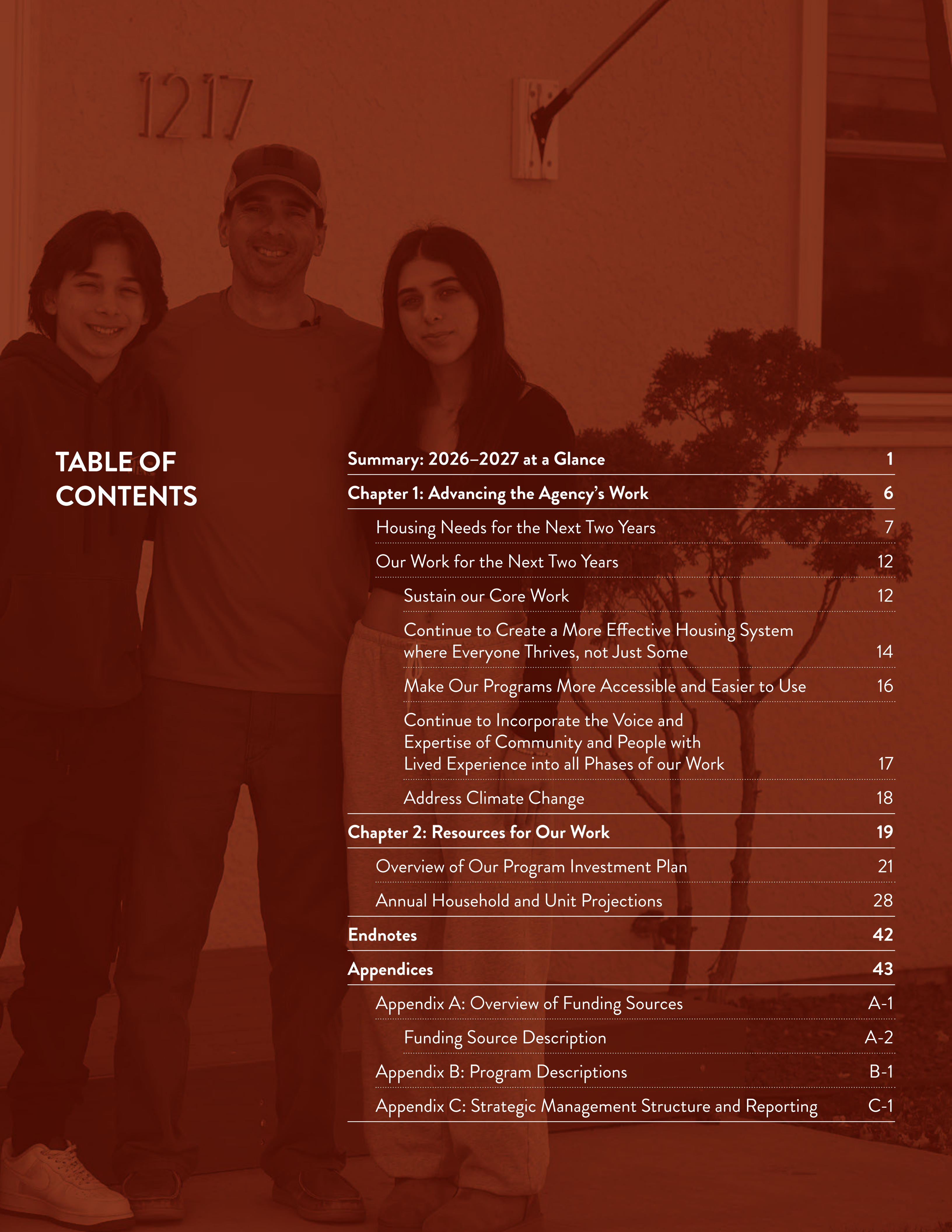
MINNESOTA HOUSING

AFFORDABLE HOUSING PLAN

2026–2027



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SUMMARY

2026 and 2027 AT A GLANCE

The Affordable Housing Plan (AHP) identifies key activities that Minnesota Housing will carry out over the next two years and provides an initial estimate of the financial resources we expect to make available. This $3.7 billion plan is a return to more traditional funding levels than the Go Big funding that the Agency received for the 2024–2025 biennium. With the 2026–2027 resources, we expect to annually serve over 62,000 households.

These housing investments are critical. Minnesota continues to face large and persistent housing challenges, including a significant affordable housing shortage, some of the country's worst housing disparities, the potential loss of hundreds of thousands of homes that are currently affordable, and climate change creating additional housing instability. These issues are well documented in the Agency's *Chart Book: Key Housing Issues & Trends.*

Table 1: Expected Investments by Activity in 2026–2027

Program Category	2026-2027 Estimated Resources Available
Homebuyer Financing and Home Refinancing	$2,230,000,000
Homebuyer/owner Education and Counseling	$5,762,000
Home Improvement Lending	$95,041,000
Single-Family Production - New Construction and Rehabilitation	$17,161,000
Manufactured Housing	$5,238,000
Rental Production - New Construction and Rehabilitation	$268,702,000
Rental Assistance Contract Administration	$561,848,000
Housing Stability for Populations Needing Extra Support	$226,522,000
Multiple Use Resources	$254,431,000
Other	$4,784,000
Total	**$3,669,489,000**

As the Agency, working with its partners, takes on these large and persistent challenges over the next two years, we face several headwinds, including:

A return to a much smaller funding level from the state.

The 2023 Legislature invested $1.3 billion in housing for the 2024–2025 biennium. This investment was a significant step in the right direction to address the state's housing challenges but nearly all the increase was one-time funding. State funding for Minnesota Housing's programs for the 2026–2027 biennium has returned to a much smaller amount of $376 million, which includes the base budget for ongoing Agency programs, one-time appropriations, resources from state-financed bonds, revenues from the new metro sale tax, and contributions to the State Housing Tax Credit program.

State funding for Minnesota Housing's programs for 2026–2027 is

71% less

than it was for the 2024–2025 biennium.

Substantial policy and budgetary uncertainty at the federal level.

In the first half of 2025, the federal government proposed and started to implement major changes in how it will address the nation's housing needs. Congress has both enacted increases to federal Low-Income Housing Tax Credits and proposed funding reductions through the annual budgeting process for U.S. Housing and Urban Development (HUD). The outcome of these budget decisions is uncertain, which adds complexity to our planning and requires us to be nimble going forward.

High interest rates have resulted in the

substantial decline

of loan prepayments which has reduced the amount of funding Minnesota Housing has for additional activity.

More limited Agency resources.

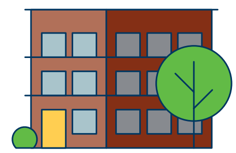
Besides state and federal resources, Minnesota Housing distributes its own resources from bonding and Agency-generated resources (investment earnings). The Agency has deployed these much-needed resources into the community through highly successful lending and grant programs and partially relies on recycling loan repayments to fund new activity. With high interest rates, prepayment of loans has declined substantially in recent years (people are holding onto their existing low-interest loans rather than refinancing), which has reduced the amount of funding the Agency has on hand for additional activity. Previously, we were in a period when we fortunately had the resources on hand to carry out a substantial amount of discretionary lending. Now, we are in a period when we need to manage our discretionary lending more closely.

Despite these challenges and constraints, the Agency remains committed to stability and sustainability in its programs and financing.

By creating and effectively implementing a full range of housing programs and sustaining strong finances, the Agency has navigated challenging and uncertain times in the past, including the financial and foreclosure crisis of 2007–2012 and the COVID-19 pandemic. While these events captured our attention and resources, we weathered them and came out strong. The Agency is in a position to continue financing its core work during the next two years while recognizing that more resources (similar to state appropriations for 2024 and 2025) are needed to systemically address the state's large and persistent housing challenges in the future.

As documented in the Agency's *Chart Book: Key Housing Issues & Trends*, the state annually needs billions of dollars to:

build enough new housing to support communities and promote choice



preserve existing housing

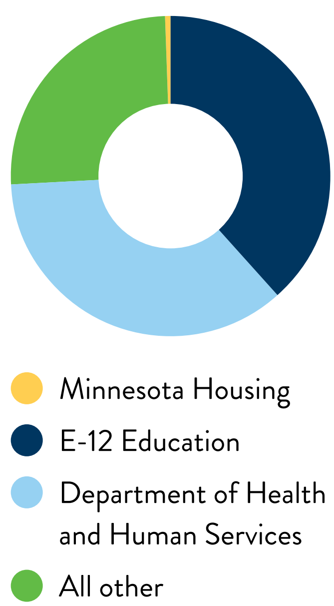
ensure that the housing supply is affordable

Minnesota Housing's base budget, including appropriations for Housing Infrastructure Bond dept service, is

0.4%

of the overall state budget.

