Meetings Scheduled for SEPTEMBER

Date: 09/24/2026, 1 p.m.

Hybrid Option Available

In person: Minnesota Housing, Lake Superior Conference Room, 400 Wabasha Street N. Suite 400 St. Paul, MN 55102

Conference call: Toll Free: 1 866 901 6455 Access Code: 539-746-458

Livestream link: https://www.youtube.com/@MinnesotaHousing/streams

Note

The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, September 24, 2026.

IMPORTANT: Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minnesota Statute 462A.041 are met. In accordance with Minn. Stat. 462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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MINNESOTA HOUSING

Agenda: Minnesota Housing Board Meeting

Date: 09/24/2026, 1 p.m.

Our Mission and Vision

Mission: Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Vision: All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

1. Call to Order

2. Roll Call

3. Agenda Review

4. Approval of Minutes

A. (page 5) Regular meeting of August 27, 2026

5. Reports

- Chair
- Commissioner
- Committee

6. Consent Agenda

A. (page 11) Approval, Resolution Modifications to Homeownership Investment Grant Program Request for Proposals Selections
B. (page 15) Approval, Minnesota Homeownership Center, Operating Technical Assistance Grant

7. Action Items

A. (page 19) Approval, Policy for Carpenter Wage Rate for Low-Income Housing Tax Credit Only Projects
B. (page 23) Approval, Amendments to the Economic Development and Housing Challenge Program Guide
C. (page 53) Approval, 2026 Workforce Housing Development Program Selection Recommendations
D. (page 61) 2026 Community Stabilization – Naturally Occurring Affordable Housing Single Family Program Request for Proposals Selections
E. (page 71) Approval, Selection and Commitment, Regional Planning Grant to Prevent and End Homelessness
F. (page 79) Approval, Capacity Building Program Manual and Available Funding

8. Discussion Items

A. (page 103) Fourth Quarter FY26 Update

9. Information Items

None.

10. Other Business

None.

11. Adjournment

MINNESOTA HOUSING

Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, August 27, 2026, at 1 p.m.

1. Call Attendance

Chair DeCramer called to order the regular meeting of the board of Minnesota Housing Finance Agency at 1 p.m.

2. Roll Call

Members present via hybrid: Chief Melanie Benjamin, Auditor Julie Blaha, Chair John DeCramer, Stephanie Klinzing, Stephen Spears and Terri Thao.

Minnesota Housing staff present via hybrid: Tal Anderson, Tom Anderson, Takara Archer, Ryan Baumtrog, Abigail Behl, Jennifer Bergman, Susan Bergmann, Scott Beutel, Judd Berthiaume, Laura Bolstad-Grafstrom, Stacie Brooks, Jenni Bubke, Alex Campbell, Eric Chapin, Ji-Young Choi, Alex Curwick, Nicole DeMario, Renee Dickinson, Matt Dieveney, Hannah Dressen, Sam Dyer, Jennifer Finnesgard, Sarah Foley, Shannon Fortune, Jessica Fowler, Rachel Franco, Graydon Francis, Terese Fritchman, Dory Goebel, Sara Gomoll, Vanessa Haight, Jody Hanson, Amanda Hedlund, Darryl Henchen, Kang Her, Adam Himmel, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Sarah Huss, Dylan Johnson, Karen Johnson, Jen Judas, Erin Karkula-Peterson, Tiffany Kibwota, Katey Kinley, Ken Knutson, Debbie Krajsa, Greg Krenz, Kristen Kvalsten, Sue Ladehoff, Ben Landwehr, Janine Langsjoen, Ger Lee, James Lehnhoff, Ed LeTourneau, Joshua Love, Sarah Matala, Dylan Mato, Jill Mazullo, Don McCabe, Jeff McDonald, Ann McFarland, Leighann McKenzie, Amy Melmer, Benjamin Miles, Kelli Minnerath, Roger Moeller, Jon Moler, Judi Mortenson, Gary Mortensen, Kristen Mortenson, Michael Nguyen, Tenzin Nordon, Tate Pashibin, John Patterson, Andy Pratt, Robert Reintjes, Cassi Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Lael Robertson, Dani Salus, Joel Salzer, Zafar Siddiqui, J'onice Smith, Dez Sobiech, Meg Sorenson, Maria Steele, Lauren Stelter, Rachael Sterling, Corey Strong, Kim Stuart, Jodell Swenson, Susan Thompson, Mike Tobias, Monica Tucker, Nancy Urbanski, David Vang, Kayla Vang, Teresa Vaplon, Amanda Welliver, Alyssa Wetzel-Moore, Lakisha Whitson, Bev Wilharm and Kristy Zack.

Others present via hybrid: Linda Adams, Red Lake Housing Finance Corp; Ramona Advani, Office of the State Auditor; Foluki Akanni, Minnesota Homeownership Center; Jane Barrett, Red Lake Housing Finance Corp; Jason Blume, Cinch Home Services; Andrea Brennan, Greater Minnesota Housing Fund; Colleen Ebinger, Impact Strategies; Peter Ebnet, Greater Minnesota Housing Fund; Kit Fordham, Minnesota Consortium of Community Developers; Naomi Gullickson, Minnesota Chippewa Tribe Finance Corp; Roxanne Kimball, Minnesota Homeownership Center; Scott Omlid, Minnesota Chippewa Tribe Finance Corp; Jason Peterson, NeighborWorks Home Partners; Ellen Sahli, Family Housing Fund, Anne Smetak, Housing Justice Center; Jeff Washburne, CLT Coalition and Steve White, Minnesota Chippewa Tribe Finance Corp.

3. Agenda Review

None.

4. Approval

A. Regular Meeting Minutes of July 23, 2026

Motion: Auditor Blaha moved approval of the July 23, 2026, Regular Meeting Minutes. Seconded by Stephen Spears. Roll call was taken. Motion carries 6-0. All were in favor.

5. Reports

Chair

None.

Commissioner

Commissioner Ho shared the following with the board:

- Welcome New Employees
- Meetings/Events
- Division Updates

Committee

None.

6. Consent Agenda

A. Approval, Northwest Minnesota Foundation Contract Amendment

B. Approval, Start Up and Step Up Procedural Manual Revisions

C. Funding Modification, Capacity Building Funds – HOME Line

Motion: Stephen Spears moved the Consent Agenda items. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

7. Action Items

A. Adoption, Series Resolution Authorizing Issuance and Sale of Additional Series of State Appropriation Bonds (Housing Infrastructure)

Matt Dieveney and Andy Pratt presented to the board a request for adoption of a resolution authorizing issuance and sale of additional series of state appropriation bonds. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Auditor Blaha moved Adoption, Series Resolution Authorizing Issuance and Sale of Additional Series of State Appropriation Bonds. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

B. Commitment, Limited Partner Buy-Out Loan – Maple Village II Apartments, D6286, Maple Grove

Mike Tobias presented to the board a request for a waiver of some of the parameters in the board-approved Limited Partner Buy-Out Loan concept and adoption of a resolution authorizing the issuance of a loan commitment for an amortizing Limited Partner Buy-Out Loan in the amount of $650,000. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Stephanie Klinzing moved Commitment, Limited Partner Buy-Out Loan – Maple Village II Apartments, D6286, Maple Grove. Seconded by Auditor Blaha. Roll call was taken. Motion carries 6-0. All were in favor.

C. Approval, Selection and Commitment, 2026 HOME American Rescue Plan Request for Proposals

Cindy Diel presented to the board a request for adoption of a resolution approving the selection and commitment for $29,124,100 from the HOME American Rescue Plan Program. The selection and commitment are subject to final underwriting and due diligence. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Auditor Blaha moved Approval, Selection and Commitment, 2026 HOME American Rescue Plan Request for Proposals. Seconded by Stephen Spears. Roll call was taken. Motion carries 6-0. All were in favor.

D. Forgiveness, Economic Development Housing Challenge Loan - Lindquist Apartments, D3124, Minneapolis

Dylan Johnson presented to the board a request for adoption of a resolution authorizing the forgiveness of the $442,531 deferred Economic Development Housing Challenge loan and the release of all related affordability and occupancy restrictions as part of the new financing structure for the recapitalization, rehabilitation and preservation of Lindquist Apartments. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Stephen Spears moved Forgiveness, Economic Development Housing Challenge Loan - Lindquist Apartments, D3124, Minneapolis. Seconded by Terri Thao. Chair DeCramer abstained. Roll call was taken. Motion carries 5-0. All were in favor.

E. Forgiveness, HOME Rental Rehabilitation Program Loan, Ending Long-Term Homelessness Initiative Fund Program Loan – The Francis, D4075, Rochester

Sarah Huss presented to the board a request for adoption of a resolution authorizing forgiveness of the following loans: $252,000 Home Rental Rehabilitation Program loan; and $170,197 Ending Long-Term Homelessness Initiative Fund Program loan. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Stephanie Klinzing moved Forgiveness, HOME Rental Rehabilitation Program Loan, Ending Long-Term Homelessness Initiative Fund Program Loan – The Francis, D4075, Rochester. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

F. Approval, Housing Trust Fund Operating Subsidy Program Guide

Sarah Huss presented to the board a request approval of an updated Housing Trust Fund Operating Subsidy Program Guide. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Terri Thao moved Approval, Housing Trust Fund Operating Subsidy Program Guide. Seconded by Auditor Blaha. Roll call was taken. Motion carries 6-0. All were in favor.

G. Approval, Tribal Indian Housing Program Termination of Loan Agreements

Judi Mortenson and Corey Strong presented to the board a request for authorization to amend and terminate the Loan Agreements with the four Tribal Indian Housing Program Tribal Administrators. The amendment and termination of the agreements will allow each Tribal Administrator to retain and continue administering its revolving loan fund and outstanding loans in support of its housing program as determined by each Tribal Administrator. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Terri Thao moved Approval, Tribal Indian Housing Program Termination of Loan Agreements. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

H. Modification, Board Policy No. 10 (Participant Suspension)

Nicole DeMario presented to the board a request for approval of the recommended modifications to Board Policy No. 10 Participation Suspension Policy. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Auditor Blaha moved Modification, Board Policy No. 10. Seconded by Stephanie Klinzing. Roll call was taken. Terri Thao was not present for the vote. Motion carries 5-0. All were in favor.

I. Approval, 2026-2028 The HousingLink Operations Grant Contract

Alyssa Wetzel-Moore presented to the board a request for approval to enter into a grant contract agreement with The HousingLink. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Auditor Blaha moved Approval, 2026-2028 The HousingLink Operations Grant Contract. Seconded by Stephen Spears. Roll call was taken. Terri Thao was not present for the vote. Motion carries 5-0. All were in favor.

8. Discussion Items

None.

9. Information Items

A. Chief Risk Officer Report

B. Board Risk Assessment for 2025 and 2026

C. Third Quarter 2026 Progress Report: 2024-2027 Strategic Plan and 2026-2027 Affordable Housing Plan

D. Post Sale Report, Rental Housing Bonds, Series 2026 C (Gladstone Crossing)

E. Post Sale Report, Residential Housing Finance Bonds, Series 2026 IJ

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 2:13 p.m.

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John DeCramer, Chair

Item: Approval, Resolution Modifications to Homeownership Investment Grants Program Request for Proposals Selections

Consent Item: 6.A
Date: September 24, 2026
Staff Contacts: Laurie Zabel, 651.539.9804, laurie.zabel@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests board approval of a resolution modification for selections made under the Homeownership Investment Grants (HIG) program, extending the deadline for grant contract execution to December 31, 2026.

Fiscal Impact

No fiscal impact.

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Resolution

Background

At its June 26, 2025, meeting, the Minnesota Housing board approved selections for the Homeownership Investment Grants Program per Resolution No. MHFA 25-040, further modified by Resolution No. MHFA 25-073. Resolution No. MHFA 25-040 states that the execution of the individual grant contracts shall occur no later than nine months from the adoption date of the resolution (March 26, 2026).

At its March 26, 2026, meeting, the Minnesota Housing board approved Resolution 26-019, extending the deadline for grant contract execution to September 30, 2026.

As of September 8, four of the contracts have been executed. Two remaining grantees have submitted draft program manuals for which Minnesota Housing staff have completed initial reviews and provided technical assistance to support the grantee in completing the remaining requirements necessary for contract execution.

Based on the remaining work required, staff does not anticipate that the selected grantees will be able to complete the required steps and execute the grant contract by the September 30, 2026, deadline. Extending the contract execution deadline will provide additional time for the grantees to address outstanding requirements and move to finalizing the grant contract.

Staff requests that the Board approve the following resolution to extend the deadline for executing the remaining Homeownership Investment Grant Program contracts to December 31, 2026.

MINNESOTA HOUSING FINANCE AGENCY

400 Wabasha Street North,
Suite 400 St. Paul, MN 55102

RESOLUTION NO. MHFA 26-XXX

MODIFYING RESOLUTIONS NO. MHFA 25-040, MHFA25-073 and MHFA 26-019

RESOLUTION MODIFYING SELECTIONS FOR HOMEOWNERSHIP INVESTMENT GRANTS PROGRAM

WHEREAS, at the March 26, 2026, meeting, the Minnesota Housing Finance Agency (Agency) board approved the Homeownership Investment Grants Program contract execution deadline through resolution MHFA 26-019; and

WHEREAS, the remaining selected organizations have submitted a draft program manual, and Agency staff continue to provide technical assistance to support completion of the requirements necessary for contract execution; and

WHEREAS, Agency staff have determined that additional time is needed for the remaining selected organizations to complete the required steps for contract execution.

NOW THEREFORE, BE IT RESOLVED:

That the board hereby authorizes Agency staff to enter into grant contract agreements as set forth in Resolution No. MHFA 25-040, modified as follows:

1. The execution of the remaining Homeownership Investment Grants Program grant contracts shall occur no later than <u>December 31, 2026</u>;
2. All other terms and conditions of Resolution No. MHFA 25-040, as modified by Resolution No. MHFA 25-073 and MHFA 26-019, remain in effect.

Adopted this 24th day of September 2026

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CHAIR

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Item: Approval, Minnesota Homeownership Center, Operating Technical Assistance Grant

Consent Item: 6.B
Date: 09/24/2026
Staff Contacts: Ben Landwehr 651.539.9632, Ben.Landwehr@state.mn.us
Abigail Behl, 651.539.9603, Abigail.Behl@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of a single source grant to the Minnesota Homeownership Center in the amount $300,000 with a two-year grant term, to provide public good for all Minnesotans by supporting homeowners in need of housing counseling, advising and foreclosure prevention services.

Fiscal Impact

This award uses Pool 3 Operating Technical Assistance (OTA) resources structured as a grant which does not earn interest for the Agency. The resources were allocated for the purposes of this grant as part of the 2026-2027 Annual Housing Plan (AHP).

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Request Details
- Resolution

Background

This grant will provide public good for all Minnesotans by supporting homeowners in need of housing counseling and foreclosure prevention services. As a grantee, the Minnesota Homeownership Center will continue to serve as a resource for connecting homebuyers with accessible counseling and advising services, information and resources.
The Minnesota Homeownership Center is the state's resource for connecting homebuyers with accessible and community relevant counseling and education services, information and resources. The Minnesota Legislature has and continues to designate the Minnesota Homeownership Center as the entity responsible for connecting homeowners with foreclosure resources and foreclosure prevention assistance (Minnesota Statute 580.041, subd.2 Foreclosure Advice & Redemption Notice To Owners; 580.10, subd. 2 Notice of Surplus; 327.64 Notice Of Default Service; 327.665 Reinstatement, Subd. 2.; Required notice; contents of notice; 559A.03 Disclosures, Subd. 5. General disclosure).

Statute 580.041 requires Minnesota Homeownership Center's name and contact information to be listed on the pre-foreclosure notices and notices of surplus sent to homeowners. By serving this role as the centralized contact within the state's foreclosure process, the Minnesota Homeownership Center provides a vital public service, connecting homeowners in need with timely and unbiased foreclosure prevention assistance. Through this role the Minnesota Homeownership Center receives important data to allow it to spot early signs of housing system stress and to deploy targeted foreclosure-prevention interventions precisely where and when they will have the greatest impact.

The Minnesota Homeownership Center maintains and coordinates the Homeownership Advisors Network, a statewide network of roughly 40 housing counseling agencies, including those offering foreclosure counseling, foreclosure prevention advising and home equity conversation mortgage/reverse mortgage counseling. In this role, the Homeownership Center supports the network by providing essential guidance on evolving mortgage regulations and policies; developing counseling standards and curricula; and delivering HUD accredited training to the network. These activities are critical for building and sustaining the network's capacity to offer full-cycle homeownership services.

This grant is necessary to ensure continuity of services, compliance with Minnesota Statutes and the effective statewide delivery of homeownership counseling and foreclosure prevention services.

Grant Activities

The following grant activities will be expected under this grant. The Minnesota Homeownership Center will:

- Serve as a single point of contact for residents seeking to connect with the Homeownership Advisors Network of homeownership counselors. This involves maintaining a phone line, website and local office that is accessible to Minnesotans in need of assistance with housing counseling and education, including foreclosure prevention services.
- Provide intake coordination and referrals to homeowners statewide, connecting them with appropriate services.
- Maintain the Minnesota Homeownership Advisors Network Standards (a consistent framework for network advisors that establishes protocols for all aspects of administering homeownership counseling and advising services), verifying the standards meet or exceed HUD Industry Standards for homeownership education and counseling and pre-foreclosure services.
- Support the Homeownership Advisors Network, which is responsible for providing housing counseling and foreclosure prevention services, among other housing support services, across the state of Minnesota.

Request Details

The staff hereby requests board approval of an operating technical assistance grant to the Minnesota Homeownership Center funded for $300,000 for a two-year grant period, October 1, 2026-September 30, 2028.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102
RESOLUTION NO. MHFA 26-XX

RESOLUTION APPROVING OPERATING TECHHNICAL ASSISTANCE GRANT FUNDS FOR THE MINNESOTA HOMEOWNERSHIP CENTER

WHEREAS, the Minnesota Housing Finance Agency (Agency) will provide grant funds to the Minnesota Homeownership Center to provide services under the operating technical assistance program; and

WHEREAS, Agency staff has reviewed the work plan and related materials submitted and is in compliance under the Agency's rules, regulations, and policies; and that the awardee will assist in fulfilling the purpose of the grant funds.

NOW THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff to enter into a Grant Contract Agreement with the Minnesota Home Ownership Center subject to the following conditions:

1. The amount of the initial Grant Contract Agreement shall not exceed $300,000 and shall be for a grant period of two years with an option to extend the term for an additional two years. If the Grant Contract Agreement is extended for an additional two years, the amount authorized in the Grant Contract Agreement may be increased by an additional $300,000, for a total amount not to exceed $600,000 over a four-year term

2. The issuance of a Grant Contract Agreement subject to the terms and conditions contained herein and in form and substance acceptable to Agency staff, and the execution of the Grant Contract Agreements shall occur no later than three months from the adoption date of this Resolution; and

3. The Minnesota Home Ownership Center and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement as the Agency, in its sole discretion, deems necessary.

Adopted this 24th day of September 2026.

