Program Overview
The Workforce Housing Development Program is a competitive funding program that targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Grant funds or deferred loans are available to build market rate residential rental properties in communities with proven job growth and demand for workforce rental housing.

Application Process
Applications are accepted on an annual basis through a competitive Request for Proposals (RFP).

Application Requirements

Eligible Applicants: An eligible applicant is an eligible project area that is generally a small to mid-sized city in Greater Minnesota. Specifically, an eligible project area is either:

- A home rule charter or statutory city located outside of the metropolitan area with a population exceeding 500
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area
- An area served by a joint county-city economic development authority

Preference will be given to projects located in an eligible project area with 30,000 or fewer residents. Developers cannot apply for program funds directly; they must work with an eligible applicant.

Eligible Properties: Market rate or mixed income residential rental properties. Per the statute, preference will be given to projects with the highest percentage of market rate units.

Eligible Activities: New construction or adaptive reuse. Rehabilitation of occupied rental housing is not an eligible activity under this program.

Letter of Support: Letter of support from a local business or businesses that employ a minimum of 20 full-time employees in aggregate.

Matching Requirement: Applicants must match the funds requested, at a minimum, of one dollar for every two dollars. A local government resolution stating the amount of committed matching funds from the local government, a nonprofit organization, a business, or a combination, is required. The match can come from sources such as tax increment financing (TIF), tax abatement, cash funds, grants, land donations and in-kind donations.

Matching funds cannot come from the developer or an entity affiliated with the developer unless otherwise approved in writing by Minnesota Housing.

Qualified Expenditures: Funds can only be used for qualified expenditures. Qualified expenditures include acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure and related financing costs.
Vacancy Rate: Vacancy rate in the community must be at or below five percent for the prior two-year period.

Funding Terms

Funding Options: Applicants choose to request funds in the form of a grant or a deferred loan.

Grant Terms:
• Three year grant contract
• Construction must begin within 12 months of contract execution
• Construction must be complete within 24 months of construction start

Deferred Loan Terms:
• Three year unsecured loan
• Zero percent interest
• Forgivable
• Construction must begin within 12 months of contract execution
• Construction must be complete within 24 months of construction start

Disbursement Schedule Supporting documentation for the disbursement of funds is required.
• An initial disbursement of up to one-third of the award upon execution of contracts.
• An additional disbursement of up to one-third of the award mid-construction.
• A final disbursement upon construction completion.

Maximum Funding Amount: The amount of funds requested cannot exceed 25 percent of total development costs (TDC).

Reporting and Monitoring: Recipients will be subject to annual reporting and monitoring during the term of the grant or loan.

Questions
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