For comparison, the Department Health and Human Services accounts for 35.9% and the E-12 Education accounts for 38.4%.



Housing is the foundation of a strong state and the well-being of Minnesotans and improves health and educational outcomes.

For the next two years, we will:

Sustain our core work.

While our ability to finance major new initiatives in the short term will be limited, we will maintain our core programs at their traditional funding levels (serving over 62,000 each year) and continue to strengthen our balance sheet. Minnesota Housing functions as a financial institution, like a bank, providing loans and grants. Our balance sheet (assets and liabilities) is the foundation for our work and critical for financing our operations and increasing the amount of assistance that is available to help more households year after year.

Continue to create a more effective housing system where everyone thrives, not just some.

We are committed to all Minnesotans living and thriving in a stable, safe and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, 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:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have, and
- Honor, respect and strengthen communities.

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

Make our programs more accessible and easier to use.

This will include:

- Reducing and eliminating barriers to programs and housing,
- Simplifying and streamlining programs and processes,
- Increasing flexibility in program eligibility and use of funds, and
- Expanding housing choices and affordability.

Human-centered design is a critical part of program improvement and an approach for designing/redesigning products, services, processes and systems that puts the customer at the center of the design process to create results that resonate with and are tailored to the customer's needs.

Continue to incorporate the voice and expertise of community and people with lived experience into all phases of our work.

This approach is also aligned with human-centered design and includes:

- Supporting community vision and voices,
- Co-creating solutions with community,
- Utilizing the expertise of people with the lived experience of facing barriers to affordable housing in program design and operation and compensating them for their time,
- Building community capacity and expanding the pool of organizations with which we partner, and
- Providing technical assistance.

Address climate change.

Climate change resulting from the emission of greenhouse gases is a critical housing issue. Greenhouse gas emissions from Minnesota's residential sector increased 35% between 2005 and 2022,[1] and the state's climate has changed and will continue to change, affecting the well-being of our communities. Frequent and intense storms are now occurring more than at any time on record and are damaging Minnesota homes and costing property owners millions of dollars in cleanup/repairs and much higher property insurance costs, which can be passed down to residents. At the same time, high home energy bills disproportionately affect people with low incomes. Minnesotans with fewer financial resources are disproportionately impacted because they are less able to make money-saving home energy and climate-resiliency upgrades. All of this is contributing to greater housing instability.

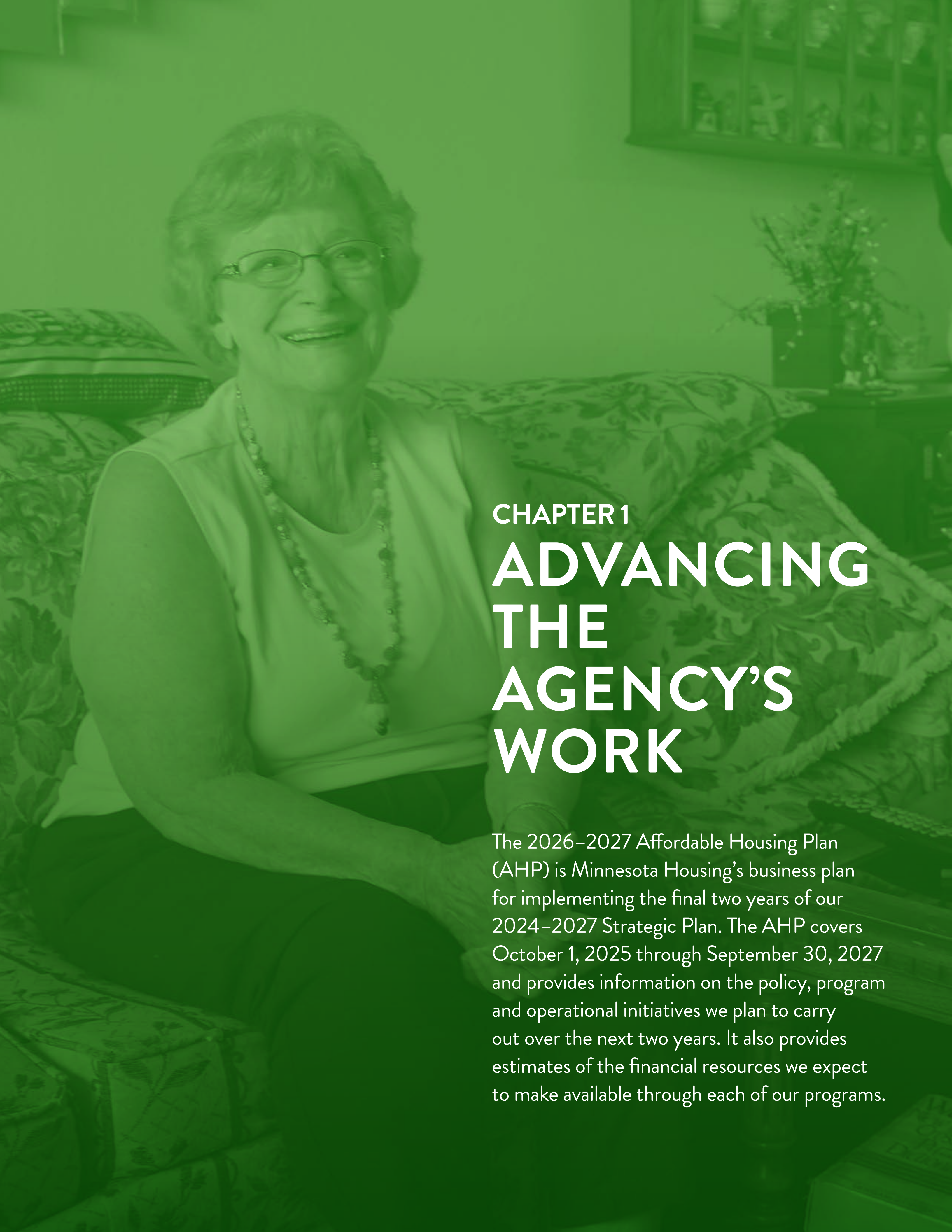
Programmatic highlights for the next two years include:

- Maintaining annual home mortgage lending at about $1.0 billion,
- Making available nearly $50 million each year for home improvement loans,
- Annually awarding about $100 million for rental development and rehabilitation,
- Continuing to administer Project-Based Section 8 contracts on behalf of HUD and annually provide about $280 million of rental assistance (if current federal funding continues), and
- Fully launching our new Bring It Home rental assistance program, providing over $60 million of state assistance each year.

ALLOCATION OF RESOURCES

We must use appropriated funds as the State Legislature and Congress have authorized and are generally unable to transfers funds from one program activity to another (see Table 1).

The source of funding also plays a role in how the funds may be used. Appendix A of the Affordable Housing Plan outlines the sources of funds and how those funds are allocated by program. Our home mortgage lending (an estimated $1 billion annually) comes primarily from bond financing. The funds we borrow from the bond market can only be used to finance loans with monthly principal and interest payments; they cannot be used for programs that provide grants or zero-interest, deferred loans. Loans with monthly payments allow us to pay back the bondholders with interest.



CHAPTER 1

ADVANCING THE AGENCY'S WORK

The 2026–2027 Affordable Housing Plan (AHP) is Minnesota Housing's business plan for implementing the final two years of our 2024–2027 Strategic Plan. The AHP covers October 1, 2025 through September 30, 2027 and provides information on the policy, program and operational initiatives we plan to carry out over the next two years. It also provides estimates of the financial resources we expect to make available through each of our programs.

HOUSING NEEDS FOR THE NEXT TWO YEARS

Minnesota continues to confront several large and persistent housing challenges.[2]

Minnesota has a 65,000-unit shortage of housing.

The additional units are needed to:

- Achieve a balanced housing market with a 5% rental vacancy rate and 5.5-month supply of homes for sale, and
- Address homelessness and/or people doubling up in their housing.

