerging developer projects and small NOAH preservation, including:

During the period studied, 2021-2024, NOAH properties generally with 40 units or less, faced severe financial strain with maintenance costs 135% above projections and insurance premiums up 108%.

Only 1 of 12 ecosystem programs serves brand-new developers, leaving most to navigate complex systems alone.

Emerging developers average 103% loan-to-value ratios on their properties versus under 90% for established developers, limiting their margin for error.

Time-pressured funding, such as requests for proposals (RFPs) that occur only annually, don't often line up with opportunities in the marketplace.

Mismatch of development opportunities and emerging developer readiness, resulting in some emerging developers taking on larger or more complex projects beyond their capacity.

KEY FINDINGS

The pairing of emerging developer support and NOAH preservation can succeed, but only under specific conditions. When rushed or under-resourced, the pairing can risk damaging both goals. Success requires intentional design, not just good intentions.

ESSENTIAL RECOMMENDATIONS FOR SUCCESSFUL PAIRING OF EMERGING DEVELOPERS AND NOAH PRESERVATION PROGRAMS

Establish common criteria, definitions, and a forum for sharing information across all ecosystem partners and programs.

Create multiple entry points for developers including smaller properties, co-development opportunities, and graduated complexity that matches growing capacity.

Increase the amount of low cost, patient capital to supplement owner equity.

Match property complexity to developer readiness through assessment and coordination across programs. Provide educational and professional development opportunities to build developer capacity over time.

WHAT'S AT STAKE

This work is shaping Minnesota's housing future in three concrete ways: expanding the capacity of the affordable housing sector by supporting emerging developers, preserving homes that working people and families can afford, and providing tools that help people invest in their own communities.

The potential is clear. When conditions align — proper support, realistic underwriting, and low-cost, patient capital — **emerging developers have succeeded in preserving affordable housing while building their own capacity.**

Successes of emerging developers, whether in a formal program or not, are myriad. These successes demonstrate the demand for these opportunities and that greater scale is possible.

Minnesota has essential ingredients in place: experienced CDFIs, committed nonprofit and government partners, established training programs, and emerging developers ready to grow. The challenge is connecting these strengths through coordinated systems — common criteria, shared information, aligned support — that create more consistent success.

This isn't about starting over. It's about learning from what has worked and building systems and infrastructure that makes success more frequent and predictable. The results demonstrate that when proven lending approaches, effective training models, and comprehensive support systems work in coordination rather than isolation, more developers can thrive, more housing can stay affordable, and more communities can build wealth. Minnesota can demonstrate that inclusive development works by learning from what has worked and what hasn't, to fortify an ecosystem that is equipped with proper support for pairing emerging developers with NOAH preservation.

**"I never lose,
I learn or win, right?"**

GMHF Emerging Developers Program participant





INTRODUCTION

Context and Purpose of the Report

This report examines GMHF's specific investments and lessons learned and the intersection of two vital strategies in Minnesota's housing ecosystem: (1) **Emerging Developer Programs**, which seek to build the capacity of local real estate developers, and (2) **Naturally Occurring Affordable Housing (NOAH) Preservation Initiatives**, which aim to stabilize and retain affordability in privately owned, unsubsidized yet affordable rental housing.

DEFINING EMERGING DEVELOPER PROGRAMS AND NOAH PRESERVATION INITIATIVES

Emerging Developer Programs vary widely in format and scope but share a unifying purpose: to build sustained, community-based capacity in real estate development. These programs provide technical assistance, education, mentorship, access to capital, and networking opportunities to emerging developers, many of which are rooted in the communities they serve. These programs focus on expanding the capacity of emerging developers to advance community development goals, including safe and stable homes that residents can afford, local ownership of real estate assets, smaller-scale, infill development, and wealth-building opportunities for low-income communities and communities of color.

The Greater Minnesota Housing Fund (GMHF) Emerging Developers Program exemplifies this mission. As GMHF describes it:

Our Emerging Developers Program invests in local developer capacity to produce the homes Minnesotans need through a suite of services:

- *Technical Assistance: We provide guidance for developers evaluating real estate development and funding opportunities, as well as post-closing support.*
- *Education and Training: Our New Property Owner Seminar and Small NOAH Pro Forma Training provide practical information tailored specifically for small property owners.*
- *Grantmaking: We offer direct financial assistance to emerging developers to enhance their capacity and ability to carry out affordable housing activities.*

We support developers to navigate industry requirements, conduct due diligence, and qualify for financing. We help developers to acquire, manage, and maintain affordable housing developments with support from staff and partners.

GMHF's Emerging Developers Program goals:

- Expand affordable housing development and preservation for low-income residents of Minnesota by building and sustaining the capacity of emerging developers across the state.
- Remove barriers of entry in the affordable housing development sector to support emerging developers by providing access to capital, training, and education, funding opportunities, technical assistance, and/or professional networks.
- Identify and grow the number of emerging developers in communities throughout Minnesota, in collaboration with partner organizations, to better advance local and community-based housing solutions.

In parallel, NOAH Preservation Initiatives aim to prevent the loss of affordable housing units that serve households earning at or below 60% of the Area Median Income (AMI). These efforts involve a variety of tools— capital investment, regulatory mechanisms, and mission-aligned ownership transfers.

The goals of NOAH initiatives are:

- To extend the affordability and livability of privately owned, unsubsidized yet affordable housing serving tenants between 50% and 60% AMI
- To prevent displacement of low-income tenants

Over the last several years, these two strategies have been increasingly paired. Policymakers and funders have supported the premise that emerging developers should play a key role in NOAH preservation, given their community alignment and the need for broader participation in the development ecosystem by starting with smaller projects. However, the assumption that these two goals are always mutually reinforcing has not yet been fully evaluated.

This evaluation was undertaken to interrogate this premise. Specifically, it seeks to:

- Identify the structural conditions required for successful alignment between emerging developer programs and NOAH preservation initiatives
- Surface potential risks or tensions that may arise when these strategies are combined without adequate support, infrastructure, systems, or alignment
- Recommend ways to improve, refine, or — in some cases — unpair these strategies to strengthen both efforts

Drawing from interviews, surveys, financial data, and more than a dozen evaluations produced between 2021 and 2025, **this report synthesizes what's working, what isn't, and what must change.**

It offers ecosystem stakeholders — funders, public agencies, developers, and intermediaries — both an honest assessment and a practical blueprint for building infrastructure and systems that support inclusive and sustainable affordable housing development and preservation in Minnesota.



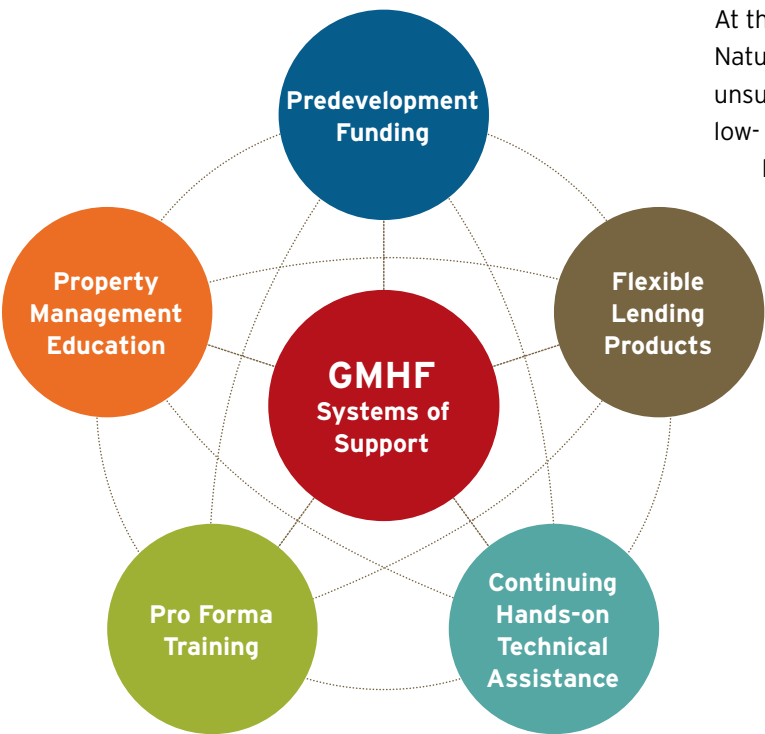
PART ONE

GMHF Leadership and Impact

GMHF's Comprehensive Approach to Building Developer Success

Within Minnesota's collaborative housing ecosystem, GMHF has developed a distinctive model that goes well beyond traditional CDFI lending. Recognizing that emerging developers need more than capital to succeed, GMHF has built interconnected systems of support: predevelopment funding, flexible lending products, hands-on technical assistance that doesn't end at closing, pro forma training that reflects real market conditions and underwriting criteria, and property management education that strives to proactively prepare new property owners for operational challenges.