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CHAIRMAN

MINNESOTA HOUSING

Item: Approval, Policy for Carpenter Wage Rate for Low-Income Housing Tax Credit Only Projects

Action Item: 7.A
Date: 09/24/2026
Staff Contacts: James Lehnhoff, 651.539.9715, james.lehnhoff@state.mn.us
Jonathan Moler, 651.296.3649, jonathan.moler@state.mn.us
Ryan Baumtrog, 651-296-9820, ryan.baumtrog@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests approval of the Policy for Carpenter Wage Rate for Low-Income Housing Tax Credit Only Projects.

Fiscal Impact

None.

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☐ Strengthen Communities

Attachments

- Background
- Policy for Carpenter Wage Rate for Residential Construction

Background

In 2024, [Minnesota Laws, chapter 127, article 9, sections 1 and 2] amended [Minnesota Statute 116J.871] to apply state prevailing wage requirements to new-construction multifamily rental projects that receive federal Low-Income Housing Tax Credits (HTCs). Previously, state prevailing wage applied if a project received a state loan of $500,000 or more, a state grant of $200,000 or more, or if the project was publicly owned with a value of at least $25,000. HTC-only projects were otherwise not subject to state prevailing wage rules.

The Minnesota Department of Labor and Industry (DLI) administers state prevailing wage requirements, including wage-rate setting, investigations and enforcement. DLI's current methodology uses commercial construction carpenter wage rates and does not incorporate residential carpenter rates. DLI has begun the rulemaking process to update its methodology.

In the interim, [Minnesota Laws 2025, chapter 32, article 4, section 14] authorizes Minnesota Housing and other HTC allocating agencies to adopt a policy allowing certain projects to use the federal Davis-Bacon residential carpenter wage rate instead of the state commercial carpenter rate. This flexibility is limited to projects that are:

- Solely using HTCs and no other state financing or funding;
- Six stories or under in height; and
- Using wood frame construction for residential use.

Because the legislation only applies to HTC-only projects, most eligible developments will be those using tax-exempt volume cap bonds from Minnesota Management and Budget to access the 4% HTC. Minnesota Housing or one of the four HTC suballocators (Minneapolis, St. Paul, Dakota County, Washington County) may allocate 4% HTCs. Each suballocator would need to adopt its own policy to use this wage-rate flexibility.

The Northern Midwest Regional Council of Carpenters requested that Minnesota Housing adopt this policy to help support the financial feasibility of multifamily affordable housing production. Davis-Bacon residential carpenter wage rates are generally lower than the state's commercial construction carpenter wage rates, and both sets of rates vary by county. In many counties, particularly in Greater Minnesota, the federal Davis-Bacon residential carpenter rate can be substantially lower than the state commercial carpenter rate, likely due to small sample sizes in federal surveys. To limit the potential impact of significant rate differences, the proposed policy would apply only in counties where the Davis-Bacon rate does not differ from the state rate by more than 25%. As of September 2026, 21 of 87 counties are under the 25% threshold, including all seven metropolitan counties where most HTC-only projects are implemented. The list will be updated as either applicable state or federal wage rates changes.

As noted, DLI has initiated the rulemaking process to update their methodology with the intent of completing that process before the legislation allowing the flexibility expires on December 31, 2027.

Carpenter Wage Rate for Low-Income Housing Tax Credit-Only Projects

Division: Multifamily
Policy Owner: Assistant Commissioner, Multifamily
Version: 1.00
Effective Date: MM/DD/YYYY
Date Last Updated: MM/DD/YYYY
Frequency of Review: Annually

Policy Statement

Pursuant to the Laws of Minnesota 2025, chapter 32, article 4, section 14, Minnesota Housing has the discretion to enact a policy that would utilize the applicable carpenter rate for residential construction under the federal Davis-Bacon and Related Acts (Davis-Bacon) for all carpenter work, as described in Minnesota Rules, part 5200.1102, subpart 4, performed in the erection, remodeling, or finishing of a structure of up to six stories, or any portion thereof, that is wood framed and intended for residential use. This policy allows the applicable Davis-Bacon carpenter rate to be used for residential construction and is limited to projects which receive state funding solely through the allocations or award of federal Low-Income Housing Tax Credits (HTCs) as provided in Minnesota Statutes, section 462A.222 and as otherwise described in the Applicability section, below.

Objective

The objective of the policy is to reduce construction costs for eligible projects to help support the project's financial feasibility.

Applicability

This policy applies to multifamily residential construction of up to six stories that are financed by the state solely through the allocation or award of HTCs and whose Davis-Bacon carpenter rates are no more than 25% lower than the applicable state prevailing wage rate. The law authorizing this policy expires on December 31, 2027, at which time this policy will no longer be in effect.

Related Documents/Forms

https://mnhousing.gov/home/rental-housing/prevailing-wage

History

Table 1: Revision History

Version	Description	Date
1.0	Policy created by James Lehnhoff	MM/DD/YYYY

Contact

mhfa.prevailingwage@state.mn.us

Item: Approval, Amendments to the Economic Development and Housing Challenge Program Guide

Action Item: 7.B
Date: 09/24/2026
Staff Contacts: Sara Bunn, 651.539.9883, sara.bunn@state.mn.us
Summer Jefferson, 651.539.9908, summer.jefferson@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff recommends approval of amendments to the Economic Development and Housing Challenge (EDHC) Program Guide.

Fiscal Impact

Generally, deferred financing from state appropriations in multifamily do not earn interest for the Agency but do provide fee income for the Agency.

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- EDHC Program Guide

Background

In 1999, the Minnesota Legislature authorized Minnesota Housing to establish the Economic Development and Housing Challenge (EDHC) Program in Minnesota Statute 462A.33. As required by statute, the EDHC Program awards funds for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs. The EDHC Program is also subject to Minnesota Rules 4900.3600-4900.3652.

Staff propose making administrative changes and restructuring the EDHC Program Guide to simplify and streamline the document, clarify connections to statutory or rule requirements, and align with modern program guide formats. Except for the rent and income alignment further explained in the next section, there are no material changes to policy, eligibility or uses in the EDHC Program.

Due to the reorganization within the document, a red line version became cumbersome to read. As such, a red line version is not included with this memo but is available upon request.

Rent and Income Limit Definition Alignment

The 2024 legislative session added the following tool to Minnesota Statute 462A.37, Subdivision 18:

> *Rent and income limits. Notwithstanding any law to the contrary, to promote efficiency in program administration, underwriting, and compliance, the commissioner may adjust income or rent limits for any multifamily capital funding program authorized under state law to align with federal rent or income limits in sections 42 and 142 of the Internal Revenue Code of 1986, as amended. Adjustments made under this subdivision are exempt from the rulemaking requirements of chapter 14.*

Between state and federal multifamily funding programs, there are more than 20 different versions of rent and income limit definitions. Many of those versions use similar but slightly different versions of area median income (AMI) and state median income. Section 42 and Section 142 of the Internal Revenue Code of 1986 established the federal Low-Income Housing Tax Credit (LIHTC) program. The LIHTC program uses Multifamily Tax Subsidy Project (MTSP) affordability definitions, which are derived from AMI. LIHTC is a common source of funding in Minnesota Housing's multifamily new construction and preservation projects and is often paired with deferred loan resources. When a project has more than one funding source, each funding source can add a layer of compliance complexity over the life of the project's affordability period.

Where practicable, this new statutory tool allows Minnesota Housing to align affordability definitions in state funded programs with MTSP. This simplifies compliance administration for the property owner, property manager, residents and Minnesota Housing. Staff are reviewing options for all state funded multifamily deferred loan programs to determine where affordability definitions can be aligned with MTSP while maintaining the legislative intent of the program. Staff are proposing updates in Chapter 2. The board previously approved a similar change to the Housing Infrastructure Program Guide in January 2026.

Proposed Program Guide Amendments

Below are highlights of the key changes to the EDHC Program Guide:

Chapter 1: Program Purpose and Authorizing Statute

- Added language to cite Minnesota Rules 4900.3600-4900.3652 (Chapter 1.01)

Chapter 2: Eligible Uses and Eligibility Criteria

- Eligible Applicants (Chapter 2.01)
  - Modified eligible applicant “An Indian Tribe or Tribal housing corporation” to “A Federally recognized American Indian Tribe Located in Minnesota or its Tribally Designated Housing Entity.”
  - Added language to cite Minnesota Statute definitions for a nonprofit organization, a city and a private developer, see also Appendix A - Definitions
- Eligible Activities, Requirements and Level of Funding (Chapter 2.02)
  - Language has been modified from “Acquisition” to “Acquisition of land or existing structures” to provide clarification regarding what is meant by acquisition (Section 2.02 A.)
  - Language has been added to clarify that “Conversion to housing from another use” is an eligible activity (Section 2.02 A.)
  - Language has been added to clarify that “Demolition or removal of existing structures” is an eligible activity (Section 2.02 A.)
  - A requirements section has been added to clarify that to be eligible for the EDHC Program, Minnesota Rule 4900.3646, subp. 2 must be met. (Section 2.02 B.) This includes:
    - Be residential in nature, and each Rental Housing unit must contain a kitchen and a bathroom;
    - Be permanent housing for which the term of tenancy may be extended indefinitely beyond the initial lease term;
    - Be occupied by households that satisfy the income limits and rent limits provided in Section 2.03 of this Program Guide;

        - Be located in the same City or county, if the development includes single-family or duplex properties, and contain a minimum of four units total; and
        - Have use restrictions that remain in effect until the later of the date on which the loan is repaid or the date that is 15 years from the closing date of the loan.
- Income, Rent and Other Compliance Requirements (Chapter 2.03)
    - Modified and combined income and rent limit requirements into Chapter 2.03 to allow simplicity of the requirements to be located in one section.
    - Modified the rent and income requirements to align with MTSP limits in accordance with Minnesota Statute 462A, Subdivision 18. This change will help simplify administration, underwriting and long-term compliance. These updates do not change the affordability definitions on any existing project. As such, the EDHC Program Guide includes provisions for project selected for funding before and after calendar year 2024.
    - Language has been added to clarify that the minimum compliance term for the income and rent restrictions are based on Minnesota Rule 4900.3646, G.2. (Section 2.03 D.)
    - A new section was created for Acquisition and Rehabilitation Projects, and language was moved here and updated from Chapter 2.04. (Section 2.03 E.)
- Project Feasibility, Organizational Capacity and Funding Priorities (Chapter 2.04)
    - This is a new section created to combine all information on how Minnesota Housing reviews applications into one place.
    - Language has been added to clarify that demonstrating overall project feasibility includes Minnesota Rule 4900.3648, subp. 2 (Section 2.04 A.)
    - Language has been added to clarify what factors should be considered in determining whether an applicant has demonstrated sufficient organizational capacity as per Minnesota Rule 4900.3648, subp. 3 (Section 2.04 B.)
    - Language has been added to include funding priorities and preferences that will be given among comparable proposals as per Minnesota Statute, section 462A.33 and Minnesota Rule 4900.3650 (Section 2.04 C.)

Chapter 3: Loan Characteristics and Terms

- Mortgage Interest Rate and Term (Chapter 3.02)
    - General updates have been made to align with current Agency policies and Minnesota Rule 4900.3632, subp. 2 to clarify when the Agency can adjust EDHC Program Funding loan terms.
    - Grant language has been removed as it is not currently Agency practice to offer EDHC funds as grants for multifamily projects. Grants are generally incompatible with the federal LIHTC program.

- Transfer of Ownership and Prepayment (Chapter 3.04)
  - Made general updates to the Transfer of Ownership section to provide clarification and to bring the EDHC Program Guide up to date with the current Request for Action (RFA) process. (Section 3.04 A.)
  - Prepayment is now its own section, and language was added to clarify that the 15-year minimum term for covenants and conditions in the declaration is a requirement of Minnesota Rule 4900.3646, subp. 2.F (Section 3.04 B.)
  - Added a Repayment Processing Fee section to clarify that as per Minnesota Rule 4900.3632, subp. 4, the Agency will charge a repayment fee (Section 3.04 C.)
- Return on Equity (Chapter 3.05)
  - Added language to cite the specific statute that details the allowable return on equity
- Management and Operations (Chapter 3.06)
  - Made general updates to the Management and Operating Budget section and referenced the Minnesota Housing Multifamily Underwriting Standards (Section 3.06 A.)
  - Made general updates to the Utilization of Units section and moved all related information here. This was updated to reflect Minnesota Rule 4900.3652 subp. 5 and current Agency policy (Section 3.06 B.)
  - Made general updates to Marketing and moved all related information here and updated to align with current Agency policies (Section 3.06 C.)
  - Moved all information on Rent Increases to this Chapter and made updates to align with Minnesota Rule 4900.3652 subp. 2, including that Minnesota Housing must approve rent increases (Section 3.06 D.)
  - Added a Prohibition Against Discrimination section to align with Minnesota Rule 4900.3652 subp. 3. (Section 3.06 E.)
- Monitoring and Reporting Requirements (Chapter 3.07)
  - Updates were made to align language with current Minnesota Housing policies and procedures.
- Occupancy Requirements (Chapter 3.08)
  - Added a new section on Occupancy Requirements and moved all related information here and updated it to align with current Minnesota Housing policies.

Addendum A: Definitions

- The terms have been updated to reflect the above noted EDHC Program Guide updates.

Addendum B: Legal Addendum

- An updated Legal Addendum has been added.

Economic Development and Housing Challenge Program

Program Guide

September 2026

EQUAL HOUSING OPPORTUNITY

September 2026

Values Statement

Our vision is that all Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy.

We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

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.

Chapter 1 – Purpose and Background

1.01 Program Purpose and Authorizing Statute

The Minnesota Housing Finance Agency's (Minnesota Housing) authority to develop the Economic Development and Housing Challenge (EDHC) Program is provided in Minnesota Statute, section 462A.33. The EDHC Program is also subject to Minnesota Rules 4900.3600-4900.3652.

The purpose of the EDHC Program is to provide funding to assist in the development of affordable permanent Rental Housing that supports economic development and redevelopment activities, job creation, or job preservation within a community or region by meeting locally identified housing needs.

This EDHC Program Guide (Program Guide) is exclusive to multifamily rental related uses of EDHC Program Funding. For information on single family home ownership related uses, please contact Impact.Fund.MHFA@state.mn.us. For Information on manufactured housing related uses, please contact MNHousing.ManufacturedHomes@state.mn.us.

1.02 Program Guide

This Program Guide, including subsequent changes and additions, will be incorporated into the Loan Documents executed between the Borrower and Minnesota Housing. If there are any conflicts between the terms of this Program Guide and the Loan Documents, the Loan Documents will control.

1.03 Definitions

Appendix A includes definitions of capitalized terms used in this Program Guide and is attached and incorporated into this Program Guide.

1.04 Legal Addendum

Any recipient of an award pursuant to the EDHC Program agrees to comply with the additional requirements and obligations as described in Appendix B, which is attached and incorporated into this Program Guide.

Chapter 2 – Eligible Uses and Eligibility Criteria

2.01 Eligible Applicants

Eligible applicants for EDHC Program funding are:

- A City;
- A federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity that owns or will own the housing;
- A Private Developer;
- A Nonprofit Organization;
- A joint powers board established by two or more cities that owns or will own the housing;
- A Public Housing Agency that owns or will own the housing; or
- A natural person who owns or will own the housing.

2.02 Eligible Activities, Requirements and Level of Funding

A. Eligible Activities

Eligible activities include the following or a combination of the following for Rental Housing with a minimum of four units:

- Acquisition of land or existing structures;
- Conversion to housing from another use, rehabilitation or construction of permanent housing; and/or
- Demolition or removal of existing structures according to Minnesota Statutes, section 462A.33, subdivision 1, paragraph (d).

B. Requirements

To meet the requirements for EDHC Program funds, the Rental Housing must:

- Be residential in nature, and each Rental Housing unit must contain a kitchen and a bathroom;
- Be permanent housing for which the term of tenancy may be extended indefinitely beyond the initial lease term;
- Be occupied by households that satisfy the income limits and rent limits provided in Section 2.03 of this Program Guide;
- Be located in the same City or county, if the development includes single-family or duplex properties, and contain a minimum of four units total; and
- Have use restrictions that remain in effect until the later of the date on which the loan is repaid or the date that is 15 years from the closing date of the loan.

Temporary uses such as shelters, transitional housing or residential hotels are not eligible for funding under EDHC Program funding.

C. Level of Funding

In determining the amount of the EDHC Program funding, Minnesota Housing reviews cost reasonableness on a per-unit and total development cost basis. Minnesota Housing also analyzes the developmental and operational costs to determine that the amount of funds provided to the development are not more than is necessary to make the development financially feasible.

Both Partially Assisted and Fully Assisted developments are eligible for assistance. In a mixed-income development, only the units that meet the income and rent requirements of the EDHC Program funding will be funded with EDHC Program funds. The level of funding may be prorated based on other project details as determined by Minnesota Housing including square footage, level of amenities and the number of assisted units compared to that of non-assisted units. Funding for general improvements to an existing property (such as a roof, heating systemc or siding) is determined based on the percentage of assisted units.

At least 50% of the EDHC Program funding must be used for economically viable Rental Housing proposals that include a financial or an in-kind contribution from non-state resources that reduce the need for state resources.

2.03 Income, Rent and Other Compliance Requirements

The following sections do not supersede or replace any rent or income requirements in a project's Loan Documents.

The maximum rent and income limits are different depending on when the project was selected for funding:

Table 1: Summary of Income and Rent Requirements

	Income Limits	Rent Limits
Projects selected for funding prior to 2024	Does not exceed 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development	Affordable to Local Workforce rents
Projects selected for funding in 2024 and after	80% MTSP	60% MTSP

A. Income and Rent Limits for Projects Selected for Funding Prior to 2024 Income Limits

In accordance with Minnesota Statutes, section 462A.33, subdivision 5, the Rental Housing units must be occupied by households with household incomes that do not exceed 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

The intent of the EDHC Program funding Minnesota Rule 4900.3646, subpart 2(D) and Minnesota Statutes, section 462A.33, subdivision 5 requires units assisted with EDHC Program funding to be Affordable to the Local Workforce. This means that the rent must be affordable based on any of the following criteria:

- The wages of the jobs being created or retained in the Local Area;
- The fastest-growing jobs in the Local Area;
- The jobs with the most openings in the Local Area; or
- The wages of the workforce employed by organizations making contributions to projects selected for EDHC Program Funding.

Minnesota Housing calculates and publishes the Affordable to Local Workforce rents for each county on an annual basis on Minnesota Housing’s website.

B. Income and Rent Limits for Projects Selected for Funding in 2024 and After

To promote efficiency in program administration, underwriting and compliance, the income and rent limits established in Minnesota Statute 462A.33 are hereby modified to align with section 42 of the Internal Revenue Code. The modification is authorized pursuant to Minnesota Statutes, section 462A.07, Subdivision 18. These modifications do not alter or supersede any income or rent restrictions established in existing Loan Documents or commitments.

The maximum rent and income limits are as follows:

- Income Limits: 80% MTSP
- Rent Limits: 60% MTSP

Minnesota Housing calculates and publishes the MTSP rents for each county on an annual basis on its website.

