



# 2026 Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program RFP

## Frequently Asked Questions (FAQ)

**Application Deadline:** Friday, January 23, 2026, 5 p.m. Central time

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The following are questions and answers regarding the 2026 Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program Request for Proposal (RFP). All questions were received by Minnesota Housing between the RFP release on December 15, 2025, and the deadline for questions on January 2, 2026.

### Applicant Eligibility & Scoring

**Q1. If a Tier II city received a grant award in 2025, are they eligible to apply for this grant cycle?**

A. Yes, current Tier II Cities Program grantees are eligible to apply for this grant cycle.

**Q2. Is a redevelopment authority, county, nonprofit organization, port authority, township, or unincorporated area an eligible grantee?**

A. No, only Tier II cities are eligible applicants. A Tier II city must be:

- A statutory or home rule charter city of less than 10,000 residents;
- Located in Greater Minnesota outside the seven-county Twin Cities metro area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties);
- Not certified to receive [Local Affordable Housing Aid \(LAHA\)](#) or [Statewide Affordable Housing Aid \(SAHA\)](#) funds directly from the Department of Revenue in 2025.

**Q3. Are cities with a population of over 10,000 outside the seven-county metro area eligible applicants?**

A. No, cities with a population of over 10,000 are not eligible for this program.

- Q4. Are Tribal Nations and Tribally designated housing entities eligible applicants?**
- A. No. Tribal Nations are able to receive Statewide Affordable Housing Aid (SAHA) funds directly from the [Department of Revenue](#). However, all Tier II cities, including Tier II cities within Tribal reservations or that serve Native people, are eligible applicants.
- Q5. Can a redevelopment authority or nonprofit organization be the administrator of the grant funds and manage the Qualifying Project/Program?**
- A. Yes, however, the city must be the grantee and is responsible for fulfilling all terms of the Grant Contract Agreement.
- Q6. Can a Tier II city apply for this program if they have received SAHA funding from their county?**
- A. Yes, receiving SAHA or LAHA funding from a county does not disqualify a Tier II city from applying for this grant program. Only cities receiving direct SAHA or LAHA funds from the Department of Revenue are ineligible applicants.
- Q7. For the “Commitments to Affordable and Workforce Housing” section of the application, are higher points given to lower income projects, i.e. more points for 30% vs 50% vs 80% AMI?**
- A. The scoring is not specific to the percentage of household area median income that would be served. The applicant is asked to explain any efforts to prioritize projects that provide affordable housing to low-income households - this could be by targeting a lower household income population, or incorporating longer affordability periods, or creating housing that supports vulnerable communities, such as people experiencing homelessness, or a similar initiative.
- Q8. Does this RFP use a set award amount for each state region, as with the first RFP?**
- A. This round of funding is not distributed with regional allocations. Awards are fixed at \$75,000 per selected grantee regardless of where the city is located.
- Q9. Does this program require matching funds or a minimum amount of operating costs in order to be eligible?**
- A. There is no matching component and no minimum amount of funds an applicant must have to apply for these funds.
- Q10. Would a rental project that qualifies as a market-rate workforce housing project per state statute receive any points for “Affordable Housing for Low-Income Households” per Minnesota Housing scoring?**
- A. A building with Market-Rate units may also contain units that qualify as Affordable Housing. The Tier II Cities Program allows program funds to be used for the development of Market-

Rate Residential Rental Property in limited circumstances, subject to Section 2.04 of the [Program Guide](#). Whether those market rate units *also* qualify as “affordable housing for low-income households” depends on if the rents are affordable to households whose incomes do not exceed 50% of the greater of state or area median income as determined by HUD. If the rents meet this threshold, they may receive points under the scoring category for “Commitment to use Program funds for Affordable Housing for Low-Income Households”. If they do not, a market-rate workforce housing project that is a qualified project as defined by the [Program Guide](#) may still receive partial funding under this category if the proposal is able to show “local policy actions to encourage Affordable Housing, workforce housing, and market-rate housing.”

## Qualifying Projects

**Q11. Are projects with multiple phases eligible for funding if earlier phases were completed before the award of program funds?**

- A. Yes, phases of a large project, such as for a new housing development, may be considered a Qualifying Project, even if earlier phases have been completed. Project phases completed before the execution of the Grant Contract Agreement are not eligible for reimbursement under this RFP.

**Q12. What is considered “Affordable Housing to Low-Income Households” for this program?**

- A. For the Tier II Cities Program, Low-Income Households have incomes that do not exceed:
- For homeownership projects, 80% of the greater of state or area median income as determined by HUD,
  - For rental housing projects, 50% of the greater of state or area median income as determined by HUD.

For the definition of “Affordable” for the Tier II Cities Program, please refer to the [Program Guide](#).

**Q13. May a grantee spend funds on a qualifying project outside its city limits?**

- A. Yes; if all requirements of the program are met, the city may use grant funds regardless of where the beneficiary is located.

**Q14. Can program funds be used to rehabilitate occupied housing?**

- A. Yes, rehabilitation of occupied housing may be considered in one or both of the following categories of Qualifying Projects:
- Affordable Housing Development and Financing;

- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing in Minnesota.

**Q15. Can funds from this program be “layered” with funds from other state and federal grant programs?**

- A. The Tier II Cities Program places no restrictions on layering funds with other programs. If the other program allows layering, it is allowed.