When properties owned and operated by emerging developers have struggled, GMHF has stepped in directly — not just as a lender protecting an investment, but as a partner committed to preserving affordability and developer capacity. This section examines how these layered interventions work together, sharing both the successes achieved through comprehensive support and the difficult lessons that revealed where even more scaffolding was needed. These insights are shared here, contributing to collective learning about what truly sustainable developer support requires.



TURNING POTENTIAL INTO PROGRESS

For emerging developers, the path from vision to viable project is often filled with roadblocks — especially when capital is limited, and experience is still growing. GMHF steps in at these early, high-stakes moments with targeted support: direct grant funding to advance projects through the predevelopment phase, flexible lending to move deals forward, and practical training and networking opportunities to build confidence and competence.

By addressing the barriers that hold emerging developers back, **GMHF is helping to grow a more inclusive, capable, and community-focused development ecosystem.**

PRESERVING AFFORDABILITY WHERE IT ALREADY EXISTS

At the same time, GMHF plays a critical role in preserving Naturally Occurring Affordable Housing (NOAH) — unsubsidized rental housing that remains affordable for low- and moderate-income households. Through strategic lending, targeted reinvestment, and hands-on support, GMHF helps stabilize NOAH properties at risk of disrepair or speculative sale and protect generally lower income NOAH residents from displacement. From financing major rehabs to stepping in during foreclosure, GMHF ensures that affordability isn't lost — and that communities can continue to count on these homes for years to come.

GMHF Investments

GRANTMAKING: FUELING FIRST STEPS

Launching a project is often the most challenging phase for a new developer — especially when it comes to predevelopment expenses. These early-stage costs are some of the scarcest and riskiest dollars in real estate, and the lack of access to capital can stall even the most promising projects. That’s why GMHF provides direct grant funding to emerging developers to cover training, feasibility analysis, and predevelopment expenses. The table below summarizes the grantmaking activities through GMHF’s Emerging Developer Program since the program began.

Year	Grantmaking	Number of Grants	Units Created/ Preserved	Developments
2022	\$525,000	15	332	20
2023	\$429,600	22	143	22
2024	\$595,000	15	121	15
Total	\$1,549,600	52	596	57

LENDING:

GMHF backs emerging developers with flexible capital — everything from short-term construction loans to long-term first mortgages, mezzanine loans, and gap loans. This lending has supported a variety of projects including single-family home development, Small NOAH property acquisitions, and permanent supportive housing. GMHF also provides predevelopment loans, construction loans, and permanent financing for emerging developers who have gained experience, built their financial capacity, and are taking on larger and more complex projects, including those financed with Low Income Housing Tax Credits (LIHTCs).

SMALL NOAH INVESTMENT:

GMHF has made significant financial investments in 17 small NOAH projects, originating a total of **\$31,809,000** in loans. Among these 17 projects, 12 projects (70%) were led by emerging developers.

This includes:

- **\$28,231,000** in first mortgages (\$17,079,000 to Emerging Developers)
- **\$3,063,000** in second mortgages (\$1,533,000 to Emerging Developers)
- **\$515,000** in third mortgage gap loans (all to Emerging Developers)

TRAINING: KNOWLEDGE THAT MOVES PROJECTS FORWARD

Capital alone isn’t enough. Developers need the tools and know-how to succeed. As part of their Emerging Developers Program, GMHF designed two free group training courses to close critical knowledge gaps:

GMHF Free Training Programs	Session	Total Attendees
Small NOAH Pro Forma Training	4	134
New Property Owner Seminar	3	41
2022-2024 Totals	7	175

GMHF also sponsors one-year memberships to the Minnesota Multi-Housing Association (10 sponsored memberships since 2021), giving emerging developers ongoing access to education and industry networks.



**SMALL NOAH
INVESTMENT
PROJECTS**



Preserving NOAH Assets

GMHF’S RESPONSE: TRANSPARENCY THROUGH ACTION

The investments below represent both emergency responses and learning opportunities. By documenting what went wrong alongside what worked, GMHF contributes to ecosystem-wide learning. These experiences — the struggles and the solutions — can inform how all partners approach emerging developer support and NOAH preservation.

When early NOAH preservation deals hit serious trouble — insurance doubling, maintenance exceeding projections by 135%, and developers struggling without adequate support — GMHF had to act fast. The organization stepped in directly, taking back properties upon the request of the developer and funding emergency repairs and restructuring project financing to prevent tenant displacement, ensuring projects remain community and neighborhood assets, and protecting emerging developers from devastating losses.

More importantly, GMHF set out to understand *why* the bumps occurred. Each intervention produced evidence about system gaps: developers clarified the help they needed (vs. what was offered), and real-property performance showed where underwriting assumptions missed fast-shifting costs. That transparency drove course corrections — navigation support was scaled up, underwriting was recalibrated to current operating realities, and hands-on support deepened based on lessons learned from real project experiences, not theory. GMHF asked what went wrong — and **acted on what it learned**. Project data and developer feedback exposed missing supports and outdated cost assumptions. GMHF responded: expanded navigation, updated underwriting, deeper hands-on help grounded in real projects. Owning misses and showing fixes builds trust and helps the ecosystem turn values into consistent results.

Of the 12 NOAH preservation projects led by emerging developers that GMHF financed, GMHF worked to either reclaim or restructure 4 projects to ensure long term sustainability, summarized in the table below.

Intervention Type	Purpose of Intervention	New GMHF Investment	Investment Use
Deed in lieu of foreclosure	Requested by emerging developer Rehabilitation needs and insufficient cash flow to operate property	\$624,000	6-unit property — rehabilitation to address deferred maintenance and upgrade systems to improve energy efficiency and reduce operating costs.
Voluntary foreclosure	Requested by emerging developer Rehabilitation needs and insufficient cash flow to operate property	\$796,000	24-unit property — rehabilitation completed by GMHF to reduce operating costs; forgivable loan provided to new emerging developer buyer
Debt restructure and forgivable loan	Insufficient cash flow to operate property	\$250,000	29-unit property — stabilize operations
Forgivable loan	Insufficient cash flow and property reserves to cover replacement of critical building systems	\$90,000	8-unit property — replacement of aging windows and original boiler. GMHF also helped secure \$40,000 Green Cost Share grant from the City of Minneapolis

Lessons Learned: Meeting the Moment, Charting the Way Forward

In 2020, the ecosystem increasingly prioritized building the capacity of emerging developers. Funders, administrators, and policymakers moved quickly to deploy resources, launch programs, and expand who participates in development and preservation of affordable housing.

Emerging developers acted on a strategic opportunity. When emerging developer programming started to become more prevalent, prospective developers recognized an opportunity to invest in real estate in their communities.

Meaningful change happened fast. Between 2021 and 2024, over 1,000 affordable units were preserved or created through GMHF financing alone. Dozens of first-time developers entered a field that historically had a high barrier to entry but was now providing support and resources to them. GMHF invested over \$59.5 million to capitalize affordable housing development and preservation, including Small NOAH projects led by emerging developers, while ecosystem partners added millions more. Education became a cornerstone — GMHF helped 175 developers gain concrete skills through pro forma and underwriting training and property management seminars, with 10 developers receiving year-long memberships to professional associations. Additionally, other ecosystem partners also provided important training and education opportunities specifically designed for emerging developers. Experienced developers began mentoring newcomers. Tenants maintained stable housing. In some neighborhoods, residents saw local ownership emerge — a watershed moment that, in those cases, redefined who controls community assets.