C. Utilities

Tenant-paid utility allowances are included in gross rent. Generally, acceptable utility allowances are those provided by a Public Housing Agency on a Section 8 utility allowance schedule. Utility allowances must be updated annually.

D. Minimum Compliance Term

In accordance with [Minnesota Rule 4900.3646], the income and rent restrictions for the assisted units are in effect for the term of the loan. And if the loan is prepaid, the income and rent restrictions remain in place for a minimum of 15 years.

E. Acquisition and Rehabilitation Projects

For acquisition and rehabilitation projects, the borrower must certify to income eligibility requirements. Minnesota Housing reviews this certification to verify the number of assisted units. As assisted units become vacant, they must continue to be leased to income qualifying households. New households must similarly certify their gross annual household income prior to occupancy.

2.04 Project Feasibility, Organizational Capacity and Funding Priorities

A. Feasibility

Minnesota Housing shall consider the following factors in determining whether an applicant has demonstrated overall project feasibility:

- The nature of the proposed site and if it is appropriate for the proposed housing and target population;
- Whether the proposed housing is needed in the market that is intended to be served, based upon the population, job growth, and low housing vacancy rates;
- Whether costs of developing the housing are reasonable and the housing is economically viable; and
- For proposals that include housing for homeless or households at risk of becoming homeless persons, Minnesota Housing shall consider whether the application is consistent with priorities stated in the applicable Continuum of Care Plan.

B. Organizational Capacity

Minnesota Housing shall consider the following factors in determining whether an applicant has demonstrated sufficient organizational capacity:

- The applicant's purpose and mission;
- The applicant's related housing experience;
- Whether the applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects; and
- Whether the applicant has the strong current and expected ongoing capacity to complete the proposed housing as well as other proposals being developed by the organization and the expected ongoing capacity to maintain the Rental Housing long term.

C. Funding Priorities

In accordance with Minnesota Statute, section 462A.33 and Minnesota Rule 4900.3650, among comparable proposals, preference will be given to proposals that:

- Include contributions from non-state resources for the greatest portion of the total development cost. This includes contributions from local units of government, private philanthropic, religious or charitable organizations or private investment;
- Provide or maintain housing opportunities for an expanded range of household incomes within the development;
- Are projected to provide long-term affordability of the proposed housing;
- Best hold the cost per unit as low as possible while not compromising the quality and sustainability of the proposed housing;
- Identify and provide a quantified breakdown of identifiable cost avoidance or cost reductions from regulatory changes, incentives or waivers by the local governing body, including, but not limited to: density bonuses; reduced setbacks and parking requirements; decreased road widths; flexibility in site development standards and zoning code requirements and waiver of permit or impact fees; fast-track permitting and approvals; innovative building techniques; and other regulatory incentives;
- Include housing that is part of the infrastructure necessary to sustain economic vitality and thus located near jobs; transportation, including regional and interregional transportation corridors and transitways; recreation; retail services; social and other services; and schools;
- Maximize the adaptive reuse of existing buildings and the use of existing infrastructure. If the proposal includes new housing, Minnesota Housing shall consider the extent to which the efficient use of land and infrastructure is maximized, and the loss of agricultural land and green space is minimized;
- Best ensure that the site and design of the proposed housing is suitable for the housing needs of the proposed tenants and best addresses the housing needs of Underserved Populations;
- Demonstrate the applicant has the capacity to complete the proposed housing in a timely fashion and maintain the Rental Housing after completion;
- Contain clearly identify goals relating to the housing element of a Cooperatively Developed Plan consistent with the mission of Minnesota Housing; and
- Meet temporary priorities, as established by the members or the legislature, that reflect unexpected short-term changes in the demand for housing. An example of an unexpected short-term change is the need to direct resources to respond to a natural disaster, such as a flood or tornado.

Chapter 3 – Loan Characteristics and Terms

Minnesota Housing primarily selects projects for a loan to be made with the proceeds of EDHC Program funding during Minnesota Housing's annual Multifamily Consolidated RFP/HTC Funding Round process. Minnesota Housing underwriting parameters for all developments include an analysis of financial feasibility and development costs as well as a review of sponsor capacity (financial and organizational), management, marketability and architectural requirements. Please refer to Minnesota Housing's Multifamily Underwriting Standards.

3.01 Fees

Please review the Multifamily Loan Programs and Housing Tax Credit Program Fee Schedule for all applicable fees associated with EDHC Program funding.

3.02 Mortgage Interest Rate and Term

EDHC Program funding awards are generally provided in the form of a 0%, 30-year loan with principal due and payable at the end of the 30-year term. The interest rate may be adjusted to allow these funds to be utilized with other sources of funding, such as HTCs. The loan term may be adjusted based on any of the following factors:

- Requirements and conditions of other funding sources related to the length of the term;
- The existence of a leasehold mortgage on the property benefited by the loan; or
- Economic analysis by Minnesota Housing staff demonstrating that the housing will not have sufficient value at the end of the loan term to allow the borrower to repay the loan.

Loans are generally full recourse; however, Minnesota Housing allows non-recourse debt to single asset entities.

3.03 Cash Flow Note

Minnesota Housing may, at its sole discretion, require a cash flow note. More information on cash flow note requirements can be found in the Multifamily Underwriting Standards.

3.04 Transfer of Ownership and Prepayment

A. Transfer of Ownership

The project may not be sold, and, in connection with any sale, the Deferred Loan may not be assumed by the new owner, without the prior written approval of Minnesota Housing. The Borrower must request approval through Minnesota Housing's Request for Action (RFA) process. Minnesota Housing, at its sole discretion, will consider giving that approval only if the following minimum requirements are met:

- The Borrower is not in default under any of its agreements with Minnesota Housing;
- The new entity is eligible to receive a loan from the proceeds of EDHC Program funds of the type that financed the original loan as set forth in section 2.02;
- The new entity is creditworthy, at Minnesota Housing's sole discretion;
- The new entity assumes all contractual obligations with Minnesota Housing; and
- An assumption fee is paid equal to the approximate administrative costs incurred by Minnesota Housing in processing the sale and assumption.

B. Prepayment

The Deferred Loan may be prepaid in full at any time; however, covenants and conditions in the declaration(s) will remain in place for a minimum of 15 years (Minnesota Rule 4900.3646 subpart 2.F).

Minnesota Housing may charge a prepayment fee in an amount equal to the approximate administrative costs incurred by Minnesota Housing in processing the prepayment.

C. Repayment Processing Fee

If the Deferred Loan is prepaid in full, Minnesota Housing will charge a repayment fee equivalent to the administrative costs incurred in processing the repayment.

3.05 Return on Equity

Minnesota Statutes, section 462A.03, Subdivision 13 allows a maximum return of 15% based on actual developer equity for development of units on which Minnesota Housing has a mortgage. For the EDHC Program funding, the limitation on return applies to loans if the loans made by Minnesota Housing, from all sources, are equal to or greater than 50% of the total costs, as determined by Minnesota Housing.

3.06 Management and Operations

A. Management and Operating Budget

The budget submitted in the application is reviewed and compared to actual operating numbers of comparable projects that have been financed by Minnesota Housing. These comparables are used in the underwriting of the loan and to project long-term operating costs and help ensure the long-term financial viability of the project. For more information, refer to the Minnesota Housing Multifamily Underwriting Standards.

Minnesota Housing reserves the right to reject or adjust the management and operation figures based on the information provided, specific project type and circumstances, and significant changes to the economics of the project’s current marketplace.

B. Utilization of Units

The rental housing owner or the management agent shall rent housing units to households in sizes appropriate to the unit size, with a ratio of at least one person per bedroom. Minnesota Housing recommends that written occupancy policies be established that reflect maximum utilization. At least one person per bedroom as a minimum and not less than two persons per bedroom is recommended for a maximum. In situations where there is more than one qualified applicant for a unit, Minnesota Housing recommends giving preference to the household that is most suitable to the unit size.

If the household size changes during the course of tenancy, the household may request in writing to the owner or management agent to transfer to another unit or be placed on a waiting list for a transfer. The owner or management agent may also establish transfer criteria in house rules. Owners must comply with federal, state and local laws, regulations and financing requirements.

C. Marketing

Minnesota Housing requires that each housing provider carry out an affirmative marketing plan to attract prospective buyers or tenants in the housing market area 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. The owner or management agent must submit a Tenant Selection Plan, an Affirmative Fair Housing Marketing Plan, and Minnesota Housing’s Affirmative Housing Marketing Plan Addendum. These documents may need to be updated as demographic property, marketing area, community contacts or marking methods change over time.

D. Rent Increases

Rent increases are considered approved by Minnesota Housing provided: the increases are consistent with increases for comparable non-EDHC funded units, where applicable; the resulting rents remain below established EDHC rent limits; and the rents continue to be Affordable to the Local Workforce. Formal approval of rent increases may be required by Minnesota Housing in cases of noncompliance.

E. Prohibition Against Discrimination

The Rental Housing owner and the management agent shall not violate any federal, state or local law or regulation prohibiting discrimination in the provision of housing and shall not refuse to rent to a household solely on the basis of the household’s status as a recipient of tenant-based rental assistance.

3.07 Monitoring and Reporting Requirements

For all loans funded with EDHC Program funding, monitoring activities are at Minnesota Housing's discretion and may include reviewing tenant incomes, rents, utility allowances, affirmative marketing, Tenant Selection Plans, financial statements and reports, homeless restrictions and Housing Management Information System data. In addition, projects financed by Minnesota Housing may be subject to periodic management reviews and physical inspections.

Beginning reporting year 2026, Minnesota Housing will no longer require submission of an annual owner certification (AOC) or occupancy report for Public Housing properties or Rental Assistance Demonstration (RAD) converted properties financed solely through the EDHC Program funding. However, Minnesota Housing reserves the right to request that information. Public Housing properties remain subject to oversight by the U.S. Department of Housing and Urban Development (HUD), including monitoring resident incomes, rents and conducting periodic physical inspections.

Some Public Housing properties have also been financed under other Minnesota Housing deferred loan programs. Such properties may continue to be subject to annual owner certification and occupancy reporting.

Compliance staff will continue to track Public Housing properties financed with Minnesota Housing deferred loans, along with their compliance dates, in Minnesota Housing's monitoring system.

3.08 Occupancy Requirements

The owner must lease assisted units to qualified households who certify their annual household income at initial occupancy on an Initial Occupancy Statement by Tenant Form (other, more detailed income certification forms may be acceptable). This form is used to help verify that households are qualified to occupy an assisted unit. Owners must also request (but cannot require) that qualified households complete a Head of Household Demographic Information Form which provides additional information for program evaluation.

Additionally, each adult member of a household occupying an assisted unit must sign and date a Minnesota Government Data Practices Act Disclosure Statement. This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state or federal programs that provide housing for low- and moderate-income families.

Appendix A – Definitions

Table 2: Definitions

Term	Definition
Affordable to the Local Workforce	This means that the amount of rent or housing payments made by the occupants of housing funded under the challenge program is affordable based on the wages of the jobs being created or retained in the local area, the fastest-growing jobs in the local area, the jobs with the most openings in the local area, or the wages of the work force employed by organizations making contributions under the challenge program. Rent or housing payments are affordable if they do not exceed 30% of the wages being paid in the local area as the wages are described in the application for challenge program funding.
Borrower	An applicant who has applied for and received EDHC Program funding in conformance with the requirements of the Program Guide and all applicable regulations, statutes and rules.
City	A City means any statutory or home rule charter city, a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, the port authority of a statutory or home rule charter city, or an economic development authority of a city, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city.
Continuum of Care Plan	A community plan prescribed by HUD to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency and includes action steps to end homelessness and prevent a return to homelessness.
Cooperatively Developed Plan	A plan that encompasses multiple affordable housing and related service initiatives in a geographically defined area that is developed through the cooperation and input of a City or county, or instrumentality thereof, or a regional unit of government and one or more of the following entities: a) A neighborhood group or community group; b) Housing providers; or c) Housing funders.
Deferred Loan	A non or low interest-bearing loan made without periodic payments and repaid in full at the end of the loan term or upon the occurrence of a specified event.
Economic Development and Housing Challenge (EDHC) Program	Funding available from Minnesota Housing that may be used to fund loans that conform to the provisions of Minnesota Statute, section 462A.33 and Minnesota Rules 4900.3600-4900.3652.

Term	Definition
Federal Low-Income Housing Tax Credits (HTCs)	Authorized under Section 42 of the Internal Revenue Code that provide investors a 10-year reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation or acquisition with rehabilitation.
Fully Assisted	A development that has all units meeting the EDHC Program funding income and affordability requirements.
Housing Management Information System	A web-based information technology system used to collect client-level data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.
Local Area	The geographic area in Minnesota that Minnesota Housing uses to determine what constitutes the local work force and to compute average hourly or annual wages.
Loan Documents	The documents evidencing a loan made by Minnesota Housing pursuant to the EDHC Program funding.
Minnesota Housing	The Minnesota Housing Finance Agency
Multifamily Tax Subsidy Project (MTSP)	The HUD Multifamily Tax Subsidy Project limits for the county in which the property is located.
Nonprofit Organization	As defined in Minnesota Statute, section 462A.03, subdivision 22.
Partially Assisted	A development that has a mix of income and affordability levels and only a portion of the total units meet EDHC Program funding income and affordability requirements.
Private Developer	An individual or a for-profit nongovernmental entity, including a cooperative housing corporation as defined in part Minnesota Rule 4900.0010, subpart 8, and a limited dividend entity as defined in Minnesota Rule 4900.0010, subpart 14.
Program Guide	This Economic Development and Housing Challenge Program Guide
Public Housing	Housing for low-income persons that is: • Financed, in whole or in part, by the federal government and owned and operated by an HRA, a PHA, or a CDA formed by a City or county; or • Housing that has been repositioned under the federal Rental Assistance Demonstration (RAD) program but that remains in public ownership.
Public Housing Agency	Any state, county, municipality or other governmental entity or public body, or agency thereof, that is authorized to engage or assist in the development or operation of low-income housing.
Rental Housing	Housing with a minimum of four units that is used to provide living accommodations to persons or families on a rental basis. Rental housing does not include owner-occupied housing or a unit in a

Term	Definition
	hotel, motel, inn or other establishment where units are used on a transient basis.
Tribally Designated Housing Entity	Entities that meet the requirements defined by United States Code, title 25, section 4103(22).
Underserved Populations	Individuals and households of color, single female heads of households with minor children, and disabled individuals.

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.

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.

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: The 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 (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.

A contracting party should review its contract and request for proposals (RFP) material, 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;
- 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.

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.

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 (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 (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 of 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
- (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. In broad terms, Minnesota Statutes Chapter 177 applies to an award of $25,000 or greater for housing that is publicly owned. applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation); (2) a single entity receives from Minnesota Housing $200,000 or more of grant proceeds or $500,000 of loan proceeds.

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.

All determinations regarding prevailing wage are made by the Minnesota Department of Labor and Industry. All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Road N, St. Paul, MN 55155
651.284.5091 or

If, after a determination by the Minnesota Department of Labor that prevailing wage does apply, a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

MINNESOTA HOUSING

Item: Approval, 2026 Workforce Housing Development Program Selection Recommendations

Action Item: 7.C
Date: 9/24/2026
Staff Contacts: Sara Bunn, 651.539.9883, sara.bunn@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval and adoption of the attached resolution authorizing the selection of the 2026 Workforce Housing Development Program (WHDP) applicants. If approved, the selection would fund six developments totaling up to $4,490,000. Selections are subject to final underwriting and the terms and conditions of the WHDP Program Guide and loan agreement.

Fiscal Impact

The WHDP generates fee income to the Agency for projects that close on their loan.

Agency Priorities

☐ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☐ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background, Overview and 2026 WHDP Selection Recommendations
- Resolution
- Workforce Housing Development Program Applicant Map
- Workforce Housing Development Program Past and Proposed Awards

Background

As defined in Minnesota Statute 462A.39, the WHDP is a competitive funding program that targets small to mid-size communities in Greater Minnesota with market rate rental workforce housing needs. Deferred loans are available to build new residential rental units in communities with proven job growth and demand for workforce rental housing. While the statute allows mixed-income developments, the WHDP has a statutory preference for projects with the highest percentage of market rate units. The WHDP does not include rent or income limits; however, rents may still be in the affordable range for the community.

Applicants are cities located outside of a Metropolitan County, a Tribal Community or Tribal Reservation governed by a federally recognized Indian Tribe in Minnesota or an area served by a Joint City-County Economic Development Authority. The Agency enters into deferred loan agreements with these entities. Applicants typically work with a private developer to construct and operate the building. Since there are no rent or income requirements, there is no ongoing compliance after the project is complete.

Overview of 2026 RFP

Minnesota Housing advertised up to $4 million in available funding for the 2026 WHDP Request for Proposals (RFP), which is the entire biennial appropriation for 2025-2026. The WHDP RFP closed on June 2, 2026, and Minnesota Housing received six applications for a total request of $4,491,050.

Applications were reviewed to ensure they were complete and submitted by the deadline and then assessed to determine if they met the following statutory requirements:

- **Eligible Project Area:** Cities located outside of a Metropolitan County, a Tribal Community or Tribal Reservation governed by a federally recognized Indian Tribe in Minnesota or an area served by a Joint City-County Economic Development Authority.
- **Project Area Rental Vacancy Rate:** At 5% or less for at least the prior two-year period
- **Eligible Uses:** Funds will be used on qualified expenditures
- **Match:** Secured matching funds of $1 for every $2 requested in funding
- **Community Need:** One or more letters of support from a local business/business that employs a minimum of 20 full-time employees in aggregate
- **Maximum Award Amount:** Funding request does not exceed 50% of the project's total development costs

The applications were then scored based on the following criteria:

Scoring Criteria
Leverage (funding request as a percentage of the total development costs)
Readiness to Proceed (zoning and secured financing)
Market Characteristics (share of all units, number of units)
Eligible Project Area (population of project area)
WHDP Award History (located in communities that have not received an award in the last five years)
Opportunity Zones Incentive (project located in an Opportunity Zone)

In addition to the above statutory requirements and scoring criteria, staff considered geographic distribution, the amount of funding requested and per-unit development cost, and project feasibility. Statutory preference was given to projects located in an eligible project area with a population of fewer than 30,000 and with a higher proportion of units that are not income or rent restricted by other sources of funding.

Funding Recommendations

Six applicants applied for funding in the 2026 WHDP RFP and all six projects met program requirements.
Staff is recommending funding for all six applications for a total award of $4,490,000. This will be funded with $4 million from the current biennial appropriation and the remaining $490,000 will be funded from prior award recissions. As per Exhibit A, at least one project is located in five of the six regions of Greater Minnesota as follows: 1 in Northeast, 2 in Northwest, 1 in Southeast, 1 in Southwest and 1 in West Central. There were no applications from the Central region.