Having a balanced market means that there is enough housing overall, but it does not mean there is enough affordable housing.

In Minnesota, 642,000 households are cost burdened by their housing, spending 30% or more of their income on it.

Of these cost-burdened households, 430,000 have annual incomes less than $50,000.

Only a very small share of new housing is deeply affordable. While 27% of all renter households in Minnesota have incomes at or below 30% of the area median income (AMI), only 4% of newly constructed housing is affordable for them. Depending on the county, 30% of AMI is at or just above the poverty level.

With higher interest rates since 2021, many potential homebuyers have been priced out of the market. The monthly payment for buying the median-priced home in Minnesota increased by $700 from $2,500 to $3,200 because interest rates increased from 2.93% in June 2021 to 6.95% in June 2024. These high rates have continued through 2025.

Of Minnesota's 642,000 cost-burdened households,

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of newly constructed housing is affordable to the 27% of renter households with incomes at or below 30% AMI.

The payment for buying the median-priced home in Minnesota increased by

$700/mo

due to higher interest rates.

While **Minnesota has** the ninth highest homeownership rate in the country for white households (76.8%), the rate for Indigenous, Black and households of color (51.1%) is the 32nd highest, resulting in **the 11th largest differential between white households and households of color**.

Minnesota has the **32nd highest** homeownership rate in the U.S. for Indigenous, Black and households of color.

A Native American is **31 times** more likely to experience homelessness in Minnesota than someone who is white.

Over the next 10 years, the number of Minnesotans ages 75 and older will increase by 164,000 (35%). The share of people with a disability and households who are cost burdened by their housing increases substantially after age 74. When housing needs of older adults become more complex, their ability to pay for it declines.

Minnesota has hundreds of thousands of housing units that need rehabilitation.

To tackle these challenges, Minnesota Housing pursued a strategy of Go Big So Everyone Can Go Home for the last six years. At the height of the effort, the Agency received $1.3 billion from the state legislature for the 2024–2025 biennium, predominantly as one-time funding. This funding was dramatically higher than what had been the Agency's historical base budget of $115 million and a step in the right direction to address the state's persistent housing challenges. **Given the state's current fiscal constraints and forecasts of future budget deficits, the Agency's funding for the 2026-2027 biennium is closer to the historical base budget.** Table 2 shows the new state funding provided for 2026 and 2027.

Table 2: New Funding from the State for 2026-2027

Type of Funding	Amount
Base Budget	$165,596,000
One-Time Funding	$20,789,000
Program Funding from Metro Sales Tax Revenue (estimate)	$86,650,000
Contributions to the State Housing Tax Credit Fund (estimate)	$23,294,000
Housing Infrastructure Bonds	$50,000,000
State General Obligation Bonds	$29,000,000
Total New Funding from the State	**$375,329,000**

Note: In total, this AHP makes available $572 million from state resources. The additional $197 million comes from uncommitted funds from previous appropriations and the repayment of loans funded from previous appropriations that Minnesota Housing expects to lend again.

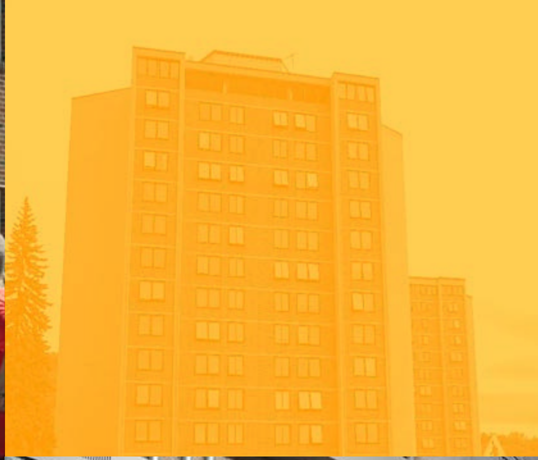
The Agency is also grappling with substantial policy and budgetary uncertainty at the federal level. In the first half of 2025, the federal government proposed and started to implement major changes in how it will address the nation's housing needs. For example, the National Council of State Housing Agencies (NCSHA) estimated that in the first part of 2025, 2,300 HUD employees were let go or accepted the Trump Administration's offer of early retirement. Congress was also discussing substantial cuts to housing programs.

On the other hand, Congress enacted the federal budget reconciliation bill (H.R. 1) in July 2025, which expanded the Low-Income Housing Tax Credit (LIHTC) program by:

- Permanently increasing the allocation of 9% LIHTCs by 12%, which will allow Minnesota Housing to finance roughly one more rental development each year, and
- Reducing the bond threshold needed to receive 4% LIHTCs from 50% to 25%. To receive 4% LIHTCs, a development previously needed 50% of the project's land and building costs financed with private activity bonds. With the threshold now 25%, it makes accessing 4% LIHTCs easier, which is beneficial; however, most projects will continue to need the same amount or more of deferred loan resources to fill funding gaps.

Meanwhile, the reconciliation bill, which includes tax provisions, also continued lower corporate tax rates that were due to expire and go back up. Investors buy the LIHTCs to lower their federal tax obligations. Lower federal tax obligations generally mean there is less demand for the tax credits. When there is less demand for the tax credits, the tax credits have less value. As a result, the continued lower value of the tax credits may offset some of the benefits of the other changes.

Overall, the changes in federal funding and policy for housing will likely make tackling Minnesota's large and persistent housing problems more challenging.



On top of reduced state and federal resources, Minnesota Housing faces constraints in the resources that it makes available from the earning on its investments. The Agency has effectively deployed these much-needed resources into the community through highly successful lending and grant programs and partially relies on recycling loan repayments to fund new activity. With higher interest rates, prepayment of loans has declined substantially in recent years (people are holding onto their existing low-interest loans rather than refinancing), which has reduced the amount of funding the Agency has on hand for additional activity. Previously, we were in a period when we fortunately had the resources on hand to carry out a substantial amount of discretionary lending. Now, **we have had to take steps to more closely manage our discretionary lending and the deployment of Agency-generated resources, including:**

- **Reducing the maximum loan amounts available for downpayment and closing-cost assistance** (Deferred Payment Loans and Monthly Payment Loans),
- **Restricting eligibility for home improvement loans** (Fix Up) by reducing the maximum income allowed to qualify for a loan,
- **Pausing lending for manufactured home parks to become community owned** (Manufactured Home Community Financing), and
- **Pausing zero-interest, deferred lending from Agency resources** (Flexible Financing for Capital Costs, or FFCC, and asset management loans) to fill funding gaps in the development of rental housing. This only applies to lending from the Agency's Housing Affordability Fund and does not apply to zero-interest, deferred lending from federal and state appropriations.

OUR WORK FOR THE NEXT TWO YEARS

Over the next two years, we will:

- **Sustain our core work**
- **Continue to create a more effective housing system where everyone thrives, not just some**
- **Make our programs more accessible and easier to use**
- **Continue to incorporate the voice and expertise of community and people with lived experience into all phases of our work**
- **Address climate change**

SUSTAIN OUR CORE WORK

Despite the challenges and constraints the Agency will face for the next two years, the Agency remains committed to creating stability and sustainability in our programs and financing. We will maintain our core programs at their traditional levels (serving over 62,000 households each year) and continue to strengthen our balance sheet. By creating and effectively implementing a full continuum of housing programs and sustaining strong finances, we have navigated challenging and uncertain times in the past, including the financial and foreclosure crisis of 2007–2012 and the COVID-19 pandemic. While these events captured our attention and resources, we weathered them and came out strong.

We will work to maintain our core programs at their traditional levels, serving more than **62,000** Minnesota households each year.

At its core, Minnesota Housing functions as a financial institution, like a bank, providing loans and grants to increase Minnesotans' access to housing that is safe, stable, accessible and affordable in a community of their choice. In a typical year, about two-thirds of our program financing comes from earnings on our investments and the bonds we issue. Our balance sheet (assets and liabilities) is the foundation for our work and critical for paying for our staff and operating costs and increasing the amount of assistance that is available to help more households.