**Q16. Can these funds be used in conjunction with a Low-Income Housing Tax Credit Program (LIHTC) application?**

- A. The Tier II Cities Program places no restrictions on using the program funds in combination with another program. Consult with LIHTC staff when applying for funds for eligible sources of funding leverage.

**Q17. Can you pair this program with SAHA funding from a county?**

- A. Yes, you can use other sources of funding with your project. There are no restrictions with including a county’s SAHA funds if they agree to also fund the project.

**Q18. What does it mean to “prioritize” projects that provide Affordable Housing to Low-Income Households? Is there a minimum number or share of units affordable at certain income levels that applicants must provide?**

- A. Prioritizing projects that provide Affordable Housing to Low-Income Households is a statutory requirement. Grantees are responsible for determining how best to prioritize Affordable Housing to Low-Income Households.

**Q19. Where can an applicant find the HUD income limits for this program?**

- A. The 2025 HUD median income figures can be found on their [huduser.gov website, here](https://www.huduser.gov/portal/quickstart/2025/index.html).

**Q20. Do state prevailing wage requirements apply to Qualifying Projects?**

- A. There are two sets of state prevailing wage requirements to consider:
1. State prevailing wage requirements under [Minn. Stat. 116J.871](https://www.revisor.mn.gov/statutes/sections/116J.871) do not apply to aids under [Minn. Stat. 477A](https://www.revisor.mn.gov/statutes/sections/477A) to a political subdivision, including aid funds awarded under the Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program (which is authorized by [Minn. Stat. 477A.36, subd. 3](https://www.revisor.mn.gov/statutes/sections/477A.36)).
  2. Under certain circumstances, use of aid funds awarded under the Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program may trigger state prevailing wage requirements under [Minn. Stat. 177](https://www.revisor.mn.gov/statutes/sections/177). In broad terms, Minn. Stat. 177 applies to an award of \$25,000 or greater for housing that is publicly owned.

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

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

**Q21. If the application is for new housing development, can the city choose if the funds are provided as a loan or a grant to the project?**

A. Yes, it is up to the grantee how to structure the financing for the project.

**Q22. For multi-use facilities that serve as designated emergency shelters during declared emergencies, does the Tier II Cities Program have specific factors for distinguishing eligible housing operations from general facility operations?**

A. The Tier II Cities Program does not have specific factors outside of what is described in the Qualifying Projects in [statute](#), which can also be found in the [Program Guide](#) and [Application Instructions](#). These funds are intended to be flexible to meet the housing needs of the community receiving the funds. Minnesota Housing recommends that you work with your legal and finance staff to determine how to demonstrate that the grant funds meet the description of one or more Qualifying Projects.

**Q23. Are mixed-use buildings that contain both commercial space and residential units eligible for this program?**

A. Mixed-use properties could be considered an eligible project if an applicant limits the improvements to the residential space or prorates the cost of improvements if the improvements will serve the entire building (both residential and commercial space). For example, if the project benefits the entire building and 20% of the building is commercial, then Tier II funds could be used for no more than 80% of the project cost.

## Technical Assistance

**Q24. Is there a way to download a copy of the application?**

A. The [Request for Proposal \(RFP\) Application Reference Document](#) contains all application questions and can be found on the [Local Government Housing Programs webpage](#). Minnesota Housing strongly encourages applicants to prepare their responses outside of the Cvent application, such as in a Word document, before completing the online application.

**Q25. Can Minnesota Housing accept late submissions of RFP application documents?**

A. No, Minnesota Housing cannot accept late submissions for any RFP documents.

**Q26. Will Minnesota Housing publish another RFP for this Program? If so, when?**

A. Additional funds may be available to award through a future RFP. There is not a set date for a third RFP for this program.

**Q27. If a city applied in 2025 but was not selected for funding, can they receive feedback on their application and why it may not have been selected?**

A. Yes, you can schedule a debrief meeting with program staff to receive feedback on a non-funded application. Please email [tier2cities.mhfa@state.mn.us](mailto:tier2cities.mhfa@state.mn.us) to request a debrief meeting.

**Q28. Is there technical assistance available for applicants to receive feedback on their draft application/proposal for the current RFP?**

A. Potential applicants may contact our team with program questions before the RFP closes for questions on January 2, 2026. Minnesota Housing is not available to give direct assistance to any one applicant. All questions received from potential applicants have been compiled and added to this FAQ document.

**Q29. Does the online Cvent application need to be completed all at once? Can an applicant return to the application to complete it after starting?**

A. Many browsers save partially completed applications in Cvent, but not all. It is recommended that you prepare your application responses outside of the application website, such as in a Microsoft Word document. All RFP questions can be found in the [Request for Proposal \(RFP\) Application Reference Document](#). The Cvent webpage may not save partially complete answers depending on the web browser used and your organization's settings.

**Q30. Where can a recording of the technical assistance webinar be found?**

A. A technical assistance webinar recording and presentation slides can be found on the [Local Government Housing Programs webpage](#) under the Tier II Cities "Request for Proposal (RFP) Application Materials" dropdown.

## **Contracting**

**Q31. If awarded funds, when will disbursements begin?**

A. Grantees may request disbursements after the Grant Contract Agreement is executed by all parties. Disbursements will be made on a reimbursement basis unless otherwise noted in the Grant Contract Agreement.