The following table summarizes the final funding recommendations and other pertinent information:

Property #	Applicant	Funding Recommendation	Number of Units	Total Development Costs (TDC)
D8730	Bemidji	$ 425,000	6	$ 1,896,550
D9014	Elbow Lake	$ 1,636,000	10	$ 3,982,445
D8842	Fosston	$ 250,000	4	$ 1,041,780
D9013	Montevideo	$ 1,189,000	24	$ 4,757,934
D8755	Silver Bay	$ 750,000	25	$ 5,975,000
D9015	Winthrop	$ 240,000	8	$ 1,180,000

Property #	Applicant	Funding Recommendation	Number of Units	Total Development Costs (TDC)
	Total:	$ 4,490,000	77	$ 18,833,709

All above projects are recommended for three-year forgivable deferred loans. We anticipate project construction to begin within 12 months of loan execution and construction completion to occur within the three-year loan term. Monitoring and reporting requirements apply for the three-year period to confirm construction completion.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 26-XXX
RESOLUTION APPROVING SELECTIONS FOR THE
WORKFORCE HOUSING DEVELOPMENT PROGRAM (WHDP)

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received state appropriations to support the Workforce Housing Development Program (Program); and

WHEREAS, the Agency has received applications for funds that will be used to build market rate residential rental properties in Greater Minnesota communities with proven job growth and demand for workforce housing; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. 462A.39.

NOW THEREFORE, BE IT RESOLVED:

That the Minnesota Housing board hereby authorizes Agency staff to enter into Deferred Loan Agreements for the Workforce Housing Development Program in the amounts listed below with said applicants, subject to the terms and conditions contained herein:

Property #	Applicant	Funding Recommendation
D8730	Bemidji	$ 425,000
D9014	Elbow Lake	$ 1,636,000
D8842	Fosston	$ 250,000
D9013	Montevideo	$ 1,189,000
D8755	Silver Bay	$ 750,000
D9015	Winthrop	$ 240,000

1. The selections are subject to such terms and conditions as may be deemed necessary through the staff review process, and

2. The applicant and any other necessary party shall execute a Loan Agreement and related documents in a form acceptable to the Agency, and

3. The selections are contingent on sufficient appropriated resources by the Minnesota Legislature under the Workforce Housing Development Program to fully fund the selections, and

4. The Commissioner is authorized to approve non-material changes to the selected developments.

Adopted this 24th day of September 2026

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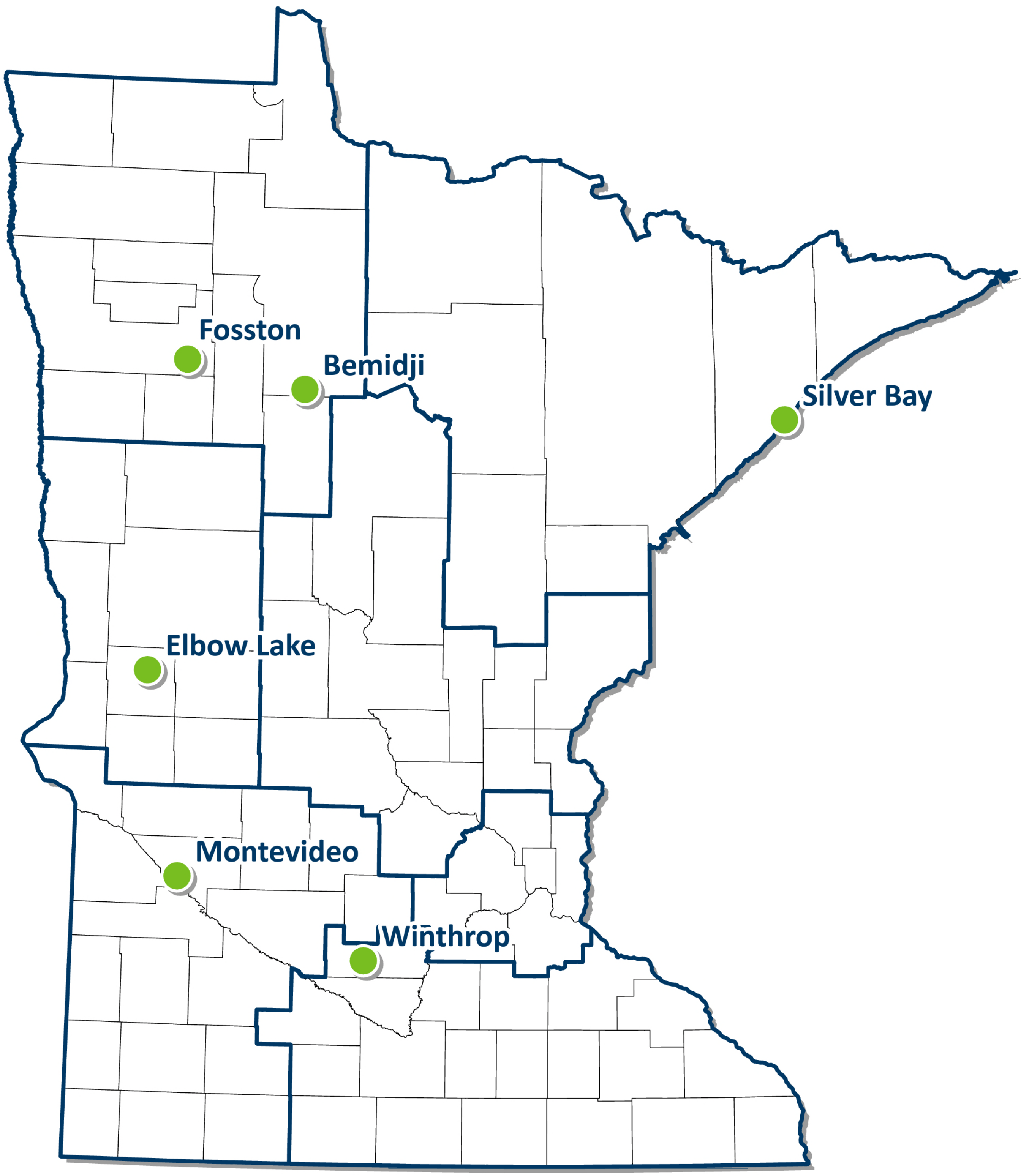
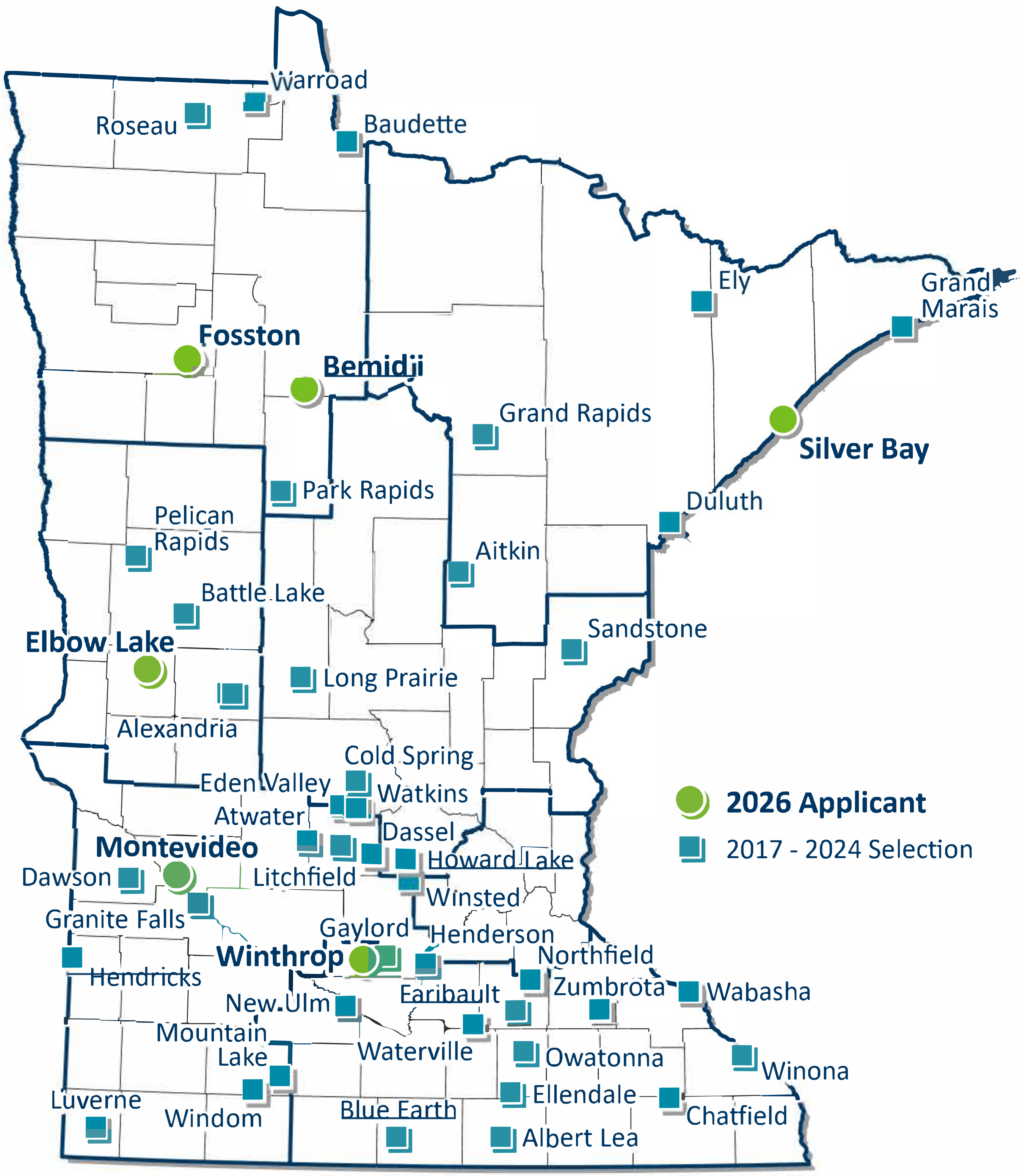
CHAIR

2026 Workforce Housing Development Program Applications



MINNESOTA HOUSING

Workforce Housing Development Program Past & Proposed Awards



MINNESOTA HOUSING

Item: Approval, 2026 Community Stabilization – Naturally Occurring Affordable Housing Single Family Program Request for Proposals Selections

Action Item: 7.D
Date: 09/24/2026
Staff Contacts: Tiffany Kibwota, 651.539.9927, tiffany.kibwota@state.mn.us
Amanda Hedlund, 651.539.9612, amanda.hedlund@state.mn.us
Request Type: Approval, Resolution

Request Summary

Staff requests approval of funding recommendations for proposals submitted to the Community Stabilization – Naturally Occurring Affordable Housing Single Family Program (Community Stabilization) Request for Proposals (RFP).

Fiscal Impact

The recommended awards will use state-appropriated resources structured as grants, which do not earn interest for the Agency. The recommended awards will use the full $8,000,000 appropriation for the Community Stabilization Single Family Program.

Agency Priorities

☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☒ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachments

- Background
- Selections Reports
- Map of Recommended Projects
- Recommended Application Summary
- Non-Recommended Applications Summary
- Resolution

Background

The Community Stabilization Program was created in 2023 as a one-time program appropriation to preserve naturally occurring affordable housing (NOAH). The program is designed to facilitate the acquisition and/or rehabilitation of existing single-family housing with the intent to sell the properties to income-eligible buyers.

Eligible applicants include local units of government, federally recognized American Indian Tribes located in Minnesota or its Tribally Designated Housing Entity, private developers, limited equity cooperatives and cooperatives created under Chapter 308A or Chapter 308B, community land trusts and nonprofit organizations.

The board approved the Community Stabilization Program Guide on April 23, 2026. Minnesota Housing opened an RFP for the Community Stabilization program on May 19, 2026, and accepted applications through noon on June 23, 2026. The Agency received five proposals totaling $14,864,000.

Eligible Activities

Program funds may be awarded as grants to eligible applicants for the following activities:

- Acquisition of existing NOAH single-family homes;
- Rehabilitation of existing NOAH single-family homes;
- Resale of existing NOAH single-family homes; and
- Affordability Gap financing to an eligible homebuyer household.

The Agency provides direct cost payment for acquisition, rehabilitation and resale projects and Affordability Gap financing for eligible homebuyer households to purchase those acquired and/or rehabilitated units. Single-family rental units can be acquired or rehabilitated through this program; however, they must be intended for owner-occupancy.

Proposal Review and Selection Process

Once applications were received, staff assessed whether each application met the threshold criteria for applicant eligibility, application completeness and timely submission. Proposals were then evaluated through our Baseline Capacity Analysis which included a financial review, a review of monitoring and audit findings from previous Minnesota Housing awards if applicable, confirmation of compliance with Green Communities and lead safety requirements, and a basic project structure review. Proposals that received a sufficient rating during the Baseline Capacity Analysis were then scored based on the Competitive Selection Standards Criteria worth up to 65 points.

Competitive Selection Standards Criteria include:

- Organizational Capacity
- Project Feasibility
- Community Need
- Equity
- Priority Points

Proposals were evaluated to the extent to which the activities accomplish the following:

- Serve communities where market pressures or significant deferred rehabilitation needs create opportunities for displacement or the loss of affordable owner-occupied housing.
- Meet unique community stabilization needs for naturally occurring affordable housing that are not well suited to existing single-family homeownership funding programs.
- Serve lower-income households and maintain longer periods of affordability.
- Demonstrate success in reaching low- and moderate-income households in achieving affordable homeownership.
- Include outreach and service to Black, Indigenous, people of color and underserved communities in the proposed service area.
- Create maximum impact through efficiencies of scale, such as acquisition of housing portfolios.
- Propose partnerships with certified providers of pre-purchase services, including homebuyer education, counseling and coaching, to effectively meet homebuyer needs.
- Demonstrate experience in home construction or rehabilitation, either as general contractors or construction project managers, where applicable.
- Demonstrate experience financing affordable ownership housing through affordability gap loans or grants to individuals, where applicable.
- Demonstrate the organizational and financial capacity of the proposed financing program(s).
- Have committed leverage from other funding sources, including leverage already received and spent from previous project phases.
- Demonstrate community support.

Applicants that scored sufficiently high to be considered for funding were then reviewed under the Pre-Award Risk Assessment as required by Minnesota Statute section 16B.981. All applicants reviewed passed the Pre-Award Risk Assessment.

Staff then evaluated proposals to determine the number of units and dollar amount to be recommended, considering the proposals’ overall scores, alignment with funding priorities and funding availability.

Funding Recommendations

Staff recommends partial funding for two proposals, totaling $8,000,000, to preserve 34 affordable homeownership opportunities. Three proposals were not recommended for funding, two of which did not meet threshold or the Baseline Capacity Analysis.

Next Steps

Final funding selection letters will be sent to all organizations recommended for funding if approved by the Agency board. Selections are subject to the program requirements as outlined in individual Grant Contract Agreements.

Applicants not selected for funding through the 2026 Community Stabilization RFP will receive a letter notifying them that they have not been selected. Program staff will contact each applicant and offer a one-on-one opportunity to discuss their proposal and receive technical assistance.

Selections Reports

Land Bank Twin Cities, Inc.	
Project Title:	Strategic Acquisition for Community Ownership (SACO)
Activity Type(s):	Acquisition, Rehabilitation and Resale
Location:	Hennepin, Ramsey and Anoka counties

Project Funding Details			
Requested		**Recommended**	
# of Units:	30	**# of Units:**	26
Funding Requested:	$ 7,000,000	**Funding Recommended:**	$ 5,920,000
		Acquisition:	$ 4,766,658
		Resale:	$ 390,000
		Admin Fee:	$ 763,342

Organization Information

Land Bank Twin Cities, Inc. is a regional social impact real estate and finance intermediary aligning land, capital and community priorities to accelerate wealth building, prevent displacement and expand economic mobility at market speed. Their mission is to capture strategic real estate opportunities to benefit people with low to moderate incomes, prioritizing people that are Black, Indigenous and people of color, and populations facing barriers.

The applicant has completed more than 1,100 similar units in the last five years.

Project Description

The funds are requested to acquire and resell homes in Hennepin, Ramsey and Anoka counties. The applicant will serve households at or below 115% area median income (AMI).

The applicant will acquire investor-owned properties and transition them to affordable homeownership opportunities for income eligible households. The applicant plans to minimize displacement of existing tenants by maintaining occupied units as rental properties prior to final disposition. The interim rental period will be determined based on tenant needs, rehabilitation requirements, market conditions and disposition strategies. Rehabilitation will be funded through other means.

A compelling component of this proposal is the project’s scale to complete 30 units, which meets the high-volume project priority criterion by proposing to serve 10 units or more.

Typical per unit subsidy amount for acquisition: $183,333

Typical per unit subsidy amount for resale: $15,000

PRG, Inc.	
Project Title:	PRG – Ownership Opportunities Preservation Program (OOPP)
Activity Type(s):	Rehabilitation
Location:	Minneapolis, Robbinsdale, Crystal, New Hope, Brooklyn Center and Brooklyn Park in Hennepin County; Columbia Heights and Fridley in Anoka County; Saint Paul, New Brighton, Roseville, Mounds View, Maplewood and Little Canada in Ramsey County

Project Funding Details			
Requested		**Recommended**	
# of Units:	10	**# of Units:**	8
Funding Requested:	$ 2,600,000	**Funding Recommended:**	$ 2,080,000
		Rehabilitation	$ 2,000,000
		Admin Fee	$ 80,000

Organization Information

PRG, Inc. is a nonprofit organization that has developed quality, affordable housing since 1976. Their mission is to enhance neighborhood stability and help families build generational wealth. They serve the Twin Cities metropolitan area and other key stakeholders by integrating homeownership education and personalized advising with bricks-and-mortar development to strengthen family self-sufficiency and reduce the homeownership gap.

The applicant has extensive experience with Acquisition, Rehabilitation, Resale projects, having successfully rehabilitated and sold more than 100 homes to income-qualified buyers since 2000.

