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**Date:** January 15, 2025

**To:** Representative Howard, Housing Finance and Policy  
Representative Igo, Housing Finance and Policy  
Representative Gomez, Taxes  
Representative Davids, Taxes  
Senator Port, Housing and Homelessness Prevention  
Senator Lucero, Housing and Homelessness Prevention  
Senator Rest, Taxes  
Senator Weber, Taxes

**From:** Jennifer Lemaile Ho, Commissioner, Minnesota Housing 

**Subject:** Annual Workforce Housing Development Program Report

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Pursuant to Minnesota Statutes 462A.39, Subdivision 6, Minnesota Housing is required to report on the projects that receive funding under the Workforce Housing Development Program.

### **Summary of Program**

This program awards deferred loans to small and mid-sized Greater Minnesota communities with workforce market rate rental housing needs. Among other considerations the program's statute requires vacancy rates to be five percent or less for at least the prior two-year period, one or more businesses to indicate that the lack of available rental housing has impeded their ability to recruit and hire employees, and local matching funds. The on-going base funding for the program is \$4 million and the 2023 the Legislature appropriated a one-time increase of \$35 million for FY 2024-25.

Since 2017 the program has awarded more than \$50 million in resources to build more than 1,500 units in Greater Minnesota.

### **2024 RFP Update**

Minnesota Housing advertised up to \$39 million in available funding for the 2024 Workforce Housing Development Program Request for Proposals (RFP), which is the total biennial appropriation for FY 2024-25. The RFP closed on April 30, 2024 and the agency received 48

applications for a total request of nearly \$96 million. Ultimately, twenty-seven projects were selected totaling just over \$38.5 million.

For comparison, the last RFP in 2021 advertised up to \$4 million in funding and received 23 applications requesting a total of \$18 million, and the Agency was able to select 10 projects.

### **Program Resources and Outreach**

Staff updated all program materials and resources to match the 2023 legislative changes in and other program updates in 2024. Select materials are available on the [Workforce Housing Development Program webpage](#).

Minnesota Housing provided several outreach opportunities in the past year, including:

- Provided project-specific technical assistance to interested applicants.
- Presented information on the program at the Affordable Housing Summit in May.
- Co hosted housing meetings in Winona, East Grand Forks and Brainerd to market the Workforce Housing Development Program.
- Provided information on the program at Minnesota Housing’s Emerging Developer/Developers of Color Engagement Session in March
- Presented information at the Sherburne County Resource event in March.
- Provided information on the program at a Hinckley Tribal Housing event in April.
- Provided information on the program to the Ramsey County NEOO Partners Emerging Diverse Developer Cohort in September.

### **Summary of Funding Selections**

To date, the program has deployed over \$50.7 million in resources adding over 1,500 new market rate rental units to communities across Greater Minnesota, inclusive of units available for occupancy and units in the development pipeline. Over two-thirds of the developments selected are in communities with populations less than 5,000, which is a policy priority for the program. The program also prioritizes smaller size developments.

<b>RFP Year</b>	<b>City</b>	<b>Award Amount</b>	<b>Number of Units</b>
2024	Aitkin	\$495,000	44
2024	Alexandria	\$3,062,000	64
2024	Atwater	\$360,000	4
2024	Battle Lake	\$495,000	10
2024	Bemidji	\$425,000	6
2024	Chatfield	\$475,000	14

2024	Dawson	\$1,310,000	10
2024	Ellendale	\$168,000	22
2024	Faribault	\$487,000	6
2024	Gaylord	\$1,000,000	16
2024	Cook County Grand Marais EDA	\$1,300,000	16
2024	Grand Rapids	\$7,964,000	132
2024	Henderson	\$95,000	4
2024	Hendricks	\$320,000	4
2024	Howard Lake	\$1,230,000	20
2024	Litchfield	\$495,000	60
2024	Mountain Lake	\$1,429,000	12
2024	New Ulm	\$950,000	96
2024	Northfield	\$750,000	8
2024	Owatonna	\$1,950,000	73
2024	Sandstone	\$3,950,000	31
2024	Wabasha	\$2,950,000	50
2024	Waterville	\$90,000	4
2024	Watkins	\$499,000	12
2024	Winona	\$298,000	14
2024	Winsted	\$3,300,000	62
2024	Zumbrota	\$2,816,000	38
		<b>\$38,663,000</b>	<b>832</b>
2021	Alexandria	\$499,000	64
2021	Cold Springs	\$495,700	60
2021	Cook County Grand Marais EDA*	<del>\$648,000</del>	<del>6</del>
2021	Dassel	\$424,000	20
2021	Ellendale	\$491,000	20
2021	Fosston	\$201,000	9
2021	Pipestone*	<del>\$31,600</del>	<del>2</del>

2021	Plainview	\$1,304,000	43
2021	Warroad	\$499,000	65
		<b>\$3,913,700</b>	<b>287</b>
2020	Granite Falls*	<del>\$99,500</del>	<del>3</del>
2020	Roseau	\$1,582,571	37
2020	Eden Valley	\$329,000	20
		<b>\$1,911,571</b>	<b>57</b>
2019	Blue Earth*	<del>\$400,000</del>	<del>14</del>
2019	Watkins	\$417,400	20
2019	Park Rapids	\$650,000	28
2019	Redwood Falls*	<del>\$770,000</del>	<del>30</del>
2019	Long Prairie	\$1,338,620	37
		<b>\$2,406,020</b>	<b>85</b>
2018	Alexandria	\$1,000,000	37
2018	Park Rapids	\$550,000	28
		<b>\$1,550,000</b>	<b>65</b>
2017	Albert Lea	\$150,000	12
2017	Baudette	\$500,000	24
2017	Duluth	\$180,000	96
2017	Luverne	\$680,000	27
2017	Pelican Rapids	\$767,000	32
		<b>\$2,277,000</b>	<b>191</b>
<b>Program Totals**</b>		<b>\$50,721,291</b>	<b>1,511</b>

\*The funding for these selections were subsequently rescinded.

\*\*Totals do not include rescinded projects.

If you have any questions, please contact Ryan Baumtrog, Assistant Commissioner for Policy at 651-296-9820 or [ryan.baumtrog@state.mn.us](mailto:ryan.baumtrog@state.mn.us)