For the next two years, we will focus on:

Maintaining a strong credit rating (currently, Aa1 and AA+ respectively from Moody's and S&P) so that we can access funds in municipal bond markets at the most favorable interest rates, which allows us to lend at favorable rates,

Increasing our net assets, which allows us to have strong earnings and provide more financing on better terms, and

Balancing the use of Agency earnings for operating costs, assistance provided, and reinvestment to support sustainable future earnings.

At the program level, we will maintain our core programs at traditional levels and expand them in a couple areas.

These efforts will include:

Maintaining annual home mortgage lending at about $1.0 billion,

Making available nearly $50 million each year for **home improvement loans**,

Annually awarding about $100 million **for rental development and rehabilitation**,

Continuing to administer Project-Based Section 8 contracts on behalf of HUD and annually provide about $280 million of rental assistance (if current funding continues), and

Fully launching our new Bring It Home rental assistance program, providing over $60 million of assistance each year.

With these funding levels, the Agency will finance as many housing activities as possible during the next two years while recognizing that more resources (similar to state appropriations for 2024 and 2025) are needed to systemically address the state's large and persistent housing challenges in the future. As documented in the Agency's *Chart Book: Key Housing Issues & Trends*, the state annually needs billions of dollars to: (1) build enough new housing to support communities and promote choice, (2) preserve existing housing, and (3) ensure that the housing supply is affordable. Minnesota Housing's base budget, including appropriations for Housing Infrastructure Bond debt service, is 0.4% of the overall state budget. For comparison purposes, the Department of Health and Human Services accounts for 35.9% and E-12 Education accounts for 38.4%. Housing is the foundation to a strong state and the well-being of Minnesotans and improves health and educational outcomes.

CONTINUE TO CREATE A MORE EFFECTIVE HOUSING SYSTEM WHERE EVERYONE THRIVES, NOT JUST SOME

As outlined in our *2024–2027 Strategic Plan*, Minnesota Housing is fully committed to this work, and we have made important progress.

Key work going forward will include:

Identifying and addressing barriers faced by those experiencing housing challenges. For example, a lack of resources to pay for downpayment and closing costs is a primary barrier to homeownership. According to the National Association of Realtors, 25% of first-time homebuyers used a gift or loan from family and friends for their downpayment,[3] and it is more difficult for people who do not have access to intergenerational wealth to become homeowners. The First-Generation Homebuyer Loan Program (downpayment assistance for first-time homebuyers whose parents had been excluded from homeownership) that we created with one-time funding for 2024 and 2025 proved to be very successful in overcoming this barrier, particularly for Indigenous, Black and households of color. As referenced earlier, Minnesota has the 11th largest homeownership rate disparity in the country between white household and households of color. The success of the program led us to incorporate a first-generation homebuyer component into our ongoing Deferred Payment Loan Plus program, which provides downpayment assistance.

According to the National Association of Realtors **25%** of first-time homebuyers used assistance from family and friends for their downpayment.

Adapting and incorporating the experiences of those facing housing instability into our work. The Agency recently had cultural competency training for staff about Veteran homelessness. The training involved representatives from the Minnesota Assistance Council for Veterans talking about veteran homelessness and their efforts to provide housing. To meet the needs of the people most impacted by housing instability, Minnesota Housing prioritizes serving households with incomes at or below 30% of the area median income (AMI). During the training, staff learned that a significant number of veterans have incomes above 30% of AMI with their pensions and benefits and are still experiencing homelessness. This has led the Agency to re-think how it communicates expectations about income limits.


Expanding the partners with whom we work so that we have a broad set of perspectives and community connections. In the last few years, the Agency had added more organizations to administer our Housing Trust Fund Rental Assistance program. These new organizations have ties to specific communities, who are often underserved, increasing their access to the program. For example, we have added organizations that serve survivors of domestic violence, Native Americans, people with mental illness leaving segregated settings, Latinos, people on the path to recovery, and other communities.

Co-creating solutions with communities. The Agency is in the process of creating a new homebuying program to provide financing to buyers who are interest averse. For several years, Minnesota Housing, our partners, and many community leaders have identified that traditional mortgage products that are structured with interest payments pose a barrier to access for some homebuyers who are averse to paying interest. Unable to use traditional mortgage products, community partners have raised concerns about homebuyers turning instead to unregulated and potentially high-risk contract for deeds. To design and create this future program, we are issuing an RFP to bring in people from the community who are interest averse to participate in the design process. The program would have parity with our current first-time homebuyer program so that homebuyers using either program would receive a similar economic benefit.

Thoroughly analyzing program outcomes and processes to identify which communities are benefiting from our work and which ones need more support. Our evaluation of our RentHelpMN program, which provided emergency rental assistance to people who fell behind on their housing payments because of COVID-19, showed that the program did a very good job of reaching households most impacted by COVID-related hardships. However, the analysis also showed a gap in reaching some portions of low-income renter populations. Our data identified that, while Asian households accounted for 6% of renter households who were income eligible to receive assistance (about $75,000), they only accounted for 2% of program participants. Language access may be a reason why. Low-income Asians have the highest rate of having limited English proficiency among lower-income renters (45%). Language access may be particularly challenging for languages, such as Hmong, that have only recently had a standard written form.[4] To effectively reach all communities across the state, we need to understand how people most effectively get information and learn about and use our programs.

While the Asian community accounted for 6% of households income eligible for COVID rental assistance, they only accounted for **2%** of program participants.

MAKE OUR PROGRAMS MORE ACCESSIBLE AND EASIER TO USE

This will include:

Reducing and eliminating barriers to programs and housing,

Simplifying and streamlining programs and processes,

Increasing flexibility in program eligibility and use of funds, and

Expanding housing choices and affordability.

Human-centered design is a critical step in this process and an approach for designing/redesigning products, services, processes and systems that puts the customer at the center of the design process to create results that resonate with and are tailored to the customer's needs.[5] Minnesota Housing has two levels of customers. We work directly with lenders, developers, property owners/managers, service providers and local communities (initial partners/customers) who access our programs and financing to make housing affordable to homebuyers/owners and renters (end-use customers). Because our initial partners/customers run the programs that we finance, their perspective and expertise are critical in making our programs more accessible and easier to use, along with the expertise of the end-use customers. How we design and implement our programs for the initial partners/customers directly impacts how homebuyers/owners and renters experience the products and services they receive. We will also incorporate the perspectives of potential customers who have not applied for our funding or applied but were unsuccessful in securing it. What barriers and challenges do they face in applying for and securing funding?

To lead our human-centered design efforts, we have added a Continuous Improvement Manager within the Agency's newly created Operations Department. While continuous improvement has been a priority of the Agency for years, this position will ensure that the work is done consistently and with rigor and support across the Agency. Over the next two years, we will start incorporating a human-centered design lens into all our programs. The Continuous Improvement Manager has created an Agency-wide framework for carrying out this work, started to train program managers, and launched pilot initiatives. The whole process is centered on the experience of the customers with the goal of making our programs more accessible and easier to use.

CONTINUE TO INCORPORATE THE VOICE AND EXPERTISE OF COMMUNITY AND PEOPLE WITH LIVED EXPERIENCE INTO ALL PHASES OF OUR WORK

This approach is centered on community and the end-use customers that we serve and is aligned with human-centered design.

For the next two years we will focus on:

Holding engagement events and housing dialogues to understand and lift up the vision and voice of communities across Minnesota. For example, at the West Central Regional Housing Forum in Fergus Falls, we recently heard from community members about their housing challenges and goals. We also featured presenters with the lived experience of housing instability to discuss their role in informing housing developments in their community.

Providing capacity building grants to community-based organizations so they can more effectively carry out our work. Small community-based organizations, typically with limited resources, often have the deepest understanding of community needs along with strong connections and high level of trust in the community to effectively meet those needs. For example, in 2024, we awarded a capacity building grant to fund the work of the SHIP (Stable Housing is Priority) Collaborative, with the Housing Justice Center serving as fiscal agent. As a collaboration of people with lived experience of homelessness, the SHIP Collaborative aims to: (1) shift the Twin Cities Metro area towards a homelessness prevention-oriented framework with a diverse set of stakeholders, and (2) organize community members to use their voices to create the framework.