Project Description

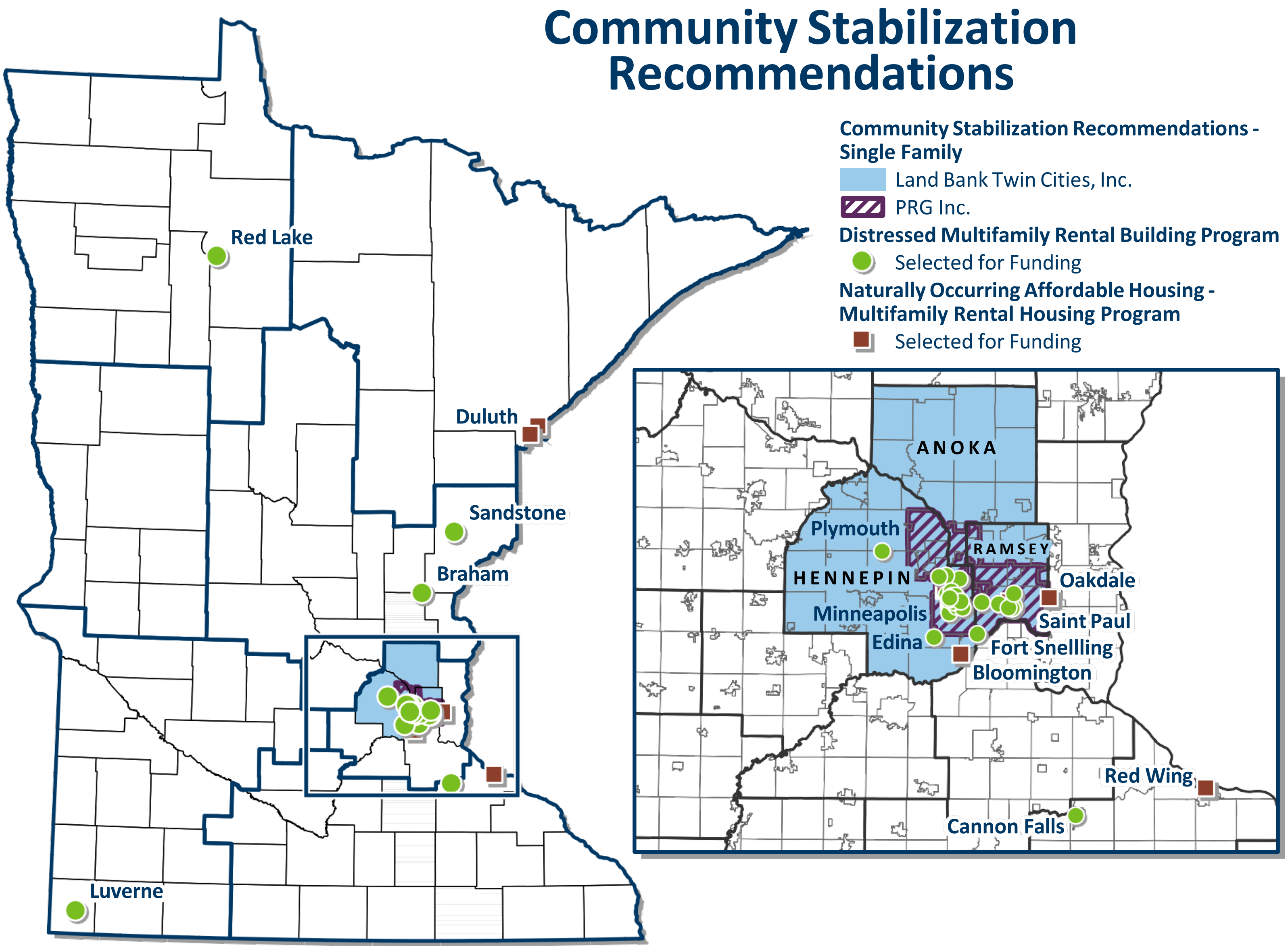
The funds are requested to rehabilitate homes in Minneapolis, Robbinsdale, Crystal, New Hope, Brooklyn Center and Brooklyn Park in Hennepin County; Columbia Heights and Fridley in Anoka County; and Saint Paul, New Brighton, Roseville, Mounds View, Maplewood and Little Canada in Ramsey County. The applicant will serve households at or below 115% AMI.

The applicant will rehabilitate acquired homes prior to resale to income eligible homebuyers. The anticipated rehabilitation scope includes comprehensive interior and exterior improvements including site work, building envelope upgrades, kitchen and bathroom renovations, interior finishes, energy-efficient mechanical systems and appliances, and environmental health and safety measures such as lead, asbestos, radon and water quality mitigation.

A compelling component of this proposal is its long-term affordability. While the applicant may not complete the resale phase during the grant period, they intend to place a 30-year deed restriction on the homes, which meets the priority criterion for affordability preservation.

Typical per unit subsidy for rehabilitation: $250,000

Map of Recommended Projects



Recommended Application Summary

Table 1: Recommended Application Summary

Applicant Name	Target Area	Proposed Activity	Units Requested	Total Requested	Units Recommended	Total Recommended
Land Bank Twin Cities, Inc.	Hennepin, Ramsey and Anoka Counties	Acquisition, Resale	30	$7,000,000	26	$5,920,000
PRG, Inc.	Minneapolis, Robbinsdale, Crystal, New Hope, Brooklyn Center and Brooklyn Park in Hennepin County; Columbia Heights and Fridley in Anoka County; St. Paul, New Brighton, Roseville, Mounds View, Maplewood and Little Canada in Ramsey County	Rehabilitation	10	$2,600,000	8	$2,080,000
		Total	40	$9,600,000	34	$8,000,000

Non-Recommended Application Summary

Table 2: Non-Recommended Applications

Applicant Name	Units Requested	Total Requested
Reynolds Frisk dba Ruby Realty	4	$ 1,467,800
City of Lakes Community Land Trust	5	$ 2,600,000
North Star Neighbors	4	$ 1,196,200
Total	13	$ 5,264,000

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 26-xxx

RESOLUTION APPROVING SELECTIONS OF COMMUNITY STABILIZATION – NATURALLY OCCURRING AFFORDABLE HOUSING SINGLE FAMILY PROGRAM

WHEREAS, the state legislature created the Community Stabilization Program with a one-time appropriation of $8 million; and

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds for the acquisition, rehabilitation and resale of single-family homeownership housing units and affordability gap serving persons and families of low- and moderate-income; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from other funders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

The board hereby authorizes Agency staff to enter into grant contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein:

Applicant Name	Project/Program Name Title	Funds Awarded
Land Bank Twin Cities, Inc.	Strategic Acquisition for Community Ownership (SACO)	$ 5,920,000
PRG, Inc.	PRG - Ownership Opportunities Preservation Program (OOPP)	$ 2,080,000
	Total Awarded:	**$ 8,000,000**

1. The execution of the grant contract agreement for all funds awarded by the Agency in form and substance acceptable to the Agency shall occur no later than nine months from the adoption date of this Resolution; and all other funds must be expended and all reporting of the use of funds shall be completed within 36 months from the effective date of the grant contract agreement; and

2. The Commissioner is authorized to approve non-material changes in the selections and may approve changes in the geographic area served; and

3. The applicant shall execute all such documents relating to the grant contract agreement, to the acquisition, rehabilitation, or resale of the homeownership housing units, and the provision of grants funds for such activities, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 24th day of September 2026

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CHAIR

Item: Approval, Selection and Commitment, Regional Planning Grant to Prevent and End Homelessness

Action Item: 7.E
Date: 09/24/2026
Staff Contacts: Ji-Young Choi, 651.539.9741, ji-young.choi@state.mn.us
Lauren Stelter, 651.539.9802, Lauren.Stelter@state.mn.us

Request Type: Approval, Resolution

Request Summary

Staff requests approval of the attached resolution authorizing a new commitment of $840,000 of legislatively appropriated Capacity Building funds along with $10,000 from Pool 3 for Regional Planning Grant (RPG) awards. These funds will be paired with $50,000 provided by the Greater Minnesota Housing Fund (GMHF) for the same purpose. Funds will be used to enter into two-year Grant Contract Agreements with the six Greater Minnesota Continuums of Care (CoCs) and the Minnesota Tribal Collaborative (MTC). The purpose of these grants will be to increase the capacity of the selected entities to support local planning and coordination efforts to strengthen regional and statewide homeless response systems.

Fiscal Impact

Funds are from state-appropriated resources and GMHF with the individual award structured as a grant, which does not earn interest for the Agency.

Agency Priorities

☒ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- Resolution

Background and Request

Since 1994, Minnesota Housing has provided financial support to Greater Minnesota's six Continuums of Care (CoCs) to strengthen regional planning capacity and support efforts to prevent and end homelessness. In 2021, Minnesota Housing expanded eligibility to include Tribal Nations.

The RPG supports Greater Minnesota's six CoCs and MTC in working with state agencies to secure U.S. Department of Housing and Urban Development (HUD) CoC Program funding and strengthen regional efforts to prevent and end homelessness. The program operates under Minnesota Statute 462A.21, subdivision 3b, and Minnesota Rules, parts 4900.1931 through 4900.1937. The RPG recognizes four core activities that support effective regional homeless response systems and directly benefit Minnesota: regional coordination, Coordinated Entry (CE) operations, homeless data management, and cross-system collaboration.

Staff originally planned to release the new RPG RFP in December 2025. However, HUD released its 2025 Notice of Funding Opportunity in late November, creating overlapping application processes and additional administrative demands for CoCs. HUD also proposed significant policy and eligibility changes that required extensive planning and coordination by CoCs. As a result, Minnesota Housing delayed the RPG RFP and issued it on March 23, 2026.

RPG funding has historically been supported through Capacity Building state appropriations. For the 2027-2028 RPG grant cycle, Minnesota Housing has $490,000 in Capacity Building funding from the 2025 legislative session and $10,000 from Pool 3. Minnesota Housing also anticipates an additional $350,000 in Capacity Building funding from the 2027 legislative session. Together, these funds provide $850,000 in anticipated funding. In addition, Minnesota Housing has received a grant of $50,000 from GMHF for the same purpose, bringing the total anticipated funding to $900,000. Funding is contingent upon legislative approval, the availability of state appropriations, and the commitment and availability of GMHF resources.

The RPG grant period is January 1, 2027, through December 31, 2028. Shifting the grant cycle from the state fiscal year to a calendar-year cycle better aligns RPG funding with the HUD CoC Program cycle. This change also provides sufficient time for contracting following approval of the state budget and availability of the second year of funding.

Request for Proposals and Planning Support

Minnesota Housing issued a competitive 2026 RPG Request for Proposals (RFP) on March 23, 2026, with applications due May 14, 2026. Eligible applicants included federally recognized Tribal Nations, Tribally designated housing entities within Minnesota, and nonprofit or governmental entities officially designated by one of the six Greater Minnesota CoCs to apply on their behalf (since CoCs are not eligible applicants themselves).

For the 2026 RFP, Minnesota Housing offered two funding activities: (1) Planning Support and Capacity Enhancement and (2) Innovation. Planning Support and Capacity Enhancement provides resources for regional planning, CE system management, HUD CoC funding coordination, community and provider engagement, data analysis, system performance, and staff training and development. Innovation funding supports new or expanded, time-limited approaches that strengthen coordination, improve system performance, and advance measurable progress toward preventing and ending homelessness.

Planning Support and Capacity Enhancement

Six Greater Minnesota CoCs and Minnesota Tribal Collaborative applied for Planning Support and Capacity Enhancement funding. The available funding was $350,000 annually or $700,000 over the two-year grant period, and applicants requested a combined $413,000 annually. Applications were evaluated on a 100-point scale; Planning Capacity & Needs (45 points) and Proposal Quality (55 points).

The evaluation considered each applicant's regional planning capacity and needs, the clarity and responsiveness of proposed activities, specificity and measurability, and potential to strengthen coordination and system performance. Final scores ranged from 68.5 to 92 points and were used to establish the overall ranking and funding recommendations.

The final scores were used to establish funding tiers and corresponding base award amounts. Staff then considered each applicant's funding request when determining final awards; no applicant was awarded more than requested. After applying these request limits, $12,500 remained annually and was allocated to higher-scoring applicants whose requests exceeded their initial tier-based awards. This approach maintained a clear relationship between application scores and funding while allocating the full $350,000 available annually. The table below summarizes the key strengths of each application and the resulting funding recommendation.

Table 1: Recommended Planning Support and Capacity Enhancement Awards

Applicant/CoC	Requested Annual Amount	Summary of Application	Annual Recommendation	Two-Year Award
Red Lake Reservation Housing Authority/Minnesota Tribal Collaborative	$ 60,000	Strongest overall application, demonstrating substantial regional planning capacity, a clear understanding of homelessness needs, strong partnerships, and a well-developed approach to regional coordination and system capacity.	$ 60,000	$ 120,000

Applicant/CoC	Requested Annual Amount	Summary of Application	Annual Recommendation	Two-Year Award
Institute for Community Alliances/Southeast Minnesota CoC	$ 70,500	Demonstrated strong planning capacity and a coordinated approach to strengthening the regional homeless response system, including data, system coordination and provider engagement.	$ 56,000	$ 112,000
MAHUBE-OTWA Community Action Partnership, Inc./West Central Minnesota CoC	$ 50,000	Presented a strong regional approach focused on collaboration, system coordination and local homelessness needs, with strengths in partnerships and prevention opportunities.	$ 50,000	$ 100,000
The Northwest Minnesota Foundation/Northwest Minnesota CoC	$ 75,000	Demonstrated a solid understanding of regional needs and a strong planning approach focused on coordination, community engagement and strengthening system capacity.	$ 52,000	$ 104,000
KOOTASCA Community Action, Inc./Northeast Minnesota CoC	$ 67,500	Presented a responsive regional planning approach with a clear understanding of local system needs and opportunities to strengthen coordination and capacity among community partners.	$ 52,000	$ 104,000
CENTRAL MINNESOTA HOUSING PARTNERSHIP, INC./Central Minnesota CoC	$ 40,000	Demonstrated a reasonable approach to regional planning and system coordination, with opportunities to strengthen specificity, measurable activities and broader system impact.	$ 40,000	$ 80,000
SOUTHWEST MINNESOTA HOUSING	$ 50,000	Addressed regional homelessness needs and	$ 40,000	$ 80,000

Applicant/CoC	Requested Annual Amount	Summary of Application	Annual Recommendation	Two-Year Award
PARTNERSHIP/Southwest Minnesota CoC		proposed relevant planning activities, with opportunities to further strengthen specificity, measurable outcomes, and demonstrated regional coordination.		
Total	**$ 413,000**		**$ 350,000**	**$ 700,000**

Innovation

Innovation was an optional, one-time funding opportunity included in the 2026 RPG RFP due to additional funding available for this grant cycle. It was intended to provide an opportunity for applicants to test or develop new approaches beyond their ongoing planning and capacity-building activities. Innovation proposals were evaluated separately from Planning Support and Capacity Enhancement, and the RFP anticipated funding up to two proposals over the two-year grant period.

Two Innovation proposals were received and are recommended based on their scores, proposed approaches, and potential to strengthen system coordination and performance. The projects also offer opportunities for the resulting tools, practices or partnerships to be sustained or replicated beyond the grant period.

Table 2: Recommended Innovation Awards

Applicant	Requested	Summary of Proposal	Recommended Two-Year Award
Institute for Community Alliances/Southeast Minnesota CoC	$ 109,100	CoC Project Monitoring Initiative: Develops a more consistent, risk-based approach to HUD CoC project monitoring across participating Greater Minnesota CoCs, with an emphasis on continuous quality improvement, standardized tools, training, and technical assistance.	$ 109,100
MAHUBE-OTWA Community Action Partnership, Inc./West Central Minnesota CoC	$ 100,000	Family Services Collaborative Innovation Project: Strengthens coordination between Greater Minnesota CoCs and Family Service Collaboratives to improve homelessness prevention and early intervention for families and youth through shared practices, training and data coordination.	$ 90,900
Total	**$ 209,100**		**$ 200,000**

Recommendation

Staff recommends $900,000 in total RPG funding for the two-year grant period of January 1, 2027, through December 31, 2028. This includes $700,000 for Planning Support and Capacity Enhancement and $200,000 for Innovation.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 26-XXXX

RESOLUTION APPROVING SELECTION OF GRANTEES AND COMMITMENT OF FUNDS FOR THE REGIONAL PLANNING GRANT TO PREVENT AND END HOMELESSNESS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications from the six Greater Minnesota Continuums of Care and the Minnesota Tribal Collaborative to increase capacity to support local planning and coordination efforts to engage with the state to enhance the regional homeless response system help prevent and end homelessness throughout the state; and

WHEREAS, Agency Staff have reviewed the applications and recommend the selection of the proposed grantees; and WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with Agency rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into Grant Contract Agreements with each grantee using state resources outlined in this resolution, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve the following grantees for up to the total recommended amount for the grant period beginning January 1, 2027, through December 31, 2028; and

Applicant/ CoC	Planning Support & Capacity Enhancement	Innovation	Total Award
Minnesota Tribal Collaborative to Prevent and End Homelessness	$ 120,000	—	$ 120,000
Institute for Community Alliances/Southeast Minnesota CoC	$ 112,000	$ 109,100	$ 221,100
MAHUBE-OTWA Community Action Partnership, Inc./West Central Minnesota CoC	$ 100,000	$ 90,900	$ 190,900
The Northwest Minnesota Foundation/Northwest Minnesota CoC	$ 104,000	—	$ 104,000

Applicant/ CoC	Planning Support & Capacity Enhancement	Innovation	Total Award
KOOTASCA Community Action, Inc./Northeast Minnesota CoC	$ 104,000	—	$ 104,000
CENTRAL MINNESOTA HOUSING PARTNERSHIP, INC./Central Minnesota CoC	$ 80,000	—	$ 80,000
SOUTHWEST MINNESOTA HOUSING PARTNERSHIP/Southwest Minnesota CoC	$ 80,000	—	$ 80,000
Total	**$ 700,000**	**$ 200,000**	**$ 900,000**

2. The issuance of a Grant Contract Agreement in form and substance acceptable to Agency staff and the execution of the Grant Contract Agreement shall occur no later than six months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement, as the Agency, in its sole discretion, deems necessary.

Adopted this 24th day of September 2026

____

CHAIR

MINNESOTA HOUSING

Item: Approval, 2026 Capacity Building Program Guide and Available Funds

Action Item: 7.F
Date: 09/24/2026
Staff Contacts: Alyssa Wetzel-Moore, 651.263.1453, Alyssa.Wetzel-Moore@state.mn.us
Ryan Baumtrog, 651.539.9878, Ryan.Baumtrog@state.mn.us
Request Type: Approval, Motion

Request Summary

Staff requests approval of the 2026 Capacity Building Program Guide and approval of up to $2 million in available funds for the upcoming 2026 Capacity Building Request for Proposals (RFP).

Fiscal Impact

The Capacity Building Program will use up to $2 million from a combination of Capacity Building Appropriations and/or Pool 3 under the Technical Assistance and Operating Support program. Individual awards are structured as grants, which do not earn interest for the Agency.

Agency Priorities

☒ Improve the Housing System

☐ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- Background
- 2026 Capacity Building Program Guide

Background

1. Available funding for the 2026 Capacity Building Request for Proposals

Staff anticipates launching the 2026 Capacity Building Request for Proposals (RFP) within the first two weeks of October 2026 and seeks to make up to $2 million available.

The 2026-2027 Affordable Housing Plan (AHP) included $1,800,000 in funding for the Capacity Building program. Additionally, two grantees funded by state appropriations through the 2024 Capacity Building RFP have had to close as organizations. Consequently, $168,900 has been de-obligated from 2024-2025 Capacity and is available to be reassigned to the 2026 Capacity Building RFP. The combined total of de-obligated funds and budgeted AHP funds equals $1,968,900.

Selections for this RFP are anticipated to be approved at the June 2027 board meeting. It is likely that additional 2024 grantees may need to repay, return or have decommitted funds before actual selections. However, if that is not the case, the “up to” language of $2 million provides the flexibility to award less if necessary.