The creation of new programs targeting new developers also created challenges. Many properties acquired during this period needed major rehabilitation or operated with minimal cash flow. Time-limited funding windows sometimes drove decisions more than property viability. Developers managed these complex assets while the ecosystem built supporting infrastructure in real time.

Some properties thrived; others revealed gaps in buyer readiness, underwriting, technical assistance, and ongoing support. These experiences — both successes and struggles — generated essential knowledge about what sustainable, inclusive development requires.

The willingness to learn from experience matters as much as the initial action. Rapid deployment revealed what works and what doesn't. Some developers and properties thrived with the right support; others struggled. This evaluation captures both realities without judgment. Understanding these patterns — why certain combinations succeeded while others faltered — provides the blueprint for building systems that sustain equity rather than just attempting it.

“I’ve learned the most during my biggest failures. It’s about not being afraid to fail and having the right people to call when it goes wrong.”

GMHF Emerging Developers Program participant



RECOMMENDATIONS FROM LESSONS LEARNED

BUILDING DEVELOPER CAPACITY

- **Establish foundational education requirements** that all emerging developers complete before accessing capital — covering financial analysis, property management, development timelines, and market realities
- **Create comprehensive pre-acquisition training** that simulates real deals, including underwriting assumptions that can go wrong, rehabilitation cost overruns, and cash flow stress testing
- **Provide continuous support through the ownership lifecycle**, with scheduled check-ins that are proactive — not just crisis intervention
- **Develop shared competency benchmarks** that all ecosystem partners use to assess readiness, reducing subjective judgments and ensuring consistent preparation

PREPARING FOR PREDICTABLE PITFALLS

- **Separate program participation from property commitments**, allowing developers to build skills and relationships and allowing for the time and space to close the most advantageous deal
- **Prepare developers for common transaction traps including:**
 - **Incomplete property assessments:** CNAs sampling only 10% of units often miss major problems — budget for comprehensive inspections, including inspections of 100% of the units.
 - **Information asymmetry:** Sellers controlling access to records, tenants, or property conditions — establish minimum due diligence standards.
 - **Market pressure tactics:** Artificial urgency, competing offers that may not exist, promises of future cooperation that evaporate after closing — educate emerging developers on best practices during the negotiation process and provide ongoing technical assistance beyond the loan closing.
 - **Hidden costs:** Insurance increases, immediate repairs not disclosed, tenant issues masked during showing — encourage and educate developers to be proactive and discerning in assessing potential issues with the property prior to entering into purchase agreements.
- **Create a shared library of deal experiences** (anonymized) so developers learn from others' challenges and successes
- **Establish reflection periods** for major acquisitions, preventing rushed decisions driven by fear of losing opportunities



MOVING FORWARD

These recommendations emerged from real experience — both successes and setbacks. Each one represents knowledge gained through the dedication of emerging developers who stepped forward and the ecosystem partners who supported them.

Implementing these lessons isn't about adding hurdles; **it's about creating pathways that lead to sustainable success for emerging developers and communities alike.**

GMHF's experience provides a window into the challenges facing the entire Minnesota housing ecosystem. The patterns identified in GMHF's work — from successful emerging developer partnerships to properties requiring intervention — appear throughout the state's emerging developer landscape. When GMHF developers struggle with 108% insurance increases and 135% maintenance cost overruns, these aren't unique challenges for emerging developers but reflect market conditions affecting all affordable housing providers. When emerging developers report feeling unsupported or facing inconsistent standards, these experiences echo across multiple programs and funders statewide.

This evaluation now examines how these lessons apply across Minnesota's broader ecosystem of emerging developer programs and NOAH preservation initiatives, analyzing where the dual goals of supporting emerging developers and preserving affordable housing intersect — and where they diverge.

PART TWO

Where the Two Goals
Intersect and Where
They Diverge

This section tests our working premise: that fortifying the capacity of emerging developers and preserving naturally occurring affordable housing (NOAH) automatically go hand in hand. .

Combining these two goals can be compatible only when components align. Emerging developers' community relationships and affiliations can strengthen efforts to buy, rehabilitate, and keep NOAH affordable. Successfully pairing these two goals requires the following factors: properties sized and priced to the reach of emerging developers, access to sufficient flexible capital, steady technical/operating support, and timelines that reflect real deal pace. When those are in place, both developer growth and NOAH preservation advance. When they're not, projects stall and emerging developers and communities bear the cost. So, the question isn't *should* we pair these goals; it's *how do we create the conditions that let both succeed?*

Goal 1: Preserve and Stabilize NOAH

FINDINGS

FINANCIAL INSTABILITY OF SMALL NOAH ASSETS

Multiple sources confirmed financial stress in small-scale NOAH properties since 2020¹:

- Rising insurance premiums (108% above projections)
- Mounting deferred capital repairs
- Negative cash flow
- Underwriting that maximized must-pay debt vis-à-vis gap funding, understated operating costs, and insufficient reserves, resulting in over-leveraged properties with little cushion if income underperforms or expenses spike — putting long-term affordability at risk

VULNERABILITY OF DEEP AFFORDABILITY: NOAH STRUCTURAL DISADVANTAGES FOR EMERGING DEVELOPERS

Financial analysis reveals systemic challenges³:

- Properties acquired by emerging developers and financed by GMHF since 2020 average 75+ years old and actual maintenance costs are 135% above original projections
- Combined loan-to-value ratios of 103% limit refinancing options and the potential for an emerging developer to gain wealth through building equity in their property (although the loans were sized to cover the acquisition, rehab, and transaction costs)
- Negative refinancing scenarios projected in year 15

- Higher relative property management costs compared to larger properties and developers with larger portfolios (7-10% or more of gross income vs. 5-6% which is typical for larger properties)
- Market mismatch: interest rates and operating expenses on Small NOAH properties have increased while acquisition prices for these properties remain stable, creating a gap between the acquisition costs and loan amounts available to finance acquisition

COST CONTROL IS BOTH STRUCTURAL AND DEVELOPMENTAL

Managing costs in affordable housing requires more than individual skill — it demands access to networks, knowledge, and resources that emerging developers often lack. While established developers leverage portfolio-wide insurance policies, in-house management, and decades of vendor relationships to control costs, emerging developers face a different reality. They typically pay market-rate property management fees (7 to 10% or more of revenue) and lack the scale to negotiate better terms for other costs.

“With rising interest rates, the cost of capital has increased, leading to higher real estate holding costs compared to recent years. Learning innovative ways to structure risks would benefit everyone in navigating today’s market and completing projects successfully.”

LISC DOC Final Report, DOC program participant

Market forces hit everyone, but not equally. Insurance crisis, material costs, and emergency repairs affect all owners. The difference lies in the tools to respond. Experienced developers can typically absorb shocks through portfolio reserves, established credit lines, and trusted contractor relationships. Emerging developers face these same crises with fewer buffers, smaller networks, and limited access to emergency capital.

This disparity reflects structural gaps, not individual failure. When emerging developers pay more for the same services, it’s because they lack:

- Access to portfolio pricing and bulk negotiations
- Relationships with trusted, affordable vendors
- Knowledge of cost-saving strategies that aren’t taught in any classroom
- Capital reserves to weather unexpected costs
- Peer networks that share resources, risk, and solutions

The path forward requires structural change. Individual determination alone cannot overcome structural challenges. We need to transform how we work together, shifting from individual support to collective infrastructure, moving from fragmented programs to unified standards, consistent approaches, and shared information systems.

