

# Workforce Housing Development Program Term Sheet

Last Updated: March 2026

## Program Overview

The Workforce Housing Development Program (WHDP) targets small to medium-sized cities, Tribal reservations, or areas in Greater Minnesota with rental workforce housing needs to build market rate residential rental properties in communities with proven job growth and demand for workforce rental housing. Funds are awarded, when available, as deferred loans through a competitive Request for Proposals (RFP) process.

Additional terms and definitions can be found in Appendix A of the [WHDP Program Guide](#).

## Application Requirements

Table 1: Application Requirements Terms and Definitions

Term	Definition
Eligible Recipients	<p>One of the following eligible project areas:</p> <ul style="list-style-type: none"> <li>• A home rule charter or statutory city located outside of metropolitan county</li> <li>• A Tribal Community or Tribal Reservation governed by a federally recognized Indian Tribe in Minnesota</li> <li>• An area served by a Joint County-City Economic Development Authority</li> </ul> <p>Preference will be given to projects located in an eligible project area with 30,000 or fewer residents.</p>
Eligible Properties	Market rate residential rental property to serve employees of businesses located in an eligible project area or surrounding area. A portion of the units can have rent restrictions or income restrictions.
Eligible Activities	New construction, adaptive reuse of an existing property that is not currently used for housing, or acquisition and rehabilitation of a property that creates new housing units.
Letter of Support	Letter(s) in support of the project from one or more local businesses that employ a minimum of 20 full-time employees in aggregate.
Matching Requirement	Applicants must match the funds, at a minimum, at one dollar for every two dollars requested. A local government resolution stating the amount of committed matching funds from the local government, a nonprofit

Term	Definition
	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, deferred below market loans, land donations, and in-kind donations.
Qualified Expenditures	WHDP 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 area must be at or below 5% for the prior two-year period.

## Funding Terms

Table 2 Funding Terms and Definitions

Term	Definition
Funding Options	Applicants will receive funds in the form of a deferred loan.
Deferred Loan Terms	WHDP funds will be awarded as 0% unsecured deferred loans forgiven after three years.
Disbursement Schedule	<p>The schedule for the disbursement of funds is as follows:</p> <ul style="list-style-type: none"> <li>• Initial disbursement of up to one-third of the award upon deferred loan agreement execution, closing and commencement of project construction.</li> <li>• Additional disbursement of up to one-third of the award 50% construction completion.</li> <li>• Final disbursement upon construction completion.</li> </ul> <p>Supporting documentation is required. Projects subject to state prevailing wage requirements must also ensure that payroll reporting is up to date for each draw request.</p>
Maximum Funding Amount	The amount of funds requested cannot exceed 50% of the total development costs.
Reporting and Monitoring	Recipients will be subject to annual reporting and monitoring during the term of the loan.

## Contact

Questions should be directed to the WHDP team at [workforcehousingdevprog.mhfa@state.mn.us](mailto:workforcehousingdevprog.mhfa@state.mn.us).