Engaging and compensating people with the lived experience of housing challenges to help design and implement our programs. For example:

- Mirroring the work of the Minnesota Interagency Council on Homelessness, the Olmstead Implementation Office (an interagency initiative hosted and supported by Minnesota Housing to have people with disabilities live, learn, work and enjoy life in the most integrated setting) has hired a consulting firm to provide 18 consultants with disabilities to co-create the next Olmstead Plan. Two of these consultants are working directly with Minnesota Housing to set a course for how the Agency will serve and support people with disabilities going forward. These consultants are compensated for their time.

- For the last several years, the Agency has brought on community reviewers to assess and score grant applications for several of our programs. These reviewers have a direct, hands-on understanding of community needs and how the applicants and grants can most effectively meet those needs. Their perspective and expertise are invaluable in making effective grant decisions. These reviewers are compensated for their time. Minnesota Housing has just hired a community reviewer manager to coordinate this work across the Agency.

ADDRESS CLIMATE CHANGE

Climate change resulting from the emission of greenhouse gases is a critical housing issue. Greenhouse gas emissions from Minnesota's residential sector increased 35% between 2005 and 2022,[6] and the state's climate has changed and will continue to change, affecting the well-being of our communities.

Frequent and intense storms are now occurring more than at any time on record and are damaging Minnesota homes and costing owners millions of dollars in cleanup/repairs and much higher property insurance costs, which can be passed onto residents.

At the same time, high home energy bills disproportionately affect people with low incomes. Minnesotans with fewer financial resources are disproportionately impacted because they are less able to make money-saving home energy and climate-resiliency upgrades. All of this is contributing to greater housing instability.

Over the next two years, Minnesota Housing will take steps to decarbonize, electrify and make the homes we finance resilient to the impacts of a changing climate. These actions will make our homes safer, healthier and more affordable to live in. Minnesota Housing will continue to participate in the Governor's Climate Change Subcabinet and participate in Enterprise-wide decarbonization and climate resiliency planning activities, including releasing the 2026 Climate Action Framework and serving on the Board of the Minnesota Climate Innovation Finance Authority. In addition, the Agency will work to implement recommendations from the Minnesota Housing Climate Resilience and Housing Decarbonization Roadmap. Decarbonization and climate resilience are incorporated as key considerations in our programs across the Agency. Developers and homeowners are required to meet minimum sustainability requirements and incentivized to do more.

Anticipated updates to sustainability standards and potential new activities include:

Updating in 2026 the Single-Family Overlay and Guide to Enterprise Green Communities and requiring that it be used when developing properties funded through the Community Impact Fund (single-family development funded by the Economic Development and Housing Challenge program, Housing Infrastructure resources and the Workforce and Affordable Homeownership program);

Updating in 2027 the Multifamily Overlay and Guide to Enterprise Green Communities and requiring that it be used when developing properties funded through the Consolidated RFP (multifamily development funded by a range of programs);

Exploring new and innovative financing sources that would allow us to invest more decarbonization and climate-resilience funds in affordable housing across the state; and

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Continuing to coordinate and align with other federal, state and local energy programs, such as local utility incentive programs, the Weatherization Assistance Program, and the Minneapolis Green Cost Share Program.

CHAPTER 2

RESOURCES FOR OUR WORK

For 2026 and 2027 combined, we estimate we will make available $3.7 billion for program investments, which is a return to a more traditional funding level after the Go Big investments of 2024 and 2025. These resources include state, federal, Agency and bond funds and encompass funds that are: (1) newly available, (2) made available in previous AHPs but went unused, and (3) repayments of loans.

With the 2026–2027 resources, we expect to serve over 62,000 households annually. As shown in Table 3, this will be a return to a more traditional level, when COVID-19 recovery funds and Go Big resources are not available.

Table 3: Number of Households Served in the Past

Program Year	Annual Households Served
2019	56,000
2020	59,000
2021	94,000
2022	109,000
2023	70,000
2024	74,000

In 2021 and 2022, the number of households served by Minnesota Housing increased significantly with the availability of COVID-19 housing resources from the federal government. Some of these funds carried over into 2023 and 2024. In addition, starting in program year 2024, Minnesota started to award the Go Big resources made available by the 2023 legislature, but it can take a year or two for awarded funds to start serving households, particularly for the development and rehabilitation of housing. The impact of the Go Big investment will be seen in the number of households being served in 2025 and later.

For 2026 and 2027 combined, Minnesota Housing estimates it will make available **$3.7B** for program investments.

The impact of the Go Big investment will be seen in the number of households being served in **2025** and later, particularly for the development and rehabilitation of housing.

OVERVIEW OF OUR PROGRAM INVESTMENT PLAN

Through our programs, we provide a wide continuum of tools for financing affordable housing and related services, ranging from grants for homelessness prevention and rental assistance to mortgages for home purchases and improvements. As shown in Table 4, seven of the Agency's 41 active programs account for 86% of the estimated investment plan.

Seven of the Agency's forty-one active programs account for

87%

of the estimated investment plan.

HOME MORTGAGE LOANS (line 1) will involve an estimated **$2.1 billion in lending over the two-year period**, supporting about 4,570 homebuyers in each of the two years.

DEFERRED PAYMENT LOANS *(line 2)* will provide **$86.6 million for downpayment and closing-cost assistance**, supporting about 2,910 homebuyers each year.

FIX UP LOANS *(line 9)* will provide **$78.0 million for owner-occupied home improvement projects**, supporting roughly 1,220 homeowners each year.

LOW- AND MODERATE-INCOME RENTAL (LMIR) *(line 21)* will provide over the two years an estimated **$110.0 million of first mortgage lending for rental housing development, rehabilitation and refinancing**, which will help finance roughly 250 rental units in each of the two years. This will be a mix of permanent financing and bridge/construction loans. This financing is driven by demand and can vary from year to year.

LOW-INCOME HOUSING TAX CREDITS *(line 23)* is one of our primary programs for developing and rehabilitating affordable rental housing. Over the next two years, we expect to allocate nearly **$28.8 million of 9% credits from the federal government**. While the tax credit allocation alone is not one of our seven largest programs from an award perspective, these tax credits should generate from the investors who buy the credits approximately $215 million to $235 million, depending on credit pricing, in private equity for the construction or rehabilitation of rental housing. This will support roughly 430 units of affordable rental housing in each of the next two years, making it a primary program for the Agency.

CONTRACT ADMINISTRATION FOR SECTION 8 PROJECT-BASED RENTAL ASSISTANCE *(line 34)* will provide an estimated **$561.8 million of federal project-based rental assistance** over the two years and annually support nearly 34,260 of the state's lowest-income households. With this assistance, households generally spend no more than 30% of their income on rent and utilities.

BRING IT HOME RENTAL ASSISTANCE *(line 38)* will provide over the two years an estimated **$131.4 million for rental assistance**, which will be: (1) administered by local Public Housing Authorities (PHAs) and Housing and Redevelopment Authorities (HRAs) and Tribal nations, and (2) modeled after the federal Housing Choice Voucher program. However, Bring It Home will allow the maximum subsidized rents to be up to 20% higher than allowed for Housing Choice Vouchers. We estimate that the program will annually assist about 4,700 households when fully operational.

COMMUNITY STABILIZATION *(line 48)* is a major investment but from a one-time appropriation that has gone through some changes since it was first authorized by the state legislature. Originally, the legislature appropriated $90 million for 2024–2025; however, during the 2024 session, the state legislature increased the amount to $115 million and allocated amounts for specific purposes: (1) recapitalizing distressed multifamily properties, (2) preserving multifamily properties that are naturally occurring affordable housing (NOAH), (3) preserving single-family NOAH, and (4) funding for two specific properties. The funds for the two named properties are now under contract and no longer available. Of the remaining funds, the 2025 legislature transferred **$2 million that had been designated for single-family NOAH** to other Agency programs. After this change, **the balance of funds for the three remaining uses is $99.7 million**. The request for proposal (RFP) processes to award these funds are underway and will be completed in 2026.

We will also use portions of our tax-exempt private activity bond allocation for multifamily projects to generate private equity from 4% Low-Income Housing Tax Credits (LIHTCs). Some of these projects also utilize our deferred loan resources, so the units produced by these jointly funded projects are already included in our overall unit count for 2024 and 2025.

4% TAX CREDITS

While not in our program investment plan, we allocate 4% LIHTCs to rental housing developments that are financed with tax-exempt private activity bonds, which are regulated by the Internal Revenue Service and can be used by states for a variety of purposes. Unlike 9% LIHTCs, awards of 4% LIHTCs are not directly capped, but there are statewide volume limitations on the use of tax-exempt private activity bonds for housing. On a yearly basis, the use of 4% LIHTCs generates a significant amount of private equity for affordable housing.