This means creating ways for emerging developers to access similar economies of scale and institutional advantages that established developers rely on, while providing safety nets when these resources remain out of reach. By sharing resources, relationships, and knowledge through coordinated systems, we can track progress together and ensure emerging developers have what they need to preserve naturally occurring affordable housing. This collective infrastructure strengthens the entire ecosystem while advancing our shared goals.

“The funding structures for NOAH properties don’t match the reality of what early developers are navigating.”

GMHF Emerging Developers Program participant

Creating a truly impactful ecosystem means systematically closing the cost gap between emerging and established developers — not by relying solely on extraordinary individual resilience, but by providing coordinated navigation, relational responsiveness, and sustained support this report identifies as essential. The goal is to create infrastructure and systems that enable emerging developers to compete on vision and execution, with the same institutional advantages that established developers take for granted. Focusing on this goal will serve to ensure that community assets remain in community hands.

FEASIBILITY AND UNDERWRITING DYNAMICS

Different funders bring different strengths to the table. CDFIs like GMHF combine mission-driven goals with flexible and rigorous underwriting, working to ensure equal success in capital access and viability of repayment. However, the broader ecosystem includes funders offering non-recoverable capital — grants, forgivable loans, deferred payments — who may prioritize community development goals and program deadlines over underwriting and feasibility, sometimes saying yes when it might be in everyone’s interest to pause for further evaluation and capacity building. This variation in approach can create unintended consequences.

Consider the developer’s dilemma: A time-limited grant appears — use it by December or lose it. Often responding to a request for proposals (RFP) by a public funder for a deferred or forgivable funding award requires an identified property, leading to rushed property selection or developers moving forward with less-than-ideal buildings to secure the funding. The numbers are often tight. But this might be their first real chance after years of trying. What would you do? For emerging developers who are eager to get a toehold in real estate development, saying no to deferred or non-recoverable funding can feel like a missed opportunity or abandoning their vision, passion, and ability to bring needed investment to their communities.

Good intentions can pave a treacherous path:

- “We need to deploy funds by year-end” potentially drives decisions more than “Is this project viable?”
- Celebrating the press release might take precedence over ensuring long-term sustainability and success.
- The funding paradox: While “time kills deals” can be true in many cases, rushing deals can harm emerging developers and the communities they serve. In this work, due diligence, careful planning, and realistic timelines aren’t delays — they’re necessities for success.
- A successful ecosystem requires reliable partners who problem-solve together through challenges and share both the wins and the often-difficult work of making projects succeed.
- Site control requirements force premature deal selection and can leave emerging developers at a disadvantage in negotiations with sellers.

Here’s a hard truth: When we rush to distribute resources without essential groundwork, we risk causing real harm.

A failed project impacts more than just one developer — it hands ammunition to those who oppose inclusion. “See? They weren’t ready” becomes the story, while systemic failures go unexamined. Meanwhile, tenants and communities who hoped for better lose faith in the possibility of change — and potentially lose units of affordable housing.

Careful analysis must be applied to deferred and non-recoverable capital, taking lessons from CDFIs who balance mission with sustainability. Breathing room should be built in from the start, anticipating hurdles and unforeseen challenges. When evaluation and/or information sharing reveals gaps, funders need the flexibility to pause for capacity building. Property selection timelines should match project and market realities, not funding deadlines. Support must continue past the closing and ribbon cutting. Creating a truly successful ecosystem means creating conditions for success, not just opportunities to try.⁴

THE CENTRAL CHALLENGE: BUILDING WEALTH WHILE KEEPING HOUSING AFFORDABLE

We face a fundamental challenge: many emerging developers need properties that generate enough income to build their financial capacity, while communities desperately need housing affordable to families earning at or below 50-60% of the area median income. Properties that serve lower-income households, especially older buildings needing major repairs, rarely produce enough cash flow to help developers build this financial capacity. Yet these are often the only properties emerging developers can access, creating a cycle that threatens their sustainability.¹⁰



RECOMMENDATIONS

PRESERVE & STABILIZE NOAH

1.

MATCH FINANCING TOOLS TO SPECIFIC PROPERTY NEEDS; CREATE NEW TOOLS IF NEEDED

- Establish bridge loans for rehabilitation and emergency reserve funds
- Expand capital fund offerings that reduce operating costs and strengthen reserves
- Provide deferred loans specifically for building improvements, not property purchases. When public programs clearly state that gap funding only covers rehabilitation costs, it prevents sellers from inflating prices to capture public dollars.

2.

CONTINUE TO ADJUST UNDERWRITING STANDARDS BASED ON MARKET CONDITIONS AND DATA

- Account for the true costs of maintaining pre-1960 buildings
- Eliminate barriers to loan products for smaller NOAH preservation projects by applying flexible underwriting criteria designed to support emerging developers and existing market challenges
- Factor in the additional costs of serving high-needs residents
- Underwrite to verified, stress tested operating costs and build flexibility into the capital stack: shift some must pay debt to soft/patient/contingent capital, size meaningful operating reserves, and include triggers to recalibrate terms when actual performance diverges from projections so properties can absorb volatility and remain affordable

3.

MATCH PROPERTY COMPLEXITY TO DEVELOPER EXPERIENCE

- Train emerging developers to identify distressed properties, understand their risks, and choose properties that match their current capabilities
- Keep early-stage developers away from the most challenging distressed properties
- Provide clear support structures for complex deals
- Ensure developers fully understand rental assistance programs
- Create step-by-step pathways for developers to take on increasingly complex properties as they grow

Goal 2: Expand Emerging Developer Capacity through Fortifying the Ecosystem

FRAGMENTED ECOSYSTEM STRUCTURE

Analysis reveals an ecosystem skewed toward experienced developers⁵:

- No common intake or qualification system
- Inconsistent definitions of “readiness” and “emerging developer” across ecosystem programs, leaving gaps in programming for brand new developers
- Technical assistance arriving late and fragmented

ECOSYSTEM CHALLENGES

The ecosystem’s capacity is strong in some areas but has critical gaps that can derail even well-prepared developers. Success often depends on geographic location and luck in finding the right combination of disconnected programs rather than systematic support.

“Partners in the ecosystem offer invaluable resources to emerging developers, it’s critical that we focus on increasing access and coordination throughout the system. Creating methods to both expand the reach of all partners and tools for knowledge sharing is imperative as we move forward together.”

GMHF Staff

MORE SUPPORT STRUCTURES NEEDED

Stakeholders emphasized the need for more capacity to support smaller and community-based developers. Many emerging developers throughout the ecosystem shared that existing resources did not match the scale of their project or the pace of the market, especially as construction costs, legal complexities, and inflation pressures mounted post-COVID. Several developers noted that they identified ... “emotional and financial exhaustion of constantly applying for one small grant at a time without stable backing.”³ Developers consistently highlighted the need for more resources available to support their growth and success.

When the right support exists, developers thrive. Many emerging developers create their own support network.

In one known example, three emerging developers created their own support system — meeting monthly, sharing vendors, and pooling knowledge. **This peer network helped them reduce operating costs by 15%** compared to others managing similar properties.

Two years later, all three maintain stable portfolios and are mentoring newer developers. Their success demonstrates that with proper infrastructure, systems, and coordination emerging developers can achieve both financial sustainability and community benefit.

MISSING INFRASTRUCTURE

The ecosystem lacks common definitions, aligned practices, and systematic information sharing:

FEW SHARED DEFINITIONS: Programs define “emerging developer” differently — some focus on years of experience, others on project size, still others on access to capital. “Readiness” means one thing to a lender, another to a training program, and another to a public funder. Without common language, developers can be simultaneously “ready” for one program and “too green” for another.

LACK OF ALIGNED PRACTICES:

Each program has its own application process, documentation requirements, and evaluation methods. Developers repeat similar processes across multiple programs with no recognition of prior qualifications. There's no standardized way to track developer progress or share assessments between programs.

LIMITED INFORMATION SHARING AND COORDINATION:

Programs operate in isolation, unable or unwilling to share developer information even with consent. A developer's success in one program doesn't smooth their path to another. Funders miss opportunities to co-invest, programs duplicate efforts, and developers must constantly re-prove themselves.