2. Capacity Building Program Guide

Staff has updated the Capacity Building Program Manual in anticipation of an October 2026 launch of the Capacity Building RFP. Here is a list of the proposed changes to the program manual which has been reviewed by legal and Agency Grants Management:

1. Add the Agency Values statement.
2. Minor plain updates to the grant description.
3. Clarification and a slight narrowing of eligible applicants and limits on number of applications.
4. More examples of eligible uses due to the broad nature of eligible activities.
5. More clarification on ineligible uses which include costs to apply to Minnesota Housing RFPs and medical, mental health and recovery services.
6. Requiring written policies on fraud prevention and fraud reporting, conflict of interest, and data practices to be provided within three months of the grant contract.
7. Requiring supporting documentation of expenses prior to the next advanced payment.
8. More details on the monitoring process and consequences of failure to respond or provide requested records in a timely manner.
9. A detailed description of the process for different kinds of contract amendments.
10. A description of how to request reimbursement for travel expenses.

MINNESOTA HOUSING

Capacity Building Grant Program

Program Guide

Grant Period: August 2, 2027 – October 31, 2029

EQUAL HOUSING OPPORTUNITY

Contents

Chapter 1 - Minnesota Housing Values Statement

Our vision is that all Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy.

We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

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.

Chapter 2 - Program Guide Supplement to the Contract

2.01 Program

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

2.02 Capacity Building Program Overview

Minnesota Housing's Capacity Building Program, authorized under Minnesota Statute 462A.21, subd. 3b funds activities to strengthen organizations and communities as they work to improve the housing system and build thriving communities. This grant program prioritizes community-driven work, innovation and initiatives that have a system-level impact. Communities facing housing challenges and disparities know their needs best and should play a central role in making decisions and creating solutions. Minnesota Housing trusts their expertise to advance housing and community-building strategies that have impacts on a local, regional or statewide level.

The Capacity Building Program is an important tool for advancing Minnesota Housing's 2024-2027 strategic objectives to:

- Create a More Inclusive, Equitable and Just Housing System
- Focus on the People and Places Most Impacted by Housing Instability

- Strengthen Communities
- Support Tribal Nations and Indigenous Communities
- Develop Green, Energy-Efficient, Climate-Resilient, Sustainable Housing

Over the course of the grant period, Grantees will utilize Capacity Building Program grant funds for one of the following two uses:

1. **Organizational Capacity Building:**

   The organization builds its *own* capacity to lead efforts to address housing challenges and build thriving communities. As a result of this work, the organization will position themselves to be stable over the long term.

2. **Intermediary Capacity Building:**

   The Intermediary provides technical assistance and/or Subgrants to build *others*' skills and abilities to address housing challenges and build thriving communities.

2.03 Definition of Terms

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

Chapter 3 - Eligibility Criteria

3.01 Eligible Entities

The following entities are eligible to apply for the Capacity Building Grant:

- 501(c)(3) Tax-exempt nonprofit organizations
  - Must have an active registration and be in good standing with the Minnesota Secretary of State.
- Tribal governments and Tribal Business Entities

- Additionally, eligible entities must have been in operation for at least one calendar year as of the date of the Capacity Building Grant RFP application deadline. This will be demonstrated by the applicant's filing date with the Minnesota Secretary of State.
- An eligible entity may apply to serve as a fiscal sponsor for other entities. If selected, the eligible entity will be the only grantee, they will contract with Minnesota Housing and be held responsible for all contract requirements.
- An organization may only submit **one** application to the Capacity Building Grant. However, an organization serving as a fiscal agent may submit up to three applications in a fiscal agent role.
- An eligible entity may apply on behalf of a collaboration. Any members of the collaboration will be funded, if applicable, as sub-grantees or contractors. Grantees may contract with

sub-grantees to perform some of the contract obligations. Grantees may contract with consultants to provide goods and services for the Grantee.

- Current Capacity Building Grantees are eligible to apply. However, current Organizational Capacity Building Grantees cannot duplicate the core activities and scope of work of their current grant.

Ineligible Entities

- Non-Tribal government entities, for-profit businesses and educational institutions are ineligible to apply.
- Entities that are not eligible to apply as a lead applicant can receive funding as subgrantees or consultants. This would include for-profit business and the other entities that are listed as ineligible applicants.

3.02 Eligible Uses

Grant funds can be used for one of the following uses:

1. **Organizational Capacity Building:**

   The organization builds its own capacity to lead efforts to advance housing goals, solve a housing problem, or address a housing gap in the community. Through these efforts, the organization will build collaborations, strengthen communities, facilitate lived experience voices in leadership and decision-making and/or advance housing innovation. As a result of this work, the organization will position themselves to be stable over the long term.
2. **Intermediary Capacity Building:**

   The Intermediary uses their expertise and relationships to build *others*' skills and abilities to advance housing goals, address housing problems or fill housing gaps in the community. The Intermediary will do so by providing Sub-Grants and/or technical assistance to communities, organizations or individuals. Those facing housing challenges and disparities will ultimately benefit as a result of the Intermediary's capacity building efforts.

Grantees must use grant funds according to work plan, budget and scope of work outlined in the Contract.

Examples of eligible activities include but are not limited to:

Organizational Capacity Building:

- Pilot projects that test creative solutions to housing challenges.
- Initiatives that address a housing gap or lack of housing access facing a region, community or constituency.
- Developing knowledge, strategies and partnerships to advance innovative housing ideas and models.
- Community engagement, education and leadership development that support community-led decision-making and advocacy.

- Building partnerships and collaborations to strengthen networks, advance equity and address housing needs.
- Building an organization's capacity to more comprehensively meet the housing needs of those they serve.
- Providing information on housing rights and responsibilities.
- Building more community and systemic support for housing development and housing access.

Intermediary Capacity Building:

- Leadership development for people with lived expertise to participate in decision-making that affects housing planning and housing stability.
- Providing Technical Assistance and education to entities such as community-based organizations, cities or individuals to build their capacity to engage in housing development and planning activities.
- Providing Subgrants to other entities so they can build their capacity to ultimately meet community needs through activities such as hiring consultants, purchasing technology and attending trainings.
- Providing training and technical assistance on an innovative housing topic or strategy.
- Community planning activities such as convening a variety of local constituencies to identify housing needs and priorities, informing them about development processes, and creating a housing plan and advocacy priorities.

3.03 Ineligible Uses

Ineligible Uses include:

- Housing development and pre-development costs
- Costs associated with applying to Minnesota Housing Request for Proposals
- Direct client services, medical services, mental health and recovery services
- Providing homeownership counseling, financial coaching and foreclosure counseling to individuals
- Building operations such as property management, front desk staff and/or security expenses
- Financial assistance to individuals including rental assistance, affordability gap or down-payment assistance
- Direct political activities such as endorsing or campaigning for political candidates
- Shelter planning and/or services
- Transitional housing planning and/or services
- Group Homes and Assisted Living planning and/or services
- Scholarships

Chapter 4 - Contract Guidelines

4.01 Contract Requirements

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

- Execute one or more contracts with Minnesota Housing outlining the scope of work to be performed. The Grantee may also be responsible for completing the proposal, budget, work plan and/or other exhibits to the Contract(s).
- Agree to clearly post on the Grantee’s website the contact information for the organization’s leadership and the person(s) responsible for managing and overseeing the grant.
- Acknowledge that Minnesota Housing will complete a Grantee Performance Evaluation at the end of the grant term, which will be saved to the Grantee’s file. For all Contracts over $25,000, Evaluation information will be submitted to the Office of Grants Management and made available publicly online.
- Maintain financial records for a minimum of six years after the Contract(s) ends that document the use of all Grant Funds awarded. Minnesota Housing, at its sole discretion, may request to review the accounting and documentation of such records at a site visit or at other times.
- Complete and submit all required reports, financial documentation and other supporting documents on time in a manner determined by Minnesota Housing. Financial documentation of reported expenses may include, but is not limited to, a detailed posting ledger, payroll and timecards, invoices and receipts.
- 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.
- Have a written fraud and fraud reporting policy and provide it to Minnesota Housing’s Authorized Grant Representative within three months from Contract execution.
- Have a written Data Practices Policy and provide it to Minnesota Housing’s Authorized Grant Representative within three months from Contract execution.
- Comply with applicable contracting and bidding requirements noted in the Contract.
- Comply with all affirmative action and non-discrimination requirements noted in the Contract.
- Comply with all applicable state statutes, rules and policies.

4.02 Subgrantees

If utilizing subgrantees, Grantees are expected to enter into Contracts with subgrantees prior to disbursing Grant Funds to them. At a minimum, Grantees must impose on subgrantees the same expectations that Minnesota Housing requires of Grantee under the Contract. In addition, Grantees must ensure that any communication received from Minnesota Housing is relayed to subgrantees. Grantees remain responsible for compliance with all requirements of this Program Guide and the Contract and for performance of any subgrantees. Minnesota Housing must approve agreements with subgrantees prior to executing a contract with the subgrantees.

4.03 Monitoring and Evaluation of Grantees

Minnesota Housing will review Grantees' financial reports and narrative reports which must be provided according to the timeline outlined in the Contract. 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 Grantees with Contracts of $50,000 or greater, Minnesota Housing will conduct at least one monitoring visit of Grantees during the grant period. The monitoring visit consists of an administrative review of the Grantee's policies, procedures and governance, and a program review of the grant activities, staffing and Grantee'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 the deadline by which to submit this information. The monitoring visit is paired with one of the annual financial reconciliations (described in 4.04 below).

Minnesota Housing may request information about subgrantees as part of this monitoring visit. Following the monitoring visit, Minnesota Housing staff will notify the Grantee if additional information 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.

Grantees that fail to schedule the monitoring visit and provide the requested documentation more than two months after the identified deadline will be deemed unresponsive. The Capacity Building Grant Manager ("Grant Manager") will send two email reminders to the Grantee Authorized Grant Representative and the backup contact and determine next steps. Possible consequences of failure to respond include, but are not limited to:

- Suspension of future Contract payments until all monitoring requirements are met
- Repayment of funds and contract termination

Grantees with extenuating circumstances must promptly inform the Grant Manager if they have a situation that prevents timely submission of monitoring documents. The Grantee and Grant Manager will agree on a new deadline by which the Grantee must submit the required documentation.

4.04 Financial Reconciliation

For Grantees with Contracts of $50,000 or greater, Minnesota Housing will conduct annual financial monitoring. Annual financial monitoring includes a review of the one-year financial report, a detailed posting ledger of Capacity Building Grant Expenses only and any requested supporting documentation. Grantees must provide this documentation by the deadline set by Minnesota Housing.

Grantees that fail to provide the requested documentation more than two months after the identified deadline will be deemed unresponsive. The Grant Manager will send two email reminders to the Grantee Authorized Grant representative and the backup contact. Possible consequences include, but are not limited to:

- Suspension of future Contract payments until all monitoring requirements are met
- Repayment of funds and contract termination

Grantees with extenuating circumstances must promptly inform the Grant Manager if they have a situation that prevents timely submission of the financial reconciliation documents. The Grantee and Grant Manager will agree on a new deadline in writing by which the Grantee must submit the required documentation.

4.05 Contract Amendments

Contract Amendments are required for the majority of changes to the Contract budget, work plan, scope of work and grant period and requests for amendments must be submitted to the Authorized Grant Representative in writing. Approval of amendments are at the discretion of Minnesota Housing. Amendments are effective the date they are signed by the Grantee and Minnesota Housing. Changes to the Contract made in the amendments are **not** retroactive. At the sole discretion of Minnesota Housing, and with prior approval of Minnesota Housing, certain minor modifications that do not substantively affect the budget may be made without requiring an amendment.

After the Grantee has provided the necessary information for the amendments, it will take approximately two months for the amendment to be ready for signature. The Grant Manager will review the amendment request and consult with Agency Grants Management and Legal staff as needed. The requested changes must be eligible and consistent with the proposal the Grantee submitted to the 2026 Capacity Building Request for Proposals (RFP). If the requested changes appear eligible, the Grant Manager will prepare the amendment documents, send for internal review and approvals, and, if approved, route to the Grantee and Minnesota Housing's designated representative for signature.

Only the Grantee's Authorized Grant Representative or authorized contact can request an amendment on behalf of the Grantee. Contractors, consultants, partners and collaborators with the Grantee cannot make amendment requests.

4.06 Budget Amendments

Expenses that are not listed in the Contract budget are ineligible and will need to be repaid or refunded to the Capacity Building Grant. Additionally, the expenses that exceed a line item in the Contract budget are ineligible and will need to be repaid or refunded to the Capacity Building Grant. If a grantee needs to make a change to the budget to carry out future grant activities, the grantee must make a budget amendment request. Activities done before an amendment is finalized are not eligible for payment.

Budget amendments are generally required when there are:

- New anticipated expenses not currently listed in the Contract budget.
- Changes to the dollar amounts of existing line items in the Contract budget. Grantees cannot exceed the amount listed for each line item.
- Changes in staff positions charged to the grant.

To request a budget amendment, Grantees must use the Excel spreadsheet version of the budget Contract, make the desired changes and email it to the Grant Manager along with an explanation of the reasons for the amendment and the specific changes. The requested changes must be eligible expenses, as described in the 2026 Capacity Building RFP and Program Manual. The changes must also be consistent with the scope of work, work plan and proposal.

4.07 Scope of Work and Work Plan Amendments

It is the nature of capacity building that a modification to the scope of work and work plan may be necessary as the project takes shape. To request a scope of work and work plan amendment, the Grantee should update the Excel spreadsheet version of the Work Plan with their requested changes. They should email this spreadsheet to the Grant Manager with an explanation of the need for these changes. The requested changes must be in line with the primary purpose, goals and outcomes of the grant proposal. Work that is done before an amendment is finalized is not eligible for payment.

4.08 Grant Period Extension

Grant Period extensions are allowed in six months increments for up to three extensions (18 months total). To request a grant period extension, the Grantee should email their request to the Grant Manager three months prior to the end of the grant period. If a Grantee requests an extension with less than three months remaining in the Grant Period, it is possible that the amendment will not be ready prior to the end of the Grant Period. If that is the case, the Grantee must pause work and cannot charge expenses to the Capacity Building Grant until the amendment is signed. A Grant Period Extension is not possible after the Contract has expired.

Chapter 5 - Data Privacy and Reporting

5.01 Government Data Practices Act

The Grantee and Minnesota Housing must comply with the Minnesota Government Data Practices Act (Data Practices Act) (Minn. Stat. Ch. 13). The Data Practices Act applies to all data provided by Minnesota Housing under the Contract, and it applies to all data created, collected, received, stored, used, maintained or disseminated by the Grantee under the Contract. The civil remedies of Minn. Stat. §13.08 apply to the release of the data referred to in this section by either the Grantee or Minnesota Housing.

The Data Practices Act provides that the collection and use of not public data including private and confidential data on individuals "shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." Minn Stat. 13.05, subd. 3. The Grantee also must "establish appropriate security safeguards" including that data are "only accessible to persons whose work assignment reasonably requires access to the data and is only be accessed by those persons for purposes described in the procedure." Minn. Stat. 13.05, subd. 5(a)(2).The Grantee will ensure that it protects any not public data it receives. Private or confidential information on individuals may include but is not limited to:

1. Name
2. Email address, phone number or other contact information
3. Photos

Grantees should contact Minnesota Housing with any questions about the Data Practices Act and whether a request it received is considered a data request. If the Grantee receives a request to release the data referred to in this section, the Grantee must immediately notify Minnesota Housing. Minnesota Housing will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

5.02 Record Keeping

Grantees and subgrantees are responsible for maintaining records that document the use of all Grant Funds. Grantees must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. These records must be saved in a location that can be easily accessed by the Executive Director, the Authorized Grant Representative and any other key staff and leadership that need to access the records for reporting and compliance purposes. Grantees must maintain these documents for a minimum of six years from the end of the Contract. 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. Grantees that are unable to produce the required records within the requested time period create concerns about misuse of funds. Depending on the circumstances, inability to provide the required documentation in a timely manner may lead to repayment of funds and contract termination.

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

- Executed Contract
- Reports submitted by the Grantee 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 Grant Manager

5.03 Reporting

Grantees must submit a narrative and financial report in a format required by Minnesota Housing. Financial reports must be submitted approximately every three months as outlined in the Contract. Narrative and financial reports, along with supporting documentation of expenses, must be submitted approximately every six months as outlined in the Contract. Grantees should complete the Travel Reimbursement Form, attach the applicable documentation and submit at the same time as the financial report when possible. Grantees must meet with the Minnesota Housing Grant Manager after the first year of the Contract to discuss progress. For Grantees required to have an annual monitoring, the monitoring visit will serve as this meeting. Grantees must also submit a final report outlining proposed and achieved outcomes and complete expenditures.

5.04 Reporting Schedule

Grantees should reference the Contract for the reporting schedule, the financial report template and the items to be covered in the narrative report. Grantees should also reference the Contract for the timing of advanced payments.

Grantees are required to submit travel reimbursement requests, financial and narrative reports by the due dates listed in the Contract and meet with the Grant Manager after the first year to discuss grant progress. Exact dates will be determined upon Contract execution. Grantees should reference their Contract for exact dates and any additional requirements.

Grantees that submit interim reports more than three months late will be out of compliance with the Contract and the Contract may be subject to termination. Final reports are eligible for a reasonable extension in the case of extenuating circumstances. If extenuating circumstances arise, the Grantee should email the Grant Manager promptly after becoming aware of those circumstances, describe the issue and request a reasonable extension. The Grant Manager will consider the request and will respond in writing whether they grant the request. If the request is approved, the Grant Manager will provide the new deadline by which the report must be submitted. No more than three report extensions will be allowed during a grant period.

5.05 Travel Expense Reports

Travel expenses must be specifically allowed by the Contract and included in the Contract budget to be an allowable expense. Travel expenses are paid via reimbursement. Grantees must submit documentation of travel expenses including, but not limited to, any mileage, hotel receipts, car rental, flights and identify applicable meals. Travel reimbursement rates must follow the applicable year of the Nonrepresented Employees Compensation Plan. Grantees should note that covered meals and meal reimbursement rates may be different than the Federal General Services Administration reimbursement rates.

Chapter 6 - Grant Payment Process and Schedule

The Capacity Building Grant Program is a primarily advance payment grant program subject the approval by Minnesota Housing. However, travel expenses which are paid on a reimbursement basis. After the initial advanced payment is disbursed, Grantees must meet applicable reporting, financial documentation and monitoring requirements and spend at least 50% of current Grant Funds in order to receive subsequent advanced payments. The advanced payment amount is calculated from the “Compensation” amount identified in the Contract which is the “Total Obligation” amount minus travel expenses. Grantees must have completed a satisfactory annual financial reconciliation to receive the next disbursement outlined in the Contract.

Appendix A – Terms

Terms and Definitions

Term	Definition
Contract	The Grant Contract executed between Minnesota Housing Finance Agency and the Grantee for the Capacity Building Program.
Grantee(s)	Recipient(s) in a Contract with Minnesota Housing to receive Capacity Building Grant Funds
Minnesota Housing	The Minnesota Housing Finance Agency.
Grant Period	The time period that runs from the Effective Date until the last date during which work can be performed and funds can be spent.
Contract Expiration	The date the Grant Contract expires.
Data Practices Act	References the Minnesota Government Data Practices Act (Minn. Stat. Ch. 13).
Technical Assistance	Activities which include providing training, education, and/or other supports to build the capacity of one or more individuals, organizations, jurisdictions, and/or Tribal Governments and Tribal Business Entities.
Sub-Grant	Money awarded by Minnesota Housing that is intended to be passed through the Grantee-organization in the form of a sub-grant to build the capacity of one or more: (A) local government entities; (B) Tribal Governments and Tribal Business Entities; (C) private organizations, including not-for-profit organizations.

