



Local Housing Trust Fund Grants Program

Program Guide

January 21, 2026



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This information will be made available in alternative format upon request.

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Chapter 1 – Introduction

1.01 Values Statement

All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect and strengthen communities, and
- Be inclusive, equitable, just and antiracist in our actions.

1.02 Local Housing Trust Fund Grants Program Overview

In 2021, the Minnesota Legislature allocated money to create Minnesota Housing’s Local Housing Trust Fund Grants Program. The purpose of the Program is Local Housing Trust Fund Grants to incentivize local governments to create or fund [Local Housing Trust Funds](#) by providing a portion of matching state funds to encourage investment in affordable housing across Minnesota.

Minnesota Housing created this guide, which outlines the requirements of Local Housing Trust Fund Grants, as well as the steps necessary to apply for and receive the matching grant funds.

1.03 Program Guide

This Program Guide, including subsequent changes and additions, is incorporated into the Grant Contract Agreement executed between the Contracting Party and Minnesota Housing. It is incorporated into such Grant Contract Agreement by reference and is a part thereof as fully as if set forth in the Grant Contract Agreement at length. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

1.04 Definition of Terms

Please refer to Appendix A for definitions of capitalized terms used in this Program Guide.

1.05 Authorizing Statute

[Minnesota Session Laws, 2021 First Special Session, chapter 8, article 1, section 3, subdivision 17](#) and [Minnesota Session Laws, 2023 Legislative Session, chapter 37, article 1, section 2, subdivision 21](#) appropriated funds for the Local Housing Trust Fund Grants Program. All Local Housing Trust Funds that receive grants under the program must meet the definition of a Local Housing Trust Fund under [Minnesota Statute 462C.16](#).

Chapter 2 – Eligibility Criteria

2.01 Eligible Entities

The following entities are eligible to apply for the Local Housing Trust Fund Grants Program:

- Cities
- Counties
- Collaborations between cities and/or counties that have established a local housing trust fund through a joint powers agreement under [Minnesota Statute 462C.16, subdivision 2](#).
- Tribal governments

Eligible entities must have an existing Local Housing Trust Fund at the time of application as defined by Minnesota Statute 462C.16, or as otherwise authorized by law.

2.02 Eligible Funds for Match

Eligible entities may request matching funds for New Public Revenue committed to the Local Housing Trust Fund from any source other than the state or federal government. Entities may be eligible to receiving matching funds up to 100% of New Public Revenue up to \$150,000 and, depending on funding availability, additional funds in the amount of 50% of new public revenue above \$150,000 but no more than \$300,000.

For purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29th, 2021.

2.03 Eligible Uses

Grant Proceeds may be used for:

1. Administrative expenses, up to 10% of the Local Housing Trust Fund Program grant;
2. Grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
3. Match for other funds from federal, state, or private resources for housing projects; or
4. Down payment assistance, rental assistance, and home buyer counseling services.

All funds must be used for households at or below 115% of the State Median Income.

Chapter 3 – Contracting Party Requirements

3.01 Contracting Party Requirements

Contracting Parties must adhere to the Grant Contract Agreement requirements which include, but are not limited to, the activities listed below. If there are any conflicts between this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

- Execute one or more Grant Contract Agreements with Minnesota Housing outlining the scope of work to be performed. The Contracting Party may also be responsible for completing the proposal, budget, work plan and/or other exhibits to the Grant Contract Agreement(s).
- Maintain financial records for a minimum of six years after the Grant Contract Agreement(s) ends that document the use of all Grant Proceeds awarded. Minnesota Housing, at its sole discretion, may request to review the accounting and documentation of such records at as part of a site visit or at other times.
- Complete and submit all invoices and required reports on time in a manner determined by Minnesota Housing.
- Have a written conflict of interest policy and take necessary steps to prevent individual and organizational conflicts of interest. All suspected, disclosed, or discovered conflicts of interest must be reported to Minnesota Housing in a timely manner.
- Comply with applicable Grant Contract Agreement and bidding requirements noted in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements noted in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules and policies.

3.02 Subgrantees

If utilizing subgrantees, Contracting Parties are expected to enter into Grant Contract Agreements with subgrantees prior to disbursing Grant Proceeds to them. At a minimum, Contracting Parties must impose on subgrantees the same obligations that Minnesota Housing requires of Contracting Parties under the Grant Contract Agreement. In addition, Contracting Parties must ensure that any communication received from Minnesota Housing is relayed to subgrantees. Contracting Parties remain responsible for compliance with all requirements of this Program Guide and the Grant Contract Agreement and for performance of any subgrantees. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls. Minnesota Housing must approve the use of a subgrantee prior to executing a Grant Contract Agreement with the subgrantees.

3.03 Monitoring and Evaluation of Contracting Parties and Subgrantees

Minnesota Housing will review Contracting Parties' financial reports and progress reports which must be provided according to the timeline outlined in the Grant Contract Agreement. Minnesota Housing may request additional documentation such as, but not limited to, invoices, employee payroll reports and/or timecards, and receipts to verify the information provided in the financial report.

For Contracting Parties with Grant Contract Agreements of \$50,000 or greater, Minnesota Housing will conduct at least one monitoring visit of Contracting Parties during the grant period and complete a financial reconciliation of Contracting Party's expenditures to verify adherence to Grant Contract Agreement and program requirements. The monitoring visit consists of an administrative review of the Contracting Party's policies, procedures and governance, and a program review of the grant activities, staffing and Contracting Party's evaluation of the grant. Approximately one month prior to the monitoring visit, Minnesota Housing will submit a document request for items to be reviewed as part of the monitoring visit and financial documents to be reviewed as part of the financial reconciliation.