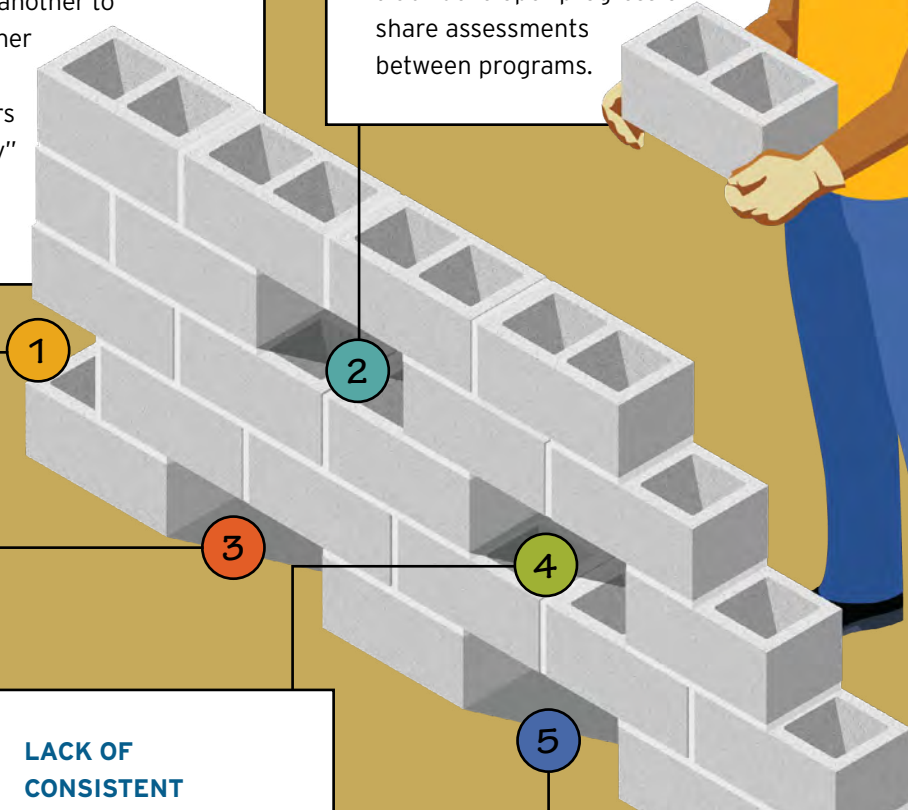
LACK OF CONSISTENT EDUCATIONAL PATHWAYS:

While excellent training exists, it's disconnected from funding eligibility. Developers can complete one program's curriculum yet still be considered unprepared by another funder. There's no agreed-upon progression from foundational education to project readiness to funding access.

FRAGMENTED NAVIGATION SUPPORT:

Technical assistance exists but operates in silos. Most TA providers focus on their specific program or deal, not the developer's full journey. Without coordination between providers, developers receive conflicting advice and must piece together support from multiple sources.

The solution isn't one universal system, but rather shared definitions, aligned practices, and information sharing protocols that allow programs to coordinate while maintaining their unique approaches.



TECHNICAL ASSISTANCE AND PARTNER COORDINATION IMPACTS ON EMERGING DEVELOPERS

GMHF commissioned surveys of Emerging Developer Program participants in 2024 and 2025. Survey responses reveal significant frustration with technical assistance and partner coordination. Emerging developers consistently reported being caught between different standards and requirements from various funders and agencies. This is true for even experienced developers; not all funders and agencies have the same requirements. It's important that emerging developers are made aware that different funders have different rules and timelines that must be navigated if you are combining multiple resources, especially if some are public.

“They’re not just a funder, they’re an advocate. They teach, train, and come alongside you. I know our success is because of their partnership.”

GMHF Emerging Developers Program participant

Current technical assistance primarily responds to crises rather than preventing them. Multiple evaluations found that support typically arrives when deals are already in trouble, not during the planning stages when guidance would be most valuable. This reactive approach leaves developers scrambling and problems compounding. A Minneapolis Homes evaluation revealed that “some developers experience significant ‘pain points’ when working with the city,” especially newer community developers who require early financial support and clearer navigation of city processes.² These disparities are compounded when communication and consistency vary depending on staff or program, reinforcing the need for structured and proactive technical assistance. A developer interviewed in the LISC

report noted, “Each program has different rules and timelines, and when you’re new, you don’t know who to call. It can feel like you’re being tested instead of supported.”³ Additionally, one developer expressed frustration: “It was unclear what was needed from me. Each time I asked, the requirements changed,” pointing to inconsistencies in communication that further deepen the gap.

The absence of sustained navigation support represents a fundamental system gap. While no single organization can provide all the expertise developers need - from financial analysis to construction management to property operations — the ecosystem lacks coordination between providers. Developers need navigators who can work across organizations, connecting them to appropriate resources and maintaining continuity as needs evolve. This role requires partnership between multiple organizations, shared information systems, and clear handoff protocols. Without this coordinated approach, developers must repeatedly navigate unfamiliar territory alone, leading to preventable delays and failures.

However, when technical assistance and navigation are proactive and fortified with relational competence and consistency, developers expressed recognition and appreciation. As one DTAP participant shared, “[My DTAP Advisor] has been instrumental in ensuring I have what I need for my project. Their expertise, insight, and experience have given me the confidence and educational opportunity I would not have had otherwise if they weren’t helping me on this project.”¹ This kind of long-term, relationship-based technical assistance represents what’s possible when support is proactive rather than reactive. The LISC Developers of Color report similarly highlighted the value of community-rooted mentorship: “Just having someone say, ‘you’re not crazy, this is hard’ makes all the difference.”³





“I loved how accessible, knowledgeable, resourceful, patient, and kind the (GMHF) team was. Having another woman with whom I had shared experiences on the team was a plus. I felt safe being honest and transparent without judgment.”

GMHF Emerging Developers Program participant

Pairing emerging developers with TA providers who had shared lived experiences fostered stronger relationships and led to more positive results. However, the survey also reveals inconsistency across the ecosystem, with some developers reporting feeling supported while others describe barriers, discouraging interactions, and conflicting information.

CONTEXT AND RELATIONSHIP-BUILDING ARE ESSENTIAL TO EFFECTIVE SUPPORT

Multiple evaluations revealed inconsistent support across programs for emerging developers, particularly those with backgrounds and experiences not typically represented in the development field. Developers frequently noted that key information was sometimes lost in translation — not merely due to communication barriers, but because technical assistance providers often lacked insight into the developers’ business practices, communication styles, and relationship-building approaches. These gaps go beyond interpersonal dynamics and point to a deeper need: for technical assistance to be grounded in the developer’s real-world context to be effective.

ECOSYSTEM CAPACITY ANALYSIS: WHERE NEEDS ARE MET

Based on current program offerings across Minnesota, this analysis maps the critical needs of developers pursuing NOAH preservation projects against existing ecosystem capacity. The gaps revealed help explain why developers report inconsistent experiences and why success remains unpredictable.