Appendix B – Legal Addendum

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.

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 7.07 below.

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 7.07 below.

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**: The 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 (i.e., 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 7.07 below.

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 7.04 above;
- 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 7.04 above.

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 7.07 below.

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).

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 (e.g., 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.

- MHFA's Risk and Internal Controls Director at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Any member of MHFA's Servant Leadership Team as denoted on MHFA'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 (mnhousing.gov) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

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.

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.

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.

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MINNESOTA HOUSING

Item: Fourth Quarter FY26 Update

Discussion Item: 8.A
Date: 09/24/2026
Staff Contacts: Maria Steele, 651.539.9674, maria.steele@state.mn.us
Kayla Vang, 651.539.9775, kayla.vang@state.mn.us
Request Type: No Action, Discussion

Request Summary

Staff will provide financial results for the fourth quarter of the 2026 fiscal year.

Fiscal Impact

None.

Agency Priorities

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☒ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments

- FY2026 Q4 Financial Results
- Financial Dashboard
- Selected Financial Statements – 4th Quarter FY2026

MINNESOTA HOUSING

FY2026 Fourth-Quarter Financial Results

Basis of Presentation

The Agency reports on two bases. The **consolidated** view includes everything the Agency administers, including state and federal appropriations that pass through to programs. Because the timing of those appropriations varies from year to year, the consolidated totals can swing for reasons that don't reflect operating performance. The **sustainable core** — the General Reserve and Bond Funds (excluding Pool 3) — represents the Agency's ongoing, self-supporting operations: the bond-financed loan and investment portfolio, the interest and fee income it generates and the cost of running it.

Overview

Fiscal 2026 results show balance sheet growth and increased revenues. Total consolidated assets reached $8.9 billion, up $175.6 million from the prior quarter and $391.0 million (+4.6% year-over-year). Consolidated net position stands at $1.77 billion, up $122.5 million (+7.4%) versus a year ago.

- Sustainable core net position grew $131.5 million (+19.2% year-over-year) to $814.7 million.
- Operating revenues increased $29.8 million (+7.7%) to $417.1 million.

Balance Sheet

Table 1: Consolidated balance sheet — key metrics

Consolidated ($ millions)	Q4 FY26	Prior Qtr	Q4 FY25	YoY %
Total assets	$8,934.3	$8,758.7	$8,543.3	+4.6%
Program securities (MBS)	5,354.9	5,345.2	5,060.8	+5.8%
Loans, net	1,255.8	1,290.9	1,292.7	-2.9%
Other Investments and cash	**2,207.1**	**2,025.0**	**2,096.9**	**5.3%**
Total liabilities	7,092.1	6,912.8	6,839.3	+3.7%
Total net position	1,772.0	1,784.6	1,649.5	+7.4%
Sustainable core net position	814.7	807.6	683.2	+19.2%

Consolidated total assets increased to $8,934.3M from $8,758.7M in the prior quarter. The balance sheet grew on both the assets and funding sides; the full balance sheet by period is in the dashboard. The key drivers:

Liquidity rose significantly, with Other Investments & Cash increasing $182.1M to $2,207.1M. Consolidated net position decreased $12.6M for the quarter but remains up $122.5M year-over-year.

- Program securities (MBS) increased $294.1 million for the year to $5.35 billion (+5.2% year-over-year). The Residential Housing Finance Bond Program accounted for 123% of this growth, growing $361.8 million, while the Homeownership program declined $67.7 million.
- Loans net decreased $37.5 million to $1.26 billion (-2.9% year-over-year) due to elevated prepayments and normal year-end loan amortization. Rental Housing loans declined $31.4 million, Residential Housing Finance Bonds declined $3.1 million, and Multifamily loans declined $0.3M, while Pool 2 loans grew $1.9 million.
- Total liabilities increased $252.8 million to $7.09 billion (+3.7% year-over-year), funded primarily by bond issuances totaling $344 million during the year.
- Sustainable Core assets grew $372.0 million to $7.44 billion (+5.2% year-over-year.)
- Sustainable Core assets have tracked above bonds payable throughout the period, with both rising significantly in recent years. The widening spread in FY25-FY26 demonstrates strengthening long-term financial capacity. (see Figure 1)

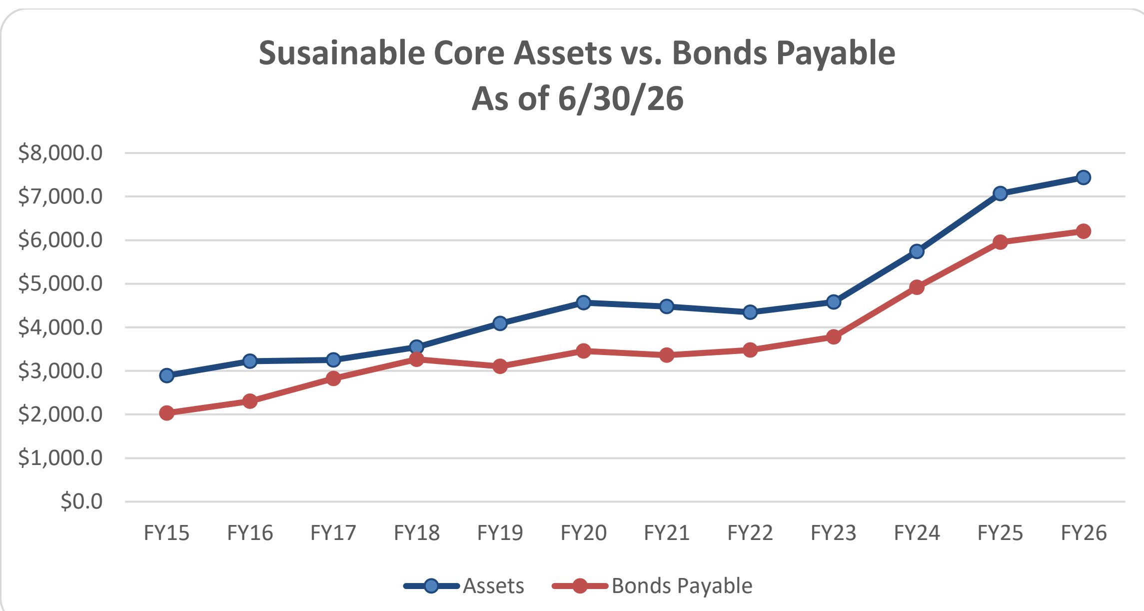

Figure 1: Sustainable-core total assets vs. bonds payable.

Operating Results – Sustainable Core

Sustainable Core operating performance improved in Q4, supported by interest-earning asset growth and strengthened interest margins.

- Interest revenue reached $83.7 million, rising $3.7 million from Q3, driven by continued expansion in interest-earning assets.
- Full-year Sustainable Core operating expenses increased 12.8% in FY26, rising to $113.9 million from $101.04 million in the prior fiscal year. Salaries and benefits increased 19.7%, administrative reimbursement rose 11.7%, and other general operating costs grew 20.8%. Loan administration and trustee fees declined slightly by 3.3%.
- Interest revenue increased 8.5% year-to-date, supported by ongoing growth in interest-earning assets. Net interest income strengthened in Q4, rising from $16.2 million in Q3 to $23.2 million as funding costs eased. As shown in the chart, gross interest income continued its steady upward trend, while net interest income remained narrower but improved in Q4.

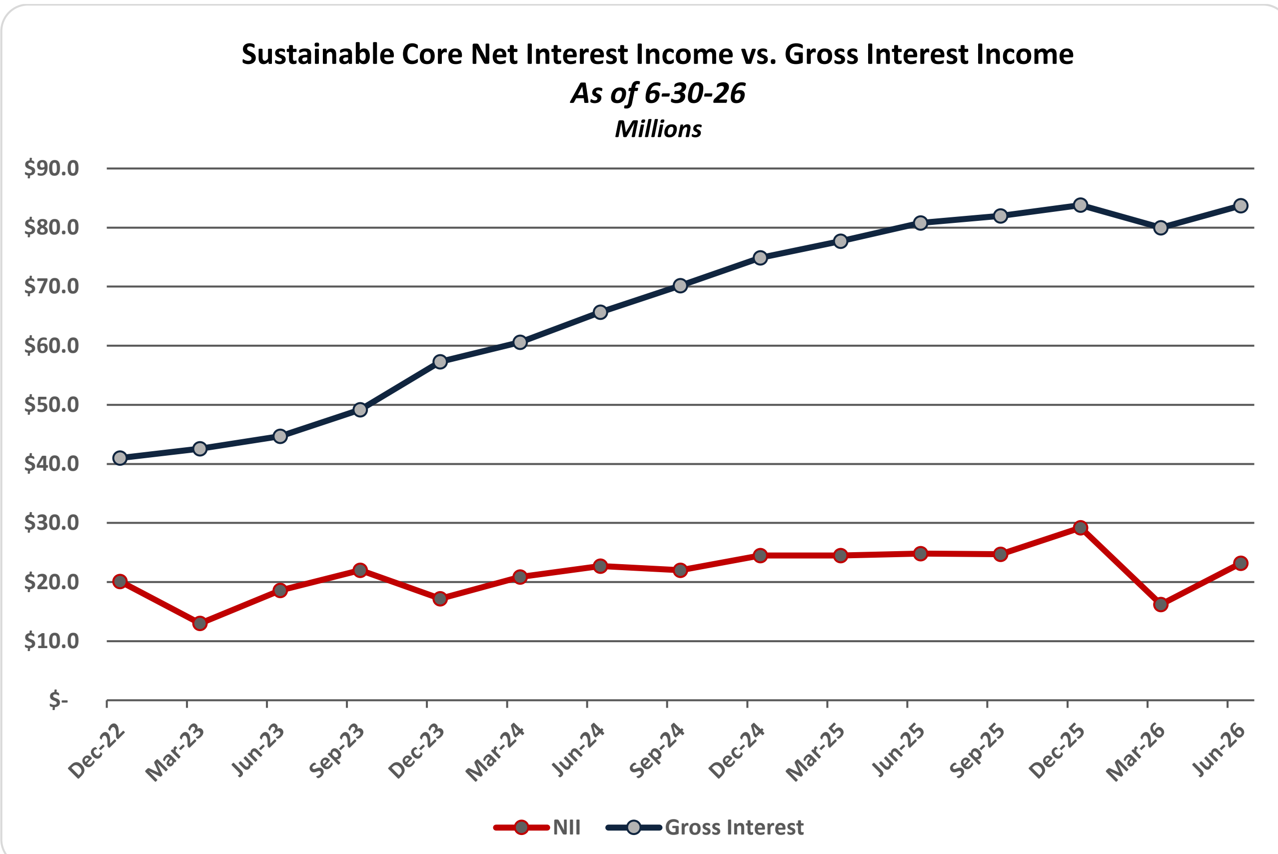

Figure 2: Net interest income vs. gross interest income

Operating Results – Consolidated

Consolidated change in net position was $122.5 million year-to-date, compared to $260.0 million a year ago, reflecting both strong operating performance and significant non-operating items. The full statement of operations is in the dashboard.

Table 2: Consolidated statement of activity — 12 months ended 6/30/2026

Consolidated ($ millions)	FY 2026	FY 2025 (Restated)	Change	YoY %
Operating revenues	417,096	387,301	29,795	7.7%
Operating expenses	307,050	268,116	38,934	14.5%
Operating income (loss)	110,046	119,185	(9,139)	-6.8%
Noncapital Subsidies, Net	133,077	162,975	(29,898)	-18.3%
Operating Income (Loss) and Noncapital Subsidies	243,123	282,160	(39,037)	-25.2%
Other Nonoperating Revenues (Expenses), net	(120,580)	(22,120)	(98,460)	445.1%
Change in net position	122,543	260,040	(137,497)	-52.9%
Total net position - beginning of period	1,649,443	1,389,402	260,041	18.7%
Total net position, end of period	$1,771,986.00	$1,649,442.00	$122,544.00	-34.2%

Effective FY2026, GASB Statement 103 requires that state and federal appropriations and passthrough grants no longer be reported as operating revenues or expenses. Instead, they are shown separately as Noncapital Subsidies in the proprietary fund Statement of Revenues, Expenses, and Changes in Net Position. This change ensures clarity between ongoing operating activities and external funding. As a result, operating revenue and expenses do not include these amounts; they are now reflected in Noncapital Subsidies as required by the standard.

Non-operating factors

- Non-operating results declined by $98.5 million year-over-year due to interest-rate volatility and the $56.8 million deterioration in fair value on investments (going from a $122.1 million gain in FY25 to a $65.1 million gain in FY26).

BALANCE SHEET*
Quarterly Financial Dashboard - Selected Reporting
As of June 30, 2026 - ($ million)

	Quarter End	Prior Quarter End	Change from Prior Quarter	Year Ago	Change From Year Ago
CONSOLIDATED					
Total Assets	8,934.3	8,758.7	175.6	8,543.3	391.0
Program Securities	5,354.9	5,345.2	9.7	5,060.8	294.1
Loans, net	1,255.8	1,290.9	-35.1	1,292.7	(36.9)
Other investments and cash	2,207.1	2,025.0	182.1	2,096.9	110.2
Total Liabilities	**7092.1**	**6912.8**	**7092.1**	**6839.3**	**252.8**
Net Position					
Total Net Position	**1,772.0**	**1,784.6**	**(12.6)**	**1,649.5**	**122.5**
CONSOLIDATED EXCLUDING APPROPRIATED					
Total Assets	**7607.9**	**7429.7**	**178.2**	**7233.7**	**374.2**
Net Position	984.5	978.5	6	850.9	133.6
SUSTAINABLE CORE					
Total Assets	**7437.9**	**7258.8**	**179.1**	**7065.9**	**372**
Program Securities	5,354.9	5,345.2	9.7	5,060.8	294.1
Loans, net	987.7	1,016.7	(29.0)	1,020.6	(32.9)
Other investments & cash	991.7	811.6	180.1	904.2	87.5
Total Liabilities	6,552.9	6,389.8	163.1	6,328.0	224.9
Bonds payable, net	6,205.1	6,115.9	89.2	5,956.1	249.0
Net Position	814.7	807.6	7.1	683.2	131.5

* Assets and liabilities do not include deferred inflows/outflows

STATEMENT OF OPERATIONS
Quarterly Financial Dashboard - Selected Reporting
As of June 30, 2026 - ($ million)

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Operating Revenue	113.9	102.2	11.7	417.1	387.3	29.8
Operating Expenses	79.3	77.5	1.8	307.1	268.1	39.0
Noncapital Subsidies, net	8.0	1.5	6.5	133.1	162.9	(29.8)
Non-Operating Revenue/(Expenses)	(55.2)	(57.2)	2.0	(120.6)	(22.1)	(98.5)
Net	**(12.6)**	**(31.0)**	**18.4**	**122.5**	**260.0**	**(137.5)**
SUSTAINABLE CORE						
Interest revenue	83.7	80.0	3.7	329.5	303.6	25.9
Other revenue	25.3	24.2	1.1	95.8	88.5	7.3
Unrealized gain (loss)	(6.4)	(0.2)	(6.2)	65.1	121.8	(56.7)
TOTAL REVENUE	**102.6**	**104.0**	**(1.4)**	**490.4**	**513.9**	**(23.5)**
Interest Expense	60.5	63.8	(3.3)	236.2	207.8	28.4
Operating Expenses(1)	19.7	15.5	4.2	63.0	52.5	10.5
Other Expenses	15.0	16.5	(1.5)	59.7	61.1	(1.4)
TOTAL EXPENSE	**95.2**	**95.8**	**(0.6)**	**358.9**	**321.4**	**37.5**
Revenue over Expense	**7.4**	**8.2**	**(0.8)**	**131.5**	**192.5**	**(61.0)**
Net Interest Income	**23.2**	**16.2**	**7.0**	**93.3**	**95.8**	**(2.5)**
Annualized Net Interest Margin (2)	*1.26%*	*0.90%*		*1.29%*	*1.50%*	
Annualized Gross Interest Margin (3)	*4.56%*	*4.43%*		*4.54%*	*4.74%*	

(1) Salaries, benefits and other general operating; includes Year End Pension Adjustment
(2)Annualized Net Interest Income/Average assets for period
(3)Annualized Gross Interest/Average assets for period

STATEMENT OF CASH FLOWS
Quarterly Financial Dashboard - Selected Reporting
As of June 30, 2026 - ($ million)

FINANCING ACTIVITY — BOND CASH FLOWS	This Qtr	Prior Qtr	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Bond proceeds (issuance)	210.8	305.1	(94.3)	898.3	1,901.3	(1,003.0)
Bond principal repayments	(116.5)	(192.1)	75.6	(597.5)	(852.2)	254.7
Net bond financing	**94.3**	**113.0**	**(18.7)**	**300.8**	**1,049.1**	**(748.3)**
Interest paid on bonds & notes	(7.5)	(127.5)	120.0	(263.6)	(210.8)	(52.8)
SUSTAINABLE CORE						
Bond proceeds (issuance)	210.8	305.1	(94.3)	845.2	1,887.2	(1,042.0)
Bond principal repayments	(116.6)	(192.0)	75.4	(578.3)	(834.1)	255.8
Net bond financing	**94.2**	**113.1**	**(18.9)**	**266.9**	**1,053.1**	**(786.2)**
Interest paid on bonds & notes	(7.4)	(117.7)	110.3	(243.9)	(191.4)	(52.5)

Minnesota Housing Finance Agency
Fund Financial Statements
Statement of Net Position (in thousands) - UNAUDITED
Proprietary Funds
As of June 30, 2026 (with comparative totals as of June 30, 2025)