In Table 4, we have identified with an asterisk (*) the 19 programs that are not ongoing programs and received one-time funding as COVID-19 assistance or from either the 2024-2025 or 2026-2027 state appropriation bills.

According to HUD, the statewide median family income in Minnesota in 2024 was **$111,800**.

To provide context, Table 4 describes the type of funding provided under each program, with more detailed descriptions of each program provided in Appendix B. Besides the 2026–2027 expected funding levels, Table 4 also provides the original projected funding for 2024-2025, which was our Go Big AHP. In addition, the table shows, by program, the median incomes of the households that we served in 2024 (the most recent year for which complete data is available), which ranged from $2,364 to $106,953. According to HUD, the statewide median family income in Minnesota in 2024 was $111,800.

Sample Programs	2024 Median Income Served
Rental assistance programs *(lines 34-39)*	$9,800 to $14,000
Rehabilitation Loan Program *(line 10)*	$18,444
Low-Income Housing Tax Credits *(line 23)*	$25,075
Single-Family Economic Development and Housing Challenge *(line 43)*	$51,025
Home Mortgage Loans *(line 1)*	$80,629
Monthly Payment Loans *(line 3)*	$106,953

Table 4: Overview of 2024–2025 Program Investment Plan

		Resources to be Made Available for 2026–2027	Resources Originally Made Available for 2024–2025	Activity	Median Income Served (2024)	Share BIPOC (2024)
	Homebuyer Financing and Home Refinancing	**$2,230,000,000**	**$2,498,000,000**			
1	Home Mortgage Loans	$2,100,000,000	$2,200,000,000	First Mortgage	$80,629	40.6%
2	Deferred Payment Loans	$86,600,000	$92,000,000	Downpayment and Closing Cost Loans	$69,616	41.4%
3	Monthly Payment Loans	$41,400,000	$46,000,000	Downpayment and Closing Cost Loans	$106,953	34.2%
4	First Generation Homebuyer Loan Program - Minnesota Housing *	$0	$50,000,000	Downpayment Assistance	$79,190	80.4%
5	Community-Based First-Generation Homebuyers Assistance*	$2,000,000	$100,000,000	Downpayment Assistance	$82,888	90.6%
6	NeighborWorks FeeBased Home Purchasing*	$0	$10,000,000	Downpayment Assistance	N/A	N/A
	Homebuyer/owner Education and Counseling	**$5,762,000**	**$7,369,000**			
7	Homeownership Education, Counseling & Training (HECAT)	$2,762,000	$4,369,000	Education & Counseling	$54,000	62.1%
8	Homeownership Capacity	$3,000,000	$3,000,000	Education & Counseling	$47,532	89.4%
	Home Improvement Lending	**$95,041,000**	**$75,544,000**			
9	Fix Up Loans	$78,000,000	$60,000,000	Home Improvement Loan	$104,019	16.1%
10	Rehabilitation Loan Program (RLP)	$17,041,000	$15,544,000	Home Improvement Loan	$18,444	18.6%
	Single Family Production - New Construction and Rehabilitation	**$17,161,000**	**$120,513,000**			
11	Single-Family Interim Lending	$4,400,000	$20,000,000	Construction Loans	$60,279	43.8%
12	Workforce and Affordable Homeownership Development Program	$12,761,000	$60,513,000	Loans and Grants	$50,445	30.0%
13	Homeownership Investment Grants*	$0	$40,000,000	Grants for Affordable Housing Lending	N/A	N/A

Continued next page

Table 4: Overview of 2024–2025 Program Investment Plan

		Resources to be Made Available for 2026–2027	Resources Originally Made Available for 2024–2025	Activity	Median Income Served (2024)	Share BIPOC (2024)
	Manufactured Housing and Communities	**$5,238,000**	**$44,071,000**			
14	Manufactured Home Community Financing	$0	$7,000,000	Amortizing and Deferred Loans	N/A	N/A
15	Manufactured Home Community Redevelopment Grants	$2,238,000	$17,071,000	Grants	N/A	N/A
16	Cooperative Manufactured Housing Infrastructure Grants*	$3,000,000	$0	Grants	N/A	N/A
17	Manufactured Home Park Cooperative Acquisition*	$0	$10,000,000	Grant for Revolving Loan Fund	N/A	N/A
18	Manufactured Home Lending Grants*	$0	$10,000,000	Grants for Lending Services	N/A	N/A
19	Manufactured Home Relocation Trust Fund	$0	$0	Relocation Assistance	N/A	N/A
	Other Single Family	**$0**	**$5,000,000**			
20	BuildWealth 9,000 Equities*	$0	$5,000,000	Grant for a Targeted Loan Pool	N/A	N/A
	Rental Production - New Construction and Rehabilitation	**$268,702,000**	**$426,771,700**			
21	Multifamily First Mortgages - Low- and Moderate-Income Rental (LMIR)	$110,000,000	$160,000,000	Amortizing Loans	$30,000	54.2%
22	Flexible Financing for Capital Costs (FFCC)	$0	$0	Primarily Deferred Loans	N/A	N/A
23	Low Income Housing Tax Credits (LIHTC) - 9%	$28,764,000	$23,633,700	Investment Tax Credits	$25,075	49.4%
24	National Housing Trust Fund (NHTF)	$6,269,000	$11,583,000	Deferred Loans and Operating Grants	$2,364	61.3%
25	HOME	$37,260,000	$30,560,000	Deferred Loans	N/A	N/A
26	Preservation Affordable Rental Investment Fund (PARIF)	$24,853,000	$24,362,000	Deferred Loans	$15,114	56.8%
27	HOME - ARP (American Rescue Plan) *	$28,024,000	$28,024,000	Loans and Grants	N/A	N/A
28	Asset Management	$0	$0	Loans	N/A	N/A

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Table 4: Overview of 2024–2025 Program Investment Plan

		Resources to be Made Available for 2026–2027	Resources Originally Made Available for 2024–2025	Activity	Median Income Served (2024)	Share BIPOC (2024)
29	Rental Rehabilitation Deferred Loan (RRDL)	$7,700,000	$10,617,000	Deferred Loans	$19,825	13.0%
30	Publicly Owned Housing Program (POHP)	$12,697,000	$88,794,000	Deferred Loans	$13,003	47.2%
31	Local Public Housing Pro-gram *	$2,439,000	$0	Grants and Loans	N/A	N/A
32	Workforce Housing Development Program	$4,160,000	$39,198,000	Deferred Loans and Grants	N/A	N/A
33	High-Rise Sprinkler Grant*	$6,536,000	$10,000,000	Grants	N/A	N/A
	Rental Assistance Contract Administration	**$561,848,000**	**$472,000,000**			
34	Section 8 - Project-Based Rental Assistance	$561,848,000	$472,000,000	Rental Assistance	$13,928	41.7%
	Housing Stability for Populations Needing Extra Support	**$226,522,000**	**$292,910,000**			
35	Housing Trust Fund (HTF)	$28,200,000	$31,183,000	Rental Assistance and Operating Support	$9,817	64.3%
36	Homework Starts with Home	$5,832,000	$5,500,000	Rental Assistance and Other Supports	$11,280	74.1%
37	Bridges	$15,000,000	$10,676,000	Rental Assistance	$12,204	34.0%
38	Bring It Home Rental Assistance	$131,400,000	$124,000,000	Rental Assistance	N/A	N/A
39	Section 811 Supportive Housing Program	$5,604,000	$2,930,000	Rental Assistance	$12,288	53.7%
40	Family Homeless Prevention and Assistance Program (FHPAP)	$30,688,000	$92,538,000	Grants	$11,808	60.7%
41	Housing Opportunities for Persons with AIDS (HOPWA)	$454,000	$1,083,000	Grants	N/A	N/A
42	Strengthen Supportive Housing*	$9,344,000	$25,000,000	Grants	N/A	N/A
	Multiple Use Resources	$254,431,000	$452,250,000			
43	Economic Development and Housing Challenge (EDHC)	$46,297,000	$124,850,000	Loans and Grants	MF: $22,793 SF: $51,025	MF: 71.8% SF: 59.8%