Developer Need	Where Currently Available	Geographic Coverage	Capacity Assessment	Key Gaps
Basic Real Estate 101 Fundamentals	Limited offerings	Scattered	CRITICAL GAP	No comprehensive or mandatory basic education for complete beginners
Foundational Education Affordable Housing	GMHF, Minneapolis DTAP, Ramsey County, MHP, LISC DoC, ULI Building a Foundation	Statewide to local	STRONG Multiple providers	Limited coordination between programs
General Real Estate Development Education	Ramsey County, MHP, LISC DoC, ULI (REDI & Building a Foundation)	Twin Cities + Central MN	MODERATE Regional concentration	Rural/Greater MN gaps
Technical Assistance Pre-Development	GMHF, Minneapolis DTAP, Ramsey County, MHP, LISC DoC	Statewide to local	MODERATE Available but fragmented	No coordinated navigation system
Technical Assistance Post-Closing	GMHF (limited), Few others	Very limited	WEAK Major gap identified	Most programs end at closing
Grants/ Pre-Development Funding	GMHF (Greater MN), Ramsey County, LISC (recoverable), Phillips Family Foundation	Limited geographic reach	WEAK Insufficient capacity	Twin Cities developers have fewer grant options
Amortizing Loans	GMHF, LISC	Statewide + Twin Cities	MODERATE Limited providers	High barriers, complex requirements
Deferred/Forgivable Loans	St. Paul NOAH Fund, Minneapolis NOAH Fund, Ramsey County	City or County-specific	WEAK Very limited availability	No regional or statewide options

Developer Need	Where Currently Available	Geographic Coverage	Capacity Assessment	Key Gaps
0% Interest Capital	LISC Emerging Developer Fund, St. Paul NOAH Fund, Minneapolis NOAH Fund, Ramsey County	Twin Cities only	WEAK Regional concentration	Limited scale and geography
Business/Financial Readiness Training	Minneapolis DTAP, Ramsey County, MHP, LISC DoC, Enterprise Academy	Regional concentration	MODERATE Available regionally	Not integrated with housing-specific training
Networking & Peer Support	GMHF, Minneapolis DTAP, Ramsey County, MHP, ULI programs, Enterprise Academy, LISC DoC	Varies by program	MODERATE Program-dependent	Limited cross-program networking
2-4 Unit Rental Property Development or Acquisition	Land Bank Twin Cities, Family Housing Fund, PPL Re-Seed	N/A	CRITICAL GAP	GMHF can provide technical assistance without providing loans
Co-Development Opportunities	None systematically	N/A	CRITICAL GAP	No formal co-development programs
Operating Subsidies for Deep Affordability	None	N/A	CRITICAL GAP	No ongoing operating support
Shared Services (Insurance, Property Management)	None	N/A	CRITICAL GAP	No economies of scale programs

KEY FINDINGS FROM ECOSYSTEM ANALYSIS:

STRENGTHS:

- **Education Availability:** Multiple programs offer foundational affordable housing education
- **Geographic Diversity:** Programs span from statewide (GMHF) to city-specific (Minneapolis DTAP)
- **Varied Approaches:** Different program models serve different developer types and developers with varying levels of capacity

GEOGRAPHIC INEQUITIES:

- **Twin Cities Advantage:** More program options but fewer grant opportunities
- **Greater Minnesota Gaps:** Limited local technical assistance; heavy reliance on statewide programs
- **Rural Isolation:** Minimal programming outside metropolitan areas and Central Minnesota

CRITICAL GAPS:

- **Few Entry-Level Programs:** Few programs explicitly serve brand new developers; others require prior experience
- **Post-Closing Support is Missing:** Most programs end at or before closing when ongoing support is crucial
- **Capital Tool Mismatch:** Limited deferred/forgivable capital; no operating subsidies for ongoing viability, limited capital for rehabilitation of rental properties
- **Coordination Failure:** No systematic information sharing or coordinated progression between programs



RECOMMENDATIONS

1.

EXPAND EMERGING DEVELOPER CAPACITY THROUGH FORTIFYING THE ECOSYSTEM

ESTABLISH COMMON INFRASTRUCTURE

- Share criteria and definitions across programs, establish common criteria to the degree possible
- Build data systems that track developer participation in various programs and their progress across organizations to gauge developer readiness and necessary support
- Establish a forum where ecosystem partner organizations who provide programming for emerging developers can meet regularly for information sharing, identifying missing resources and tools, aligning practices, shared learning, and reduced duplication

2.

CREATE MULTIPLE ENTRY POINTS AND ADVANCEMENT PATHWAYS

- Design pathways that meet developers at different starting points
- Include financial readiness and business sustainability in all programming
- Offer progression from smaller properties to co-development to independent projects
- Ensure each level has appropriate capital tools and technical support

3.

BUILD COORDINATED NAVIGATION SUPPORT

- Map existing organizational capacities to identify navigation resources
- Designate navigators within organizations who can coordinate across the ecosystem
- Ensure navigation is proactive and relationship-based, not just crisis response
- Embed relational responsiveness as a core competency

4.

MEASURE WHAT MATTERS

- Proactively track developer sustainability and provide ongoing support post-closing
- Recognize incremental progress and capacity building over time
- Assess portfolio health and developer financial stability over time
- Include community benefit and resident stability metrics

5.

ACKNOWLEDGE WHEN DIFFERENT PATHS SERVE BETTER

- Recognize that building personal and business financial stability may need to come first, before a development project is pursued
- Support pathways through smaller projects and properties that provide foundational experience
- Understand that owner-occupied rental properties can build essential skills and equity
- Design these alternative paths as legitimate routes to larger-scale development, not consolation prizes

Essential Conditions for Success in Pairing Emerging Developer Programs and NOAH Preservation

CHANGING OUR APPROACH

We need to shift our focus from “How can we move faster?” to “How do we build systems that ensure long-term success?” We can still pursue ambitious goals, but through shared infrastructure rather than expecting individual developers to overcome systemic barriers alone.

When we properly support each developer-property match, we strengthen the entire affordable housing network. When developers fail due to preventable problems, it hurts everyone.

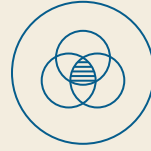


SUCCESSFULLY PAIRING EMERGING DEVELOPERS WITH NATURALLY OCCURRING AFFORDABLE HOUSING REQUIRES THESE SPECIFIC CONDITIONS:



Right-Sized Matches: Property complexity must align with developer capacity. A developer ready for a 6-unit building may not be ready for a 50-unit property with significant deferred

maintenance. Success requires honest assessment of both property needs and developer capabilities.



Ecosystem Alignment: All partners — lenders, funders, TA providers, and government agencies — must use common definitions, share information with appropriate permissions, and coordinate

support. Mixed messages and conflicting requirements waste resources and create unnecessary barriers.



Tailored Financial Tools & Underwriting: Financial products need to reflect the real costs emerging developers face. Insurance and maintenance expenses often surge far

beyond initial projections, creating dangerous financial pressure. We should build in stronger financial cushions from the start. Instead of using the standard 1.15 debt coverage ratio, we could require higher ratios that create breathing room — allowing developers to build reserves when times are good and survive when unexpected costs hit. Public funders could also provide more gap funding per project. While this might mean supporting fewer units overall, the projects that are funded would have the financial stability to succeed long-term. This approach strengthens emerging developers' economic health, helping them build reserves, establish credit, and grow their capacity over time — creating a stronger ecosystem of developers who can preserve and expand naturally occurring affordable housing in their communities.



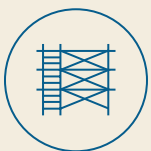
Realistic Success Metrics: Judging emerging developers by the same immediate returns as established firms ignores the value of building inclusive infrastructure. Success metrics must

include developer sustainability over time and evaluation of long-term portfolio health — not just individual deal performance.



Strategic Alternatives When Conditions Don't Align: When these conditions are absent, forcing the pairing risks both goals. Better options may include:

- Co-development arrangements that share risk and build capacity
- Financial tools specifically targeting gaps to create buffers
- Partnerships with experienced developers who commit to mentorship
- Sequential strategies where developers build capacity first, then tackle complex NOAH acquisitions or LIHTC projects



Complete Support Infrastructure:

Financial tools alone aren't enough. Developers need sustained navigation, peer networks, technical assistance that anticipates rather than reacts, and patient capital that acknowledges learning curves. This scaffolding must be in place before, not after, challenges arise.

The goal isn't to lower standards but to build bridges to meet them. Sometimes the most equitable choice is acknowledging when different strategies better serve each goal.

Strategic Framework: Three Essentials for Successful Pairing

Pairing NOAH preservation with emerging developer growth represents both tremendous opportunity and significant risk. When done right, communities gain locally rooted ownership while preserving affordability. When done wrong, both developers and properties are at risk.

SUCCESS REQUIRES THREE NON-NEGOTIABLE CONDITIONS:

1.