		Bond Funds					Appropriated Funds			
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	State Appropriated	Federal Appropriated	Total as of June 30, 2026	Total as of June 30, 2025
Assets										
Cash and cash equivalents	$ 117,216	$ 60,785	$ 741,765	$ 49,033	$ 2,539		$ 1,061,369	$ 24,378	$ 2,057,085	$ 1,494,231
Investments-program mortgage-backed securities	-	-	4,626,847	728,053	-	-	-	-	5,354,900	5,060,826
Investment securities-other	-	16,879	46,581	-	-	3,149	83,419		150,028	602,670
Loans receivable, net	-	256,955	842,143	-	12,143	-	142,218	2,371	1,255,830	1,292,657
Interest receivable on loans and program mortgage-backed securities	-	1,051	23,816	2,420	45	-	38	2	27,372	25,802
Interest receivable on investments	365	176	2,470	126	7	9	4,618	5	7,776	7,908
Interest rate swap agreements	-	-	54,484	-	-	-	-	-	54,484	40,447
FHA/VA insurance claims, net	-	-	54	-	-	-	-	-	54	(11)
Real estate owned, net	-	-	256	-	-	-	-	-	256	474
Capital assets, net	2,952	-	1,068	-	-	-	-	516	4,536	6,344
Other assets	3,598		10,890		1	-	7,099	428	22,016	11,963
Total assets	124,131	335,846	6,350,374	779,632	14,735	3,158	1,298,761	27,700	8,934,337	8,543,311
Deferred Outflows of Resources										
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	3,715	-	-	-	-	-	3,715	6,860
Deferred pension expense	6,047	-	-	-	-	-	-	-	6,047	7,064
Total deferred outflows of resources	6,047	-	3,715	-	-	-	-	-	9,762	13,924
Total assets and deferred outflows of resources	$ 130,178	$ 335,846	$ 6,354,089	$ 779,632	$ 14,735	$ 3,158	$ 1,298,761	$ 27,700	$ 8,944,099	$ 8,557,235
Liabilities										
Bonds payable, net	$ -	$ 200,690	$ 5,193,126	$ 795,992	$ 11,800	$ 3,521	$ 510,488	$ -	$ 6,715,617	$ 6,439,921
Interest payable	-	3,826	110,075	1,783	30	9	8,764	-	124,487	113,930
Interest rate swap agreements	-	-	3,715	-	-	-	-	-	3,715	6,860
Net pension liability and OPEB	4,610	-	-	-	-	-	-	-	4,610	2,768
Accounts payable and other liabilities	13,509	5,351	116,248	41	-	-	16,331		151,480	186,658
Interfund payable (receivable)	1,109		(4,479)	-	-	-	3,065	305	-	-
Funds held for others	89,521	-	-	-	-	(372)	-	10	89,159	84,141
Lease Liability	1,940	-	-	-	-	-	-	-	1,940	3,490
Subscription Liability	1	-	1,085	-	-	-	-	-	1,086	1,499
Total liabilities	110,690	209,867	5,419,770	797,816	11,830	3,158	538,648	315	7,092,094	6,839,267
Deferred Inflows of Resources										
Deferred gain on interest rate swap agreements	-	-	54,484	-	-	-	-	-	54,484	40,447
Deferred revenue-service release fee	-	-	14,492	2,318	-	-	-	-	16,810	18,886
Deferred discount loan interest	-	-	309	-	-	-	-	-	309	152
Deferred pension credit	8,416	-	-	-	-	-	-	-	8,416	9,040
Total deferred inflows of resources	8,416	-	69,285	2,318	-	-	-	-	80,019	68,525
Total liabilities and deferred inflows of resources	$ 119,106	$ 209,867	$ 5,489,055	$ 800,134	$ 11,830	$ 3,158	$ 538,648	$ 315	$ 7,172,113	$ 6,907,792
Commitments and contingencies										
Net Position										
Restricted by bond resolution	-	132,235	417,533	20,902	2,905	-	-	-	573,575	499,479
Restricted by covenant	10,061	-	691,570	-	-	-	-	-	701,631	659,885
Restricted by law	-	-	-	-	-	-	1,193,846	27,246	1,221,092	1,196,945
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	(411,392)	-	(411,392)	(381,473)
Unrestricted by bond resolution		(6,256)	(244,052)	(41,404)	-	-	-	-	(291,712)	(309,236)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	(22,341)	(377)	(22,718)	(17,512)
Net Investment in Capital Assets	1,011	-	(17)	-	-	-	-	516	1,510	1,355
Total net position	11,072	125,979	865,034	(20,502)	2,905	-	760,113	27,385	1,771,986	1,649,443
Total liabilities, deferred inflows of resources, and net position	$ 130,178	$ 335,846	$ 6,354,089	$ 779,632	$ 14,735	$ 3,158	$ 1,298,761	$ 27,700	$ 8,944,099	$ 8,557,235
	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the twelve-month period ended June 30, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2026, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

Minnesota Housing Finance Agency
Fund Financial Statements - UNAUDITED
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
Proprietary Funds
Twelve Months Ended June 30, 2026 (with comparative totals for Twelve Months Ended June 30, 2025)

		Bond Funds					Appropriated Funds			
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	State Appropriated	Federal Appropriated	Total for the Twelve Months Ended June 30, 2026	Total for the Twelve Months Ended June 30, 2025
Opearating Revenue										
Interest earned on loans	$ -	$ 13,605	$ 29,298	$ -	$ 539	$ -	$ 1,164	$ 223	$ 44,829	$ 44,554
Interest earned on investments-program mortgage-backed securities	-	-	234,397	28,681	-	-	-	-	263,078	231,108
Administrative reimbursement	68,650	-	-	-	-	-	-	-	68,650	62,238
Fees earned and other income	20,054	232	6,080	778	-	-	13,395	-	40,539	49,401
Total operating revenues	88,704	13,837	269,775	29,459	539	-	14,559	223	417,096	387,301
Operating Expenses										
Loan administration and trustee fees	-	135	3,732	293	4	-	125	-	4,289	4,415
Administrative reimbursement	-	2,208	36,977	5,476	89	-	21,675	2,225	68,650	62,238
Salaries and benefits	50,689	-	-	-	-	-	-	-	50,689	42,334
Other general operating	11,201	8	2,506	17	-	-	627	105	14,464	13,306
Reduction in carrying value of certain low interest	-	-	-	-	-	-	-	-	-	-
rate deferred loans	-	(26)	(4,638)	-	-	-	150,731	17,714	163,781	138,721
Provision for loan losses	-	1,314	3,602	-	(1)	-	263	(1)	5,177	7,101
Total operating expenses	61,890	3,639	42,179	5,786	92	-	173,421	20,043	307,050	268,115
Operating income (loss)	26,814	10,198	227,596	23,673	447	-	(158,862)	(19,820)	110,046	119,186
Noncapital Subsidies										
Intergovernmental Revenue										
State appropriations received	-	-	-	-	-	-	38,057	-	38,057	37,053
Federal/State pass-through revenues	-	-	-	-	-	-	189,753	334,871	524,624	644,070
Federal/State pass-through expenses	-	-	-	-	-	-	(107,061)	(322,543)	(429,604)	(518,148)
Total Noncapital Subsidies	-	-	-	-	-	-	120,749	12,328	133,077	162,975
Operating Income (Loss) and Noncapital Subsidies	26,814	10,198	227,596	23,673	447	-	(38,113)	(7,492)	243,123	282,161
Nonoperating Revenues (Expenses)										
Interest earned on investments-other	1,108	1,487	20,325	1,544	92	113	46,979	1,057	72,705	90,361
Net appreciation/depreciation in fair value on investments	-	63	56,183	8,854	-	-	-	-	65,100	122,111
Interest	(145)	(9,308)	(203,958)	(22,309)	(359)	(113)	(13,069)	-	(249,261)	(221,803)
Financing, net	-	(4)	(8,675)	-	-	-	(445)	-	(9,124)	(12,789)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	963	(7,762)	(136,125)	(11,911)	(267)	-	33,465	1,057	(120,580)	(22,120)
Income (Loss) Before Transfers and Contributions	27,777	2,436	91,471	11,762	180	-	(4,648)	(6,435)	122,543	260,041
Other changes										
Non-operating transfer of assets and program contributions between funds	(27,836)	130	27,706	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-
Change in net position	(59)	2,566	119,177	11,762	180	-	(4,648)	(6,435)	122,543	260,041
Net Position										
Total net position, Beginning as previously reported	11,131	123,413	745,857	(32,264)	2,725	-	764,761	33,820	1,649,443	1,391,896
Adjustments (Note 18)	-	-	-	-	-	-	-	-	-	(2,494)
Total net position - Beginning, as restated	11,131	123,413	745,857	(32,264)	2,725	-	764,761	33,820	1,649,443	1,389,402
Total net position, end of period	$ 11,072	$ 125,979	$ 865,034	$ (20,502)	$ 2,905	$ -	$ 760,113	$ 27,385	$ 1,771,986	$ 1,649,443

This information on the funds of the Agency for the twelve-month period ended June 30, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 202 presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This informati audited financial statements as of June 30, 2025 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68

Minnesota Housing Finance Agency
Supplementary Information(Unaudited)
Statement of Net Position (in thousands)
General Reserve & Bond Funds
As of June 30, 2026 (with comparative totals as of June 30, 2025)

	General Reserve	Bond Funds: Rental Housing	Bond Funds: Residential Housing Finance Bonds	Bond Funds: Residential Housing Finance Pool 2	Bond Funds: Homeownership Finance Bonds	Bond Funds: Multifamily Housing Bonds	Bond Funds: HOMES[SM]	General Reserve & Bond Funds Excluding Pool 3 Total As Of June 30, 2026	General Reserve & Bond Funds Excluding Pool 3 Total As Of June 30, 2025	Residential Housing Finance Pool 3 Total As Of June 30, 2026	General Reserve & Bond Funds Total As Of June 30, 2026	General Reserve & Bond Funds Total As Of June 30, 2025
Assets												
Cash and cash equivalents	$ 117,216	$ 60,785	$ 536,125	$ 160,660	$ 49,033	$ 2,539	$ -	$ 926,358	$ 804,545	$ 44,980	$ 971,338	$ 842,613
Investments-program mortgage-backed securities	-	-	4,626,847	-	728,053	-	-	5,354,900	5,060,826	-	5,354,900	5,060,826
Investment securities-other	-	16,879	2,541	42,724	-	-	3,149	65,293	99,671	1,316	66,609	101,030
Loans receivable, net	-	256,955	226,124	492,518	-	12,143	-	987,740	1,020,607	123,501	1,111,241	1,148,789
Interest receivable on loans and program mortgage-backed securities	-	1,051	21,773	2,014	2,420	45	-	27,303	25,724	29	27,332	25,756
Interest receivable on investments	365	176	1,566	762	126	7	9	3,011	3,276	142	3,153	3,435
Interest rate swap agreements	-	-	54,484	-	-	-	-	54,484	40,447	-	54,484	40,447
FHA/VA insurance claims, net	-	-	54	-	-	-	-	54	(11)	-	54	(11)
Real estate owned, net	-	-	158	98	-	-	-	256	474	-	256	474
Capital assets, net	2,952	-	-	1,068	-	-	-	4,020	5,723	-	4,020	5,723
Other assets	3,598	-	761	10,129	-	1	-	14,489	4,573	-	14,489	4,578
Total assets	124,131	335,846	5,470,433	709,973	779,632	14,735	3,158	7,437,908	7,065,855	169,968	7,607,876	7,233,660
Deferred Outflows of Resources												
Deferred loss on refunding	-	-	-	-	-	-	-	-	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	3,715	-	-	-	-	3,715	6,860	-	3,715	6,860
Deferred pension expense	6,047	-	-	-	-	-	-	6,047	7,064	-	6,047	7,064
Total deferred outflows of resources	6,047	-	3,715	-	-	-	-	9,762	13,924	-	9,762	13,924
Total assets and deferred outflows of resources	$ 130,178	$ 335,846	$ 5,474,148	$ 709,973	$ 779,632	$ 14,735	$ 3,158	$ 7,447,670	$ 7,079,779	$ 169,968	$ 7,617,638	$ 7,247,584
Liabilities												
Bonds payable, net	$ -	$ 200,690	$ 5,118,920	$ 74,206	$ 795,992	$ 11,800	$ 3,521	$ 6,205,129	$ 5,956,080	$ -	$ 6,205,129	$ 5,956,080
Interest payable	-	3,826	108,436	1,639	1,783	30	9	115,723	105,808	-	115,723	105,808
Interest rate swap agreements	-	-	3,715	-	-	-	-	3,715	6,860	-	3,715	6,860
Net pension liability and OPEB	4,610	-	-	-	-	-	-	4,610	2,768	-	4,610	2,768
Accounts payable and other liabilities	13,509	5,351	1,649	114,372	41	-	-	134,922	170,402	227	135,149	170,629
Interfund payable (receivable)	1,109	-	(152)	(4,327)	-	-	-	(3,370)	(3,060)	-	(3,370)	(3,060)
Funds held for others	89,521	-	-	-	-	-	(372)	89,149	84,123	-	89,149	84,123
Lease Liability	1,940	-	-	-	-	-	-	1,940	3,490	-	1,940	3,490
Subscription Liability	1	-	-	1,085	-	-	-	1,086	1,499	-	1,086	1,499
Total liabilities	110,690	209,867	5,232,568	186,975	797,816	11,830	3,158	6,552,904	6,327,970	227	6,553,131	6,328,197
Deferred Inflows of Resources												
Deferred gain on interest rate swap agreements	-	-	54,484	-	-	-	-	54,484	40,447	-	54,484	40,447
Deferred revenue-service release fee	-	-	13,615	877	2,318	-	-	16,810	18,886	-	16,810	18,886
Deferred discount loan interest	-	-	-	309	-	-	-	309	152	-	309	152
Deferred pension credit	8,416	-	-	-	-	-	-	8,416	9,040	-	8,416	9,040
Total deferred inflows of resources	8,416	-	68,099	1,186	2,318	-	-	80,019	68,525	-	80,019	68,525
Total liabilities and deferred inflows of resources	$ 119,106	$ 209,867	$ 5,300,667	$ 188,161	$ 800,134	$ 11,830	$ 3,158	$ 6,632,923	$ 6,396,495	$ 227	$ 6,633,150	$ 6,396,722
Commitments and contingencies												
Net Position												
Restricted by bond resolution	-	132,235	417,533	-	20,902	2,905	-	573,575	499,479	-	573,575	499,479
Restricted by covenant	10,061	-	-	521,829	-	-	-	531,890	492,307	169,741	701,631	659,885
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by bond resolution	-	(6,256)	(244,052)	-	(41,404)	-	-	(291,712)	(309,236)	-	(291,712)	(309,236)
Unrestricted by covenant	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment in Capital Assets	1,011	-	-	(17)	-	-	-	994	734	-	994	734
Total net position	11,072	125,979	173,481	521,812	(20,502)	2,905	-	814,747	683,284	169,741	984,488	850,862
Total liabilities, deferred inflows, and net position	$ 130,178	$ 335,846	$ 5,474,148	$ 709,973	$ 779,632	$ 14,735	$ 3,158	$ 7,447,670	$ 7,079,779	$ 169,968	$ 7,617,638	$ 7,247,584
	-	-	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the twelve-month period ended June 30, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2026, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

See accompanying notes to financial statements.

Minnesota Housing Finance Agency
Supplementary Information (Unaudited)
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
General Reserve & Bond Funds
Twelve Months Ended June 30, 2026 (with comparative totals for Twelve Months Ended June 30, 2025)

		Bond Funds						General Reserve & Bond Funds Excluding Pool 3	General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds
			Residential Housing Finance									
	General Reserve	Rental Housing	Bonds	Pool 2	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	Total for the Twelve Months Ended June 30, 2026	Total for the Twelve Months Ended June 30, 2025	Total for the Twelve Months Ended June 30, 2026	Total for the Twelve Months Ended June 30, 2026	Total for the Twelve Months Ended June 30, 2025
Operating revenues												
Interest earned on loans	$ -	13,605	$ 8,149	$ 20,986	$ -	$ 539	$ -	$ 43,279	$ 43,042	$ 163	43,442	$ 43,375
Interest earned on investments-program mortgage-backed securities	-	-	234,397	-	28,681	-	-	263,078	231,108	-	263,078	231,108
Administrative reimbursement	68,650	-	-	-	-	-	-	68,650	62,238	-	68,650	62,238
Fees earned and other income	20,054	232	3,541	2,489	778	-	-	27,094	26,283	50	27,144	26,333
Total operating revenues	88,704	13,837	246,087	23,475	29,459	539	-	402,101	362,671	213	402,314	363,054
Operating expenses												
Loan administration and trustee fees	-	135	2,123	1,570	293	4	-	4,125	4,265	39	4,164	4,297
Administrative reimbursement	-	2,208	30,999	4,138	5,476	89	-	42,910	38,419	1,840	44,750	40,153
Salaries and benefits	50,689	-	-	-	-	-	-	50,689	42,334	-	50,689	42,334
Other general operating	11,201	8	103	942	17	-	-	12,271	10,158	1,461	13,732	12,542
Reduction in carrying value of certain low interest			-	-						-	-	-
rate deferred loans	-	(26)	(38)	(257)	-	-	-	(321)	637	(4,343)	(4,664)	(380)
Provision for loan losses	-	1,314	1,173	1,812	-	(1)	-	4,298	5,225	617	4,915	5,462
Total operating expenses	61,890	3,639	34,360	8,205	5,786	92	-	113,972	101,038	(386)	113,586	104,408
Operating income (loss)	26,814	10,198	211,727	15,270	23,673	447	-	288,129	261,633	599	288,728	258,646
Noncapital Subsidies												
Intergovernmental Revenue												
State appropriations received	-	-	-	-	-	-	-	-	-	-	-	-
Federal/State pass-through revenues	-	-	-	-	-	-	-	-	-	-	-	-
Federal/State pass-through expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Noncapital Subsidies	-	-	-	-	-	-	-	-	- -	- -	- -	-
Operating Income (Loss) and Noncapital Subsidies	26,814	10,198	211,727	15,270	23,673	447	-	288,129	261,633 -	599		
Nonoperating Revenues (Expenses)											-	-
Interest earned on investments-other	1,108	1,487	13,636	5,112	1,544	92	113	23,092	29,483	1,577	24,669	30,442
Net appreciation/depreciation in fair value on investments	-	63	50,128	6,068	8,854	-	-	65,113	121,823	(13)	65,100	121,863
Interest	(145)	(9,308)	(199,346)	(4,612)	(22,309)	(359)	(113)	(236,192)	(207,828)	-	(236,192)	(207,828)
Financing, net	-	(4)	(8,661)	(14)	-	-	-	(8,679)	(12,617)	-	(8,679)	(12,617)
Appropriations disbursed	-	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	963	(7,762)	(144,243)	6,554	(11,911)	(267)	-	(156,666)	(69,139)	1,564	(155,102)	(68,140)
Income (Loss) Before Transfers and Contributions	27,777	2,436	67,484	21,824	11,762	180	-	131,463	192,494 -	2,163 -	133,626 -	190,506
Other changes												
Non-operating transfer of assets and program contributions between funds	(27,836)	130	9,628	18,078	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Change in net position	(59)	2,566	77,112	39,902	11,762	180	-	131,463	192,494	2,163	133,626	190,506
Net Position												
Total net position, beginning of period	11,131	123,413	96,369	481,910	(32,264)	2,725	-	683,284	493,284	167,578	850,862	662,850
Adjustments (Note 18)	-	-	-	-	-	-	-	-	(2,494)	-	-	(2,494)
Total net position - Beginning, as restated	11,131	123,413	96,369	481,910	(32,264)	2,725	-	683,284	490,790	167,578	850,862	660,356
Total net position, end of period	$ 11,072	$ 125,979	$ 173,481	$ 521,812	$ (20,502)	$ 2,905	$ -	$ 814,747	$ 683,284	$ 169,741	$ 984,488	$ 850,862

This information on the funds of the Agency for the twelve-month period ended June 30, 2026 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2026, subje adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from t should be read in conjunction with the Agency's audited financial statements as of June 30, 2025 and for the fiscal year then ended.

See accompanying notes to financial statements.

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