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Table 4: Overview of 2024–2025 Program Investment Plan

		Resources to be Made Available for 2026–2027	Resources Originally Made Available for 2024–2025	Activity	Median Income Served (2024)	Share BIPOC (2024)
44	Housing Infrastructure Resources	$70,412,000	$214,100,000	Primarily Deferred Loans	MF:$7,000 SF: $56,530	MF: 58.7% SF: 37.8%
45	State Housing Tax Credit Program	$23,294,000	TBD	Deferred Loans	N/A	N/A
46	Local Housing Aid Grants (Tier 2 cities)	$1,250,000	$4,500,000	Grants	N/A	N/A
47	Greater Minnesota Housing Infrastructure*	$9,461,000	$8,000,000	Grants	N/A	N/A
48	Community Stabilization*	$99,738,000	$90,000,000	Grants or Loans	N/A	N/A
49	Lead-Safe Homes*	$3,979,000	$4,000,000	Grants	N/A	N/A
50	Local Housing Trust Fund Grants*	$0	$6,800,000	Grants	N/A	N/A
51	Strategic Investments/ Loans	$0	$0	Loans	N/A	N/A
	Other	**$4,784,000**	**$62,702,000**			
52	Technical Assistance and Operating Support	$3,790,000	$8,702,000	Grants	N/A	N/A
53	Disaster Recovery and Relief Contingency Fund	$0	$0	Grants	N/A	N/A
54	Stable Housing Organizational Relief Program*	$0	$50,000,000	Grants	N/A	N/A
55	Housing Mediation Grant Programs*	$0	$3,000,000	Grants	N/A	N/A
56	Grant to City of Minneapolis*	$994,000	$1,000,000	Grant	N/A	N/A
	COVID Housing Recovery	**$0**	**$76,240,000**			
57	Emergency Rental Assistance (ERA) - Targeted Assistance*	$0	$37,140,000	Renter Assistance	$23,148	78.0%
58	Emergency Rental Assistance (ERA) - Capital Funding*	$0	$39,100,000	Deferred Loans	N/A	N/A
	Total	**$3,669,489,000**	**$4,533,370,700**			

ANNUAL HOUSEHOLD AND UNIT PROJECTIONS

As shown in Table 5, we expect the resources in this AHP will annually assist over 62,000 households or housing units. Our household and housing unit estimates assume that all the resources shown in this AHP will be deployed. In the end, we may not reach our resource estimates for some programs but may exceed the estimates for other programs. Our Home Mortgage Loans, Multifamily First Mortgages and Home Improvement Loans are driven by demand and financed with resources that may be constrained but do not have a fixed limit.

Table 5: 2026-2027 Forecast of Households or Housing Units Annually Assisted, by Program

	Program	Annual Households or Units
Homebuyer Financing and Home Refinancing		**4,600**
1	Home Mortgage Loans	4,570
2	Deferred Payment Loans	Included in First Mortgage Count
3	Monthly Payment Loans	Included in First Mortgage Count
4	First Generation Homebuyer Assistance Program - Minnesota Housing	Included in First Mortgage Count
5	Community-Based First-Generation Homebuyers Assistance (excluding loans paired with Minnesota Housing mortgages)	30
Homebuyer/owner Education & Counseling		**4,750**
6	Homeownership Education, Counseling & Training (HECAT)	3,680
7	Homeownership Capacity	1,070
Home Improvement Lending		**1,490**
8	Fix Up Loans	1,220
9	Rehabilitation Loan Program (RLP)	270
Single Family Production - New Construction and Rehabilitation		**280**
10	Impact Fund - EDHC and Housing Infrastructure Resources	230
11	Single-Family Interim Lending	Included with Impact Fund
12	Workforce and Affordable Homeownership Development Program	50
Manufactured Housing and Communities		**370**
13	Manufactured Home Community Financing	0
14	Manufactured Home Community Redevelopment Grants (including Housing Infrastructure Resources)	340
15	Cooperative Manufactured Housing Infrastructure Grants	30
16	Manufactured Home Relocation Trust Fund	TBD
Rental Production - New Construction and Rehabilitation		**1,830**
17	Multifamily RFP/LIHTC/Pipeline Production	770

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Table 5: 2026-2027 Forecast of Households or Housing Units Annually Assisted, by Program

	Program	Annual Households or Units
18	Multifamily First Mortgage - Low- and Moderate-Income Rental (LMIR)	Part of RFP/ LIHTC/ Pipeline Total
19	Flexible Financing for Capital Costs (FFCC)	
20	Low Income Housing Tax Credits (LIHTC) - 9%	
21	National Housing Trust Fund (NHTF)	
22	Housing Infrastructure Resources - Multifamily RFP	
23	Economic Development and Housing Challenge (EDHC)	
24	HOME	
25	Preservation - Affordable Rental Investment Fund (PARIF)	
26	HOME - ARP (American Rescue Plan)	90
27	Asset Management	0
28	Rental Rehabilitation Deferred Loan (RRDL)	110
29	Publicly Owned Housing Program (POHP)	320
30	Local Public Housing Program	20
31	Workforce Housing Development Program	50
32	High-Rise Sprinkler Grants	470
Rental Assistance Contract Administration		**34,260**
33	Section 8 - Project-Based Rent Assistance	34,260
Housing Stability for Populations Needing Extra Support		**12,370**
34	Housing Trust Fund (HTF)	1,830
35	Homework Starts with Home	320
36	Bridges	750
37	Bring It Home Rental Assistance	4,700
38	Section 811 Supportive Housing Program	240
39	Family Homeless Prevention and Assistance Program (FHPAP)	4,380
40	Housing Opportunities for Persons with AIDS (HOPWA)	150
41	Strengthen Supportive Housing	TBD
Multiple Use Resources		**2,160**
42	State Housing Tax Credit Program	580
43	Local Housing Aid Grants (Tier 2 cities)	10
44	Greater Minnesota Housing Infrastructure	550
45	Community Stabilization	620
46	Lead-Safe Homes	400
47	Strategic Investments / Loans	0
Other		**100**
48	Grant to City of Minneapolis	100
Total		**62,210**

The following graphs show three sets of numbers:

Households and units that we expect to assist annually with the funding we will award over the next two years (2026 through 2027), which are shown in the green bars and with the "2026–2027 Projected Annual Average" label. AHP funding covers two years, but we annualized the data by taking the average for the two years.

Households and units that we actually assisted over the last 10 years (2015 through 2024), which are presented in the dark blue bars and with the "Actuals" label. For these years, we counted households as assisted when we disburse the funds, which happens after we originally awarded the funds to specific housing projects, homes or partner organizations. This captures the actual number of households assisted, rather than planned to be assisted.

