

# State Housing Tax Credit Program and Contribution Fund Designated Contributions and Project Registration Overview

Last Updated: October 2024

## Designated Contributions Overview

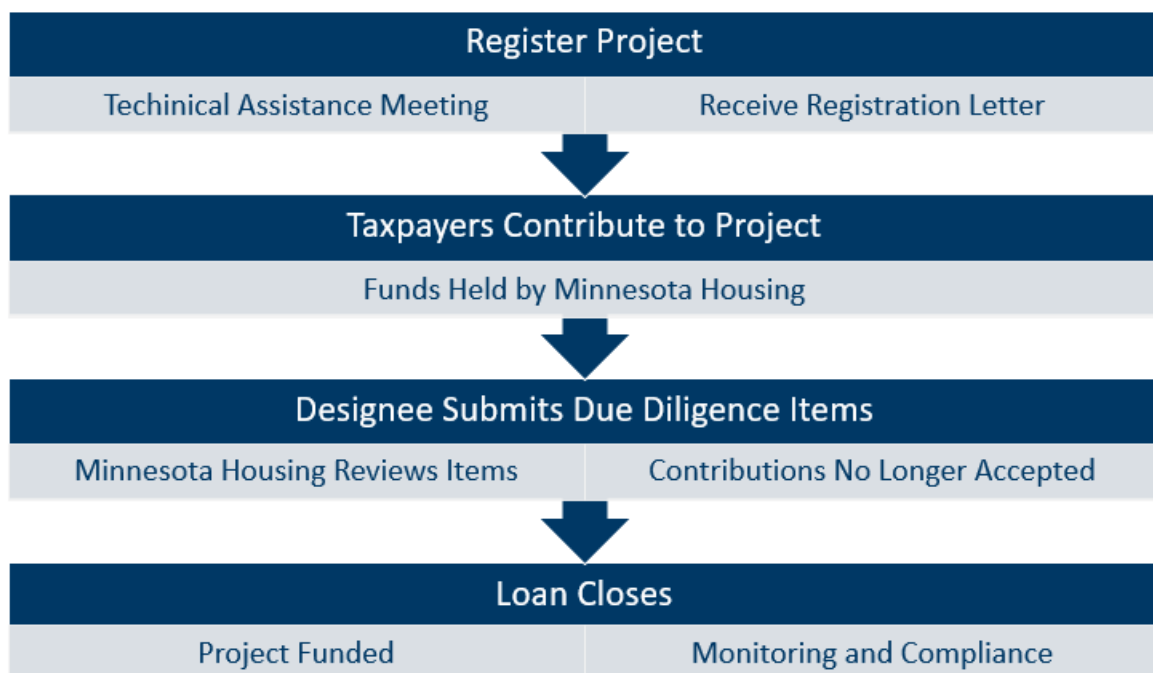
The State Housing Tax Credit Program and Contribution Fund (SHTC Program and Contribution Fund) provides taxpayers with the opportunity to contribute to affordable housing and, in return, receive an 85% tax credit against their Minnesota state tax liability. Once a contribution is made, the contribution is irrevocable.

When making a contribution, a taxpayer may indicate if they want their funds to go to the General Contribution Pool or to a specific project. We call this a Designated Contribution to a Qualified Project.

## Information for Designees and Recipients

Below is a general overview of the process to receive Designated Contributions. Note that in some unique circumstances, there may be variations to this process.

*Figure 1: Process to Receive Designated Contributions*



## Registering a Project

Developers and administrators are encouraged to register their project with Minnesota Housing. This provides the opportunity to discuss the project, answer questions, and ensure the developer or administrator understands the Designated Contribution process.

To register a project:

- Complete the registration request online.
- Meet with Minnesota Housing for technical assistance.
- Receive a registration letter from Minnesota Housing.

All projects must meet all threshold criteria, statutory requirements, and program requirements set forth in the [State Housing Tax Credit Program and Contribution Fund Guide](#).

Project registration does not guarantee that a project is a Qualified Project or that a Designee is an eligible Recipient under the SHTC Program and Contribution Fund. Minnesota Housing has not undertaken any investigation of the accuracy of the information provided in the registration request, and Minnesota Housing's issuance of a registration letter does not constitute a warranty of the accuracy of the information or of the quality, suitability, feasibility, or marketability of the proposed project. If a project does not meet the threshold criteria and statutory requirements set forth in the [State Housing Tax Credit Program and Contribution Fund Guide](#), the Designated Contribution(s) may be added to the General Contribution Pool and awarded to other Qualified Projects through a competitive request for proposals process.

## Designated Contributions to Qualified Projects

After a Designated Contribution to a Qualified Project is made, Minnesota Housing notifies the intended recipients that a contribution intended for their project has been received. Designees have up to 24 months from receipt of the first contribution to complete the required due diligence items and enter into a loan agreement with Minnesota Housing.

Recipients do not need to go through the request for proposals process to request funds intended for their project. Contributions intended for projects that do not close or are not feasible will be added to the General Contribution Pool.

## Due Diligence Checklists

Designees must submit all required due diligence documents before Minnesota Housing will provide funds to the project. Once a Designee is ready to submit the due diligence items, contributions to the project will no longer be accepted. Due diligence checklists are available on the [State Housing Tax Credit Program and Contribution Fund](#) webpage. There are multiple checklists, and each project will

use the one that matches their project characteristics. Minnesota Housing will review the submitted items and, if approved, the project will move to closing.

## **Loan Closing**

After the due diligence checklist items are submitted and approved, the project loan file will move to a loan closing.

## **Multifamily Rental Loan Closing**

After the initial due diligence items are submitted, the file will move to the Multifamily Loan Closing Department and a closer will be assigned. Closings are typically scheduled 60-120 days after receipt of the due diligence items. The SHTC loan typically coincides with the construction loan closing or the end loan closing.

## **Homeownership Loan Closing**

After the due diligence items are approved, Minnesota Housing staff will draft a loan contract. The loan contract must be executed prior to the start of construction or during construction. After execution of the loan contract, funds will be provided to the administer following the disbursement process set forth in the [State Housing Tax Credit Program and Contribution Fund Guide](#).

## **Resources**

- [Multifamily SHTC Due Diligence Checklist: Designated Contributions for New Construction and Rehabilitation Loan Financing Due Diligence Checklist](#)
- [Multifamily SHTC Due Diligence Checklist: Designated Contributions for End Loan Financing Due Diligence Checklist](#)
- [Homeownership SHTC Due Diligence Checklist](#)
- [State Housing Tax Credit Program and Contribution Fund Guide](#)
- [State Housing Tax Credit Program and Contribution Fund](#) webpage