Minnesota Housing may request information of subgrantees as part of this monitoring visit. Following the monitoring visit, Minnesota Housing staff will notify the Contracting Party if follow up is required. Upon timely completion of follow-up items, Minnesota Housing staff will issue a monitoring review summary letter including areas of concern, recommendations and requirements. Grant Administrators are expected to monitor subgrantees by these same standards during the grant term.

Chapter 4 – Record Keeping and Reporting

4.01 Record Keeping

Contracting Parties and subgrantees are responsible for maintaining records that document the use of all Grant Proceeds. Contracting Parties must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. Contracting Parties must maintain these documents for a minimum of six years from the end of the Grant Contract Agreement. Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing upon request.

Documents to save and retain include, but are not limited to:

- Executed Grant Contract Agreement
- Reports submitted by the Contracting Party to Minnesota Housing
- Invoices and supporting invoice documentation (receipts, proof of payment, employee payroll, etc.)
- Documentation submitted by any subgrantees
- Written approvals from Minnesota Housing Local Housing Trust Fund Grants Program Grant Manager

4.02 Reporting

Contracting Parties must submit an annual progress report which may include financial reporting, supporting documentation, and other information Minnesota Housing requests regarding the use of grant funds. These progress reports must be submitted annually as outlined in the Grant Contract Agreement. Contracting Parties must also submit a final closeout report outlining proposed and achieved outcomes and complete expenditures. This will include a final reconciliation of the grant funds.

Chapter 5 – Grant Disbursement Process

5.01 Disbursement Options for Contracting Parties:

Disbursement Option 1

The first disbursement of at least 50% of the total grant award will be disbursed to the Contracting Party after submitting documentation to Minnesota Housing demonstrating that the Contracting Party has expended at least 50% of the total matching New Public Revenue funds on authorized expenditures.

Prior to a second disbursement, a financial reconciliation will be initiated and finalized by Minnesota Housing staff.

Upon satisfactory completion of the financial reconciliation, the Contracting Party is eligible to request a second disbursement in the amount of the remaining balance of grant. The Contracting Party must provide documentation demonstrating they have expended the remaining 50% of the matching New Public Revenue funds on authorized expenditures.

Disbursement Option 2

Contracting Parties that have submitted documentation demonstrating that they have expended 100% of the total matching New Public Revenue funds on authorized expenditures may request 100% of their total grant award. Minnesota Housing will disburse 90% of the grant award and retain 10% of the grant funds until financial reconciliation is initiated and finalized by Minnesota Housing staff.

Appendix A – Terms

Table 1: Definitions of capitalized terms used in this Program Guide.

Term	Definition
Affiliated Assistance	Loans, grants, or other awards from the Contracting Party to directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families.
Data Practices Act	References the Minnesota Government Data Practices Act (Minn. Stat. Ch. 13)
Grant Contract Agreement	The Grant Contract Agreement executed between Minnesota Housing Finance Agency and the Contracting Party for the 2023 Local Housing Trust Fund Grants Program Grant.
Contracting Party	Recipient(s) in a Grant Contract Agreement with Minnesota Housing to receive Local Housing Trust Fund Grants Program Proceeds.
Grant Proceeds	Funds distributed under the 2023 Local Housing Trust Fund Grants Program.
Local Housing Trust Fund	Local Housing Trust Fund as defined in Minnesota Statute 462C.16.
Minnesota Housing	The Minnesota Housing Finance Agency
New Public Revenue	For purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29, 2021.
State Median Income	The most recent total median family income for Minnesota issued by the federal Department of Housing and Urban Development (HUD).

Appendix B – Legal Addendum

1.01 Conflict and Control

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

1.02 Fraud

Fraud is any intentionally deceptive action, statement or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07 of this Addendum.

1.03 Misuse of Funds

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07 of this Addendum.

1.04 Conflict of Interest

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A Potential Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- **Actual Conflict of Interest:** An Actual Conflict of Interest occurs when a person’s decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- **Potential Conflict of Interest:** A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.
- **Appearance of a Conflict of Interest:** An Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person’s personal interest, affiliation or relationship inappropriately influenced that person’s action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes any situation in which one’s judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- **Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member:** A person’s current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person’s household.
- **Friend:** A person with whom the individual has an ongoing personal social relationship. “Friend” does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. “Friend” does not include mere acquaintances (that is, interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person’s romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party’s responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07 of this Addendum.

A contracting party should review its contract and request for proposals (RFP) materials, if applicable, for further requirements.

1.05 Assistance to Employees and Affiliated Parties

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the state of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04 of this Addendum;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04 of this Addendum.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07 of this Addendum.

1.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of

the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#) (go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

1.07 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (for example, administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Any member Minnesota Housing's [Servant Leadership Team](#), as denoted on Minnesota Housing's current organizational chart (go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- [Report Wrongdoing or Concerns](#) (go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

1.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

1.09 Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy,

marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes, section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minnesota Statutes, Chapter 177](#) or [Minnesota Statutes, section 116J.871](#). In broad terms, Minnesota Statutes, Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minnesota Statutes, section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes, section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes, section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to mhfa.prevailingwage@state.mn.us.

All questions regarding state prevailing wages and compliance requirements should be directed to the Minnesota Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Rd. N
St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.