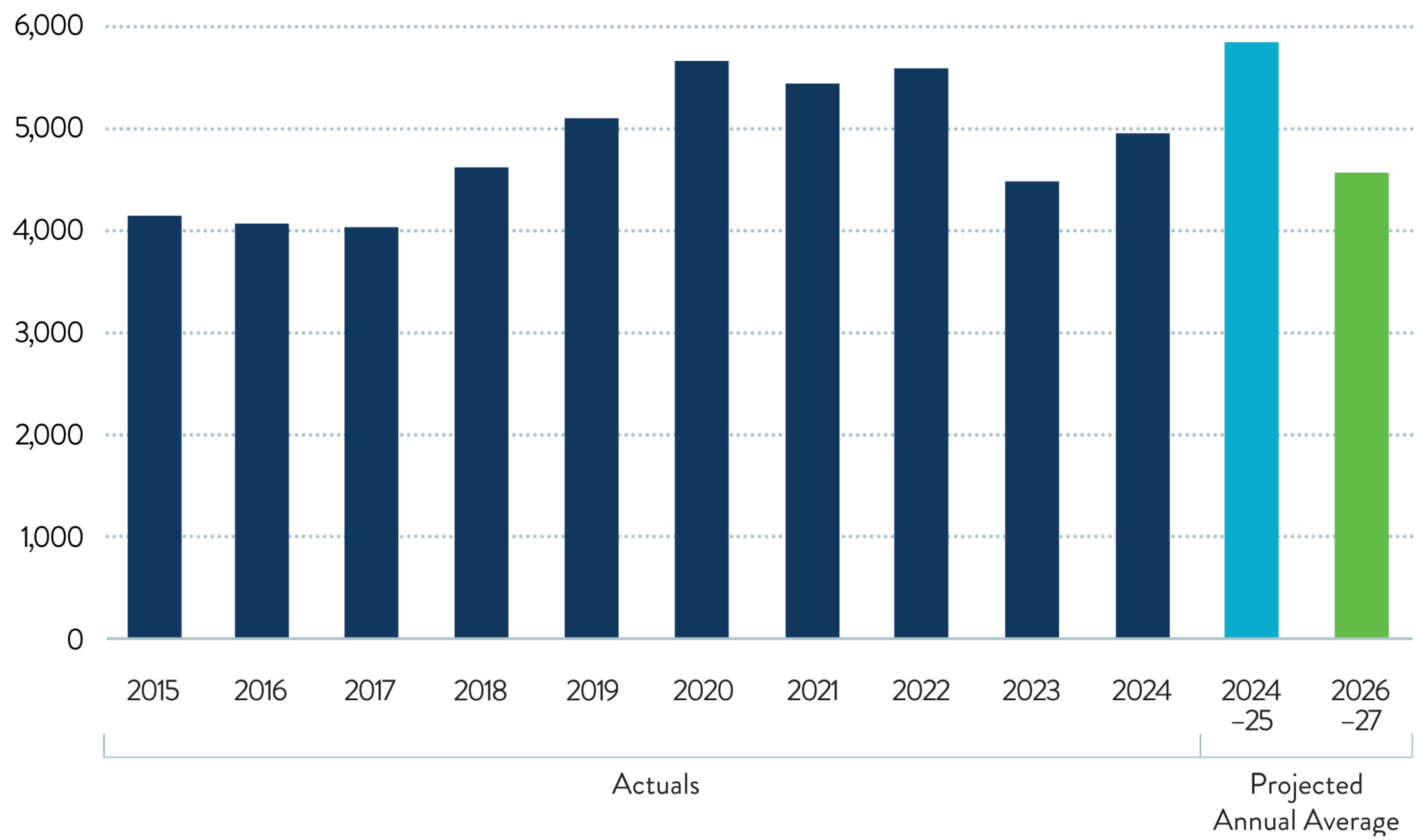
Households and units that we expected to annually assist with funds made available under the previous AHP (2024 through 2025), which are shown in the light blue bars and with the "2024–2025 Projected Annual Average" label. These levels are based on households and units that we originally projected/planned to assist with funds made available under the previous plan. After the start of a program year, it can take time to award funds (particularly for new programs) and additional time to disburse the funds (particularly for housing developments). For example, a new rental housing development awarded funding in December of 2024 may not start construction and have funds disbursed until the spring or 2026 or even later. Thus, only a portion of the funds awarded in 2024 or 2025 will disburse in those years, which results in a timing mismatch between the household and unit data in the light blue and dark blue bars.

The comparisons provide context from two perspectives: (1) relative to historical activity, and (2) what we made available in the last AHP.

HOMEBUYER FINANCING AND HOME REFINANCING

Figure 1 shows our historical home mortgage lending, which served around 4,000 households annually in 2015 through 2017. Production increased in 2018 through 2020, reaching nearly 5,700 households in 2020 and leveling off through 2022. The rise in interest rates a few years ago, which priced many low- and moderate-income households out of homeownership, limited our lending in 2023 when rates reached their highest level in over two decades. With the availability of additional downpayment assistance from the legislature starting in 2024 for first-generation homebuyers, we increased our lending.[7] Now, with the first-generation assistance largely gone and interest rates remaining high, we expect lending levels to be lower in 2026. In addition, as discussed previously, we recently made program changes, such as lower maximum loan amounts, to limit our downpayment lending. (Figure 1 includes not only our first mortgage lending and downpayment assistance but lending that we support through: (1) Community-Based First-Generation Homebuyers Assistance, and (2) Neighborworks Fee-Based Home Purchasing.)

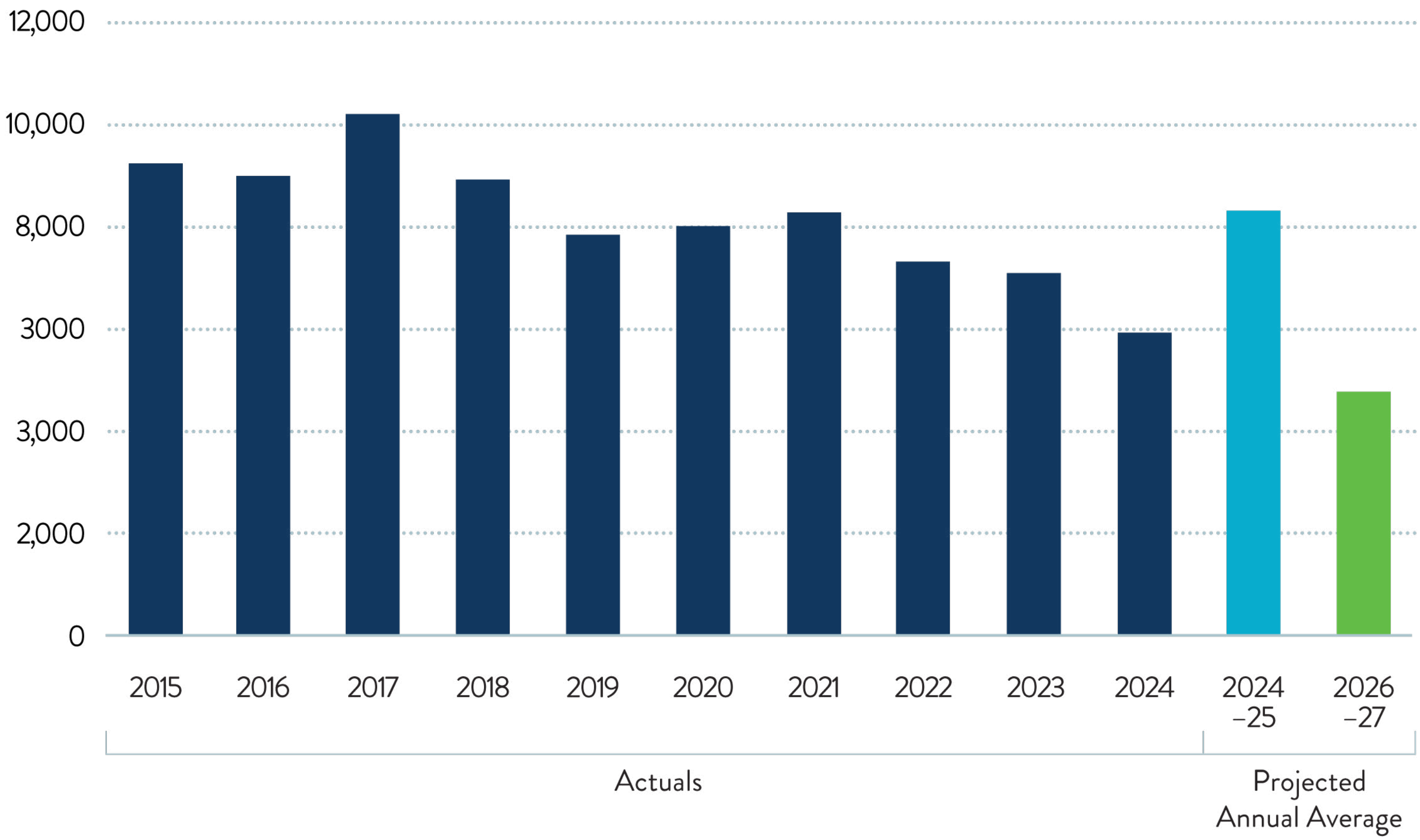
Figure 1: Households/Homes Assisted – Homebuyer Financing and Home Refinancing



HOMEBUYER/OWNER EDUCATION, COUNSELING AND COACHING

As shown in Figure 2, the number of households assisted through education and counseling that we directly fund has been declining over the past several years. Framework, which is an online course not funded by Minnesota Housing, is a growing alternative. In addition, the average cost of providing these services is going up, but the amount of funding is not, other than a one-time increase under the 2024-2025 AHP. (Figure 2 includes Homebuyer Education, Counseling and Training (HECAT) and the Homeownership Capacity.)