STRATEGIC PROPERTY SELECTION

Properties matched with emerging developers must be positioned for success, not survival. This means:

- Realistic cash flow that supports both operations and developer growth
- Deferred maintenance within manageable bounds and covered by adequate funding
- Stable occupancy during the ownership transition
- Recognize that costs will rise for reasons beyond developers' control. Financial planning must include adequate cushions to sustain unexpected economic challenges.

2.

DEVELOPER READINESS BEYOND SKILLS

Technical knowledge alone isn't enough. Developers' readiness should be considered through the following lenses:

- **Financially Prepared & Supported:** Maintain adequate personal and business reserves, stable income beyond the project, and ready access to emergency funds. Partners should build reserve funding and rapid-response capital into emerging developer projects to reduce entry barriers, balance risk, and strengthen overall financial stability.
- **Realistically Informed:** Have a clear understanding of actual costs, timelines, and challenges, not just best-case scenarios
- **Actively Supported:** Stay engaged with mentors, peer networks, and technical assistance before problems arise
- **Professionally Developing:** Continuously build skills through formal training, industry connections, and market knowledge

3.

ECOSYSTEM ALIGNMENT AND SHARED RISK

All partners must move beyond individual agendas to shared responsibility:

- **Unified or clearly communicated readiness criteria** to ensure that emerging developers seeking funding from multiple partners have a clear understanding of how each partner aligns with their goals
- **Coordinated technical assistance** that addresses gaps rather than duplicating efforts
- **Distributed financial risk** through layered capital, reserves, and backstops
- **Collective accountability** for outcomes — both successes and failures

When these conditions aren't met, alternative strategies may better serve both goals: co-development models, public ownership of distressed properties, or sequential approaches where developers build capacity through smaller projects first. The measure of success isn't how many pairings we make, but how many thrive.

Custom Fit Checklist: Matching Development Paths to Developer Readiness

Before pairing an emerging developer with a NOAH preservation opportunity, the following considerations can be used to assess capacity:

DEVELOPER READINESS	☐ Has completed foundational real estate education/training that includes information specific to acquisition and ownership of NOAH ☐ Has access to working capital for pre-development costs ☐ Has identified property management approach (in-house capacity or trusted third-party) ☐ Has established banking relationships and demonstrated financial management capacity ☐ Has completed at least one smaller real estate transaction OR has experienced co-developer partner
PROPERTY VIABILITY	☐ Property has had comprehensive Capital Needs Assessment (including 100% of the property's units) ☐ Current cash flow can support operating expenses based on current market conditions ☐ Insurance is obtainable at sustainable rates ☐ No major system failures requiring immediate attention beyond available capital ☐ Tenant base is relatively stable
ECOSYSTEM SUPPORT	☐ Prioritize navigator/technical assistance provider assigned for full project lifecycle ☐ Access to appropriate capital stack (not over-leveraged) ☐ Clear timeline without artificial deadline pressure ☐ Identified mentor, networks and/or access to experienced developer advisors ☐ Common intake processes, common practices are used across funding partners ☐ Shared readiness criteria applied by all programs ☐ Information sharing agreements in place between ecosystem partners ☐ Education and professional development suitable for true beginners to experienced developers

ALIGNMENT INDICATORS	☐ The developer's mission and/or goals align with long-term affordability goals ☐ Property complexity matches developer's current capacity ☐ Realistic financial projections with adequate reserves ☐ Exit strategy identified if challenges arise ☐ Shared understanding of success metrics among all parties ☐ All partners identify common indicators of success
DEVELOPER FINANCIAL SUSTAINABILITY	☐ Has diverse income sources beyond what might be produced by the property ☐ Maintains adequate personal/organizational reserves ☐ Has established business credit separate from personal credit ☐ Demonstrates stable cash flow for at least 12 months ☐ Has contingency plan if project is delayed or encounters cost overruns
WARNING SIGNS that may require additional support or consideration	☐ First-time developer + distressed property ☐ Combined loan-to-value ratio exceeds 95% ☐ Significant deferred maintenance + limited rehab budget ☐ Time-limited funding driving rushed closing ☐ No identified source for operating support if needed ☐ Partners using different readiness definitions ☐ No information sharing between involved programs ☐ Emerging developer lacks sustainable income/revenue beyond the project ☐ Developer has no financial reserves or access to working capital; developer could benefit from strengthening personal or business financials ☐ Developer's financial stability depends entirely or primarily on development fees or income from this single project

Conclusion: From Promise to Practice

Minnesota stands at a defining moment. We have the commitment, knowledge, and resources to lead the nation in inclusive real estate development. Yet our current structures too often leave emerging developers struggling while funders declare success. We must close this gap between our intentions and actual outcomes. The work of preserving naturally occurring affordable housing and supporting emerging developers transforms both individual lives and entire communities.

"I want to create housing that serves my community and gives others the opportunities I didn't have growing up. It's about more than a building; it's about changing lives."

GMHF Emerging Developers Program participant

Developers and funders accelerated their early efforts, but urgency without proper infrastructure creates unstable foundations. Moving fast without strong systems leads to unintended consequences. Now we can integrate the hard-won lessons from these early efforts to build comprehensive support systems that ensure emerging developers and NOAH preservation succeed together for generations to come.

THE PATH FORWARD: BUILDING SYSTEMS THAT MATCH OUR VALUES

Minnesota's approach to affordable housing development requires fundamental transformation. We must shift from fragmented programs to coherent systems, from crisis response to sustained support, from celebrating attempts to ensuring success. This means creating infrastructure that matches our ambitious goals — not expecting individual determination to overcome systemic barriers.

Emerging developers possess invaluable assets that money cannot buy: deep community trust, deep relationships and familiarity, and lived experience that fuels their commitment to inclusion and affordable housing. They bring authenticity and relationships that many large, institutional developers cannot replicate. Yet we routinely hand them keys to distressed properties without adequate tools, capital, or support. This practice isn't equity — it is abandonment disguised as opportunity.

Simultaneously, our most essential housing stock faces mounting pressure. The naturally occurring affordable homes that shelter our teachers, healthcare workers, and service workers operate on dangerously thin margins. Years of deferred maintenance and limited cash flow threaten these properties. Without flexible, patient capital and operational support, this irreplaceable housing will disappear into obsolescence, disrepair, or upgraded to the luxury market.

The contradiction is stark: we pair our most challenging properties with our least resourced developers, then proclaim progress. Without proper support — ongoing technical assistance, appropriate capital, and identification and mitigation of risks — we engineer failure for both developers and communities.

True equity requires creating conditions for success, not merely opportunities to struggle.

THE BLUEPRINT FOR SUCCESS

EVIDENCE SHOWS WHAT WORKS:

1.

MEET DEVELOPERS WHERE THEY ARE:

Create pathways beginning with 1–4-unit properties, co-development arrangements, create financial tools that mitigate predictable risks and or shared equity models that build capacity gradually.

2.

BUILD SHARED INFRASTRUCTURE:

Develop common intake systems, aligned definitions, and information-sharing protocols that reduce redundant barriers across programs.

3.

FUND THE COMPLETE JOURNEY:

Provide support from predevelopment through five years of operations, including bridge capital and reserves that enable long-term stability.

4.

MAINTAIN ENGAGEMENT:

Deploy navigators who accompany developers throughout their journey, provide technical assistance that anticipates challenges, and ensure funders remain invested beyond closing.

5.

EMBED RELATIONAL COMMUNICATION TRAINING:

Require all programs, staff, and systems to understand and adapt to diverse communication styles, decision-making processes, and relationship-building approaches.

THIS WORK TRANSCENDS HOUSING DEVELOPMENT — IT DETERMINES
WHO HAS AN OWNERSHIP STAKE IN A COMMUNITY'S ASSETS.

THE STAKES ARE CLEAR

Each failed project reinforces harmful narratives about who is “ready” for development opportunities. When emerging developers struggle without adequate support, their challenges get misinterpreted as personal inadequacy rather than structural challenges and neighborhoods anticipating positive change experience another setback. Without addressing structural gaps, we perpetuate the very exclusion we claim to combat.

Conversely, every success creates momentum. When emerging developers thrive with proper support, they demonstrate that readiness depends on infrastructure and aligned resources, not inherent capability. These developers become the mentors and experts they once needed. Their properties prove that community ownership delivers results. Each achievement makes the next more attainable.

Minnesota can demonstrate nationally that inclusion and excellence reinforce each other. But this requires honest assessment of current failures, systems that honor people’s courage, and progression from good intentions to structural transformation.

The opportunity persists. We can match developers’ commitment with the infrastructure they deserve. We can construct systems that ensure success rather than court failure. We can align our tools with our values.

“If they really want to support, they need to change practices, be transparent, and get creative.”

GMHF Emerging Developers Program participant

Minnesota stands uniquely positioned to lead this transformation. We have the foundation: decades of housing innovation and the legacy of emerging developer and NOAH preservation programs. We have hard-won lessons from both failures and successes. We have the tools: resources, relationships, and committed partners within the ecosystem ready to implement necessary revision and improvements to these efforts.



A group of diverse people are seated at long, light-colored tables in a room with a yellow brick wall. They are working on laptops and papers. The people are of various ages and ethnicities, including a woman with long white hair in the foreground, a man with a beard in a white shirt, and a man with a hat. The room has a modern, open-plan feel with a grey carpet.

PART THREE

Acknowledgments, Endnotes and Appendices

Acknowledgments

This report would not have been possible without the insights and generosity of time from developers, technical assistance/navigation providers, ecosystem partners, and local CDFIs. Special thanks to the GMHF Steering Committee participants and survey respondents who provided direct feedback, shared stories, and challenged assumptions, and to the McKnight Foundation for providing funding to complete this report.

GMHF is deeply grateful to partners: LISC, ULI, City of Saint Paul, City of Minneapolis, Ramsey County, Minnesota Multi-Housing Association, Land Bank Twin Cities, Minnesota Housing Partnership, and other members of our Steering Committee for their leadership and partnership in fostering innovative approaches to equitable development and housing preservation.

This report draws extensively on the following foundational works:

- The EDOC and Small NOAH Developer Support: Draft Final Evaluation Report (2025), Greater Minnesota Housing Fund (GMHF)
- The Distressed Property Data Project Summary (2024) and NOAH Preservation and Distress Trends: Data Project Phase I Summary Memo (2024), both prepared by GMHF and partners

- The Minneapolis Developer Technical Assistance Program (DTAP) Evaluation (2024) and Creating Affordable Homes: An Evaluation of the Minneapolis Homes Create Strategy (2024), both authored by the City of Minneapolis
- The Ramsey County Emerging Developer Demonstration (EDD) Evaluation (2024), produced by Ramsey County with Biko Associates and Grounded Research
- The Developer of Color Strategy Recommendations (2024), Local Initiatives Support Corporation (LISC) Twin Cities
- The Community Stabilization Project NOAH Program Guide (2023), Community Stabilization Project
- Additional GMHF evaluation materials including the Emerging Developer and NOAH Evaluation: Summary Presentation (2025), Online Survey Results (2025), and Work Group Notes (2025)

Together, these documents provided the backbone for this ecosystem-level analysis. Their findings, narratives, and strategic recommendations are interwoven throughout this report and reflect both data and the lived expertise of those working to make Minnesota's housing ecosystem more inclusive, stable, and just.

Endnotes

- 1 Distressed Property Data Project: Summary Report for the Task Force on Long-Term Sustainability of Affordable Housing, prepared by Thomas G. O'Neil of O'Neil Consulting for Family Housing Fund and Greater Minnesota Housing Fund (2024); GMHF Final Evaluation Report (2025).
- 2 Building Bridges Summary (2024); GMHF Final Evaluation Report (2024); Distressed Property Phase I Memo (2024).
- 3 EDP Financial Findings (2025); GMHF EDOC and Small NOAH Evaluation Final Report (2025).
- 4 GMHF Final Report (2025); EDP Financial Findings (2025).
- 5 Ecosystem Mapping 03.17.25; GMHF Evaluation Online Survey Results (2025); Ramsey County EDD Evaluation (2024), produced by Ramsey County with Biko Associates and Grounded Research; LISC DOC Report (2025).
- 6 GMHF Evaluation Online Survey Results (2025); GMHF Work Group Notes (2025); Building Bridges Summary (2024).
- 7 GMHF Work Group Notes (2025); Ramsey County Emerging Developer Demonstration (EDD) Evaluation (2024), produced by Ramsey County with Biko Associates and Grounded Research.
- 8 LISC DOC Report (2025); Minneapolis DTAP Evaluation (2023); Building Bridges Summary (2024); GMHF Work Group Notes (2025).
- 9 GMHF Work Group Notes (2025); GMHF Draft Final Report (2025).
- 10 GMHF Draft Final Report (2025); GMHF Work Group Notes (2025); Distressed Property Data Project: Summary Report for the Task Force on Long-Term Sustainability of Affordable Housing (2024).



Appendices

APPENDIX A: METHODOLOGY

This evaluation draws from synthesizing reports, memos, notes, survey results, and interview summaries spanning public, nonprofit, and philanthropic initiatives in the Twin Cities from 2021 to 2025. The review includes:

- Quantitative and qualitative findings from the GMHF EDOC and Small NOAH Evaluation Final Report (2025)
- Data from the GMHF Evaluation Online Survey Results (2025), completed by developers and ecosystem partners
- Stakeholder narratives from the GMHF Evaluation Online Survey Results (2025), GMHF Draft Final Report (GMHF)
- Notes from facilitated sessions reflected in the GMHF Work Group Notes, findings from GMHF EDP Financial Analysis (2025), and GMHF Ecosystem Mapping 03.17.25
- Findings from public program evaluations, including the Minneapolis DTAP Evaluation (2023), Creating Affordable Homes: An Evaluation of the Minneapolis Homes Create Strategy (2024), and the Ramsey County Emerging Developer Demonstration (EDD) Evaluation (2024)
- Market insights and preservation challenges from the Distressed Property Data Project (2024) and its Phase I Summary Memo
- Minnesota Housing: Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program
- Strategy alignment documents including the GMHF Evaluation Presentation (2024), and the LISC Developers of Color Report (2025)

These documents surfaced both systemic insights and granular challenges. Although individual studies varied in their focus — ranging from financial modeling to qualitative interviews—key themes emerged consistently across sources. No single document tells the whole story; instead, their interwoven findings enable a system-level understanding of gaps, strengths, and opportunities.

APPENDIX B: GLOSSARY

AMI (Area Median Income): The midpoint income for a specific geographic area. Affordable housing programs typically serve households earning 30-80% of AMI.

CDFI (Community Development Financial Institution): Mission-driven financial institutions that provide credit and financial services to underserved communities.

CNA (Capital Needs Assessment): A professional evaluation of a property's physical condition and required repairs over time.

DCR (Debt Coverage Ratio): A metric for assessing a borrower's ability to cover debt obligations.

EDD (Emerging and Diverse Developers): Ramsey County's program supporting new developers through training and project opportunities.

EDP (Emerging Developers Program): GMHF's comprehensive program providing training, capital, and support to developers from historically excluded communities.

GMHF (Greater Minnesota Housing Fund): Nonprofit CDFI focused on affordable housing preservation and development.

LISC (Local Initiatives Support Corporation): National nonprofit CDFI supporting community development.

NOAH (Naturally Occurring Affordable Housing): Unsubsidized rental housing that remains affordable due to age, condition, or location rather than government programs.

TA (Technical Assistance): Professional support services including training, consulting, and capacity building.

ULI (Urban Land Institute): Global nonprofit providing education and research on land use and real estate development.

The mission of Greater Minnesota Housing Fund is to **support the creation of strong communities and affordable homes** by making strategic investments and forming effective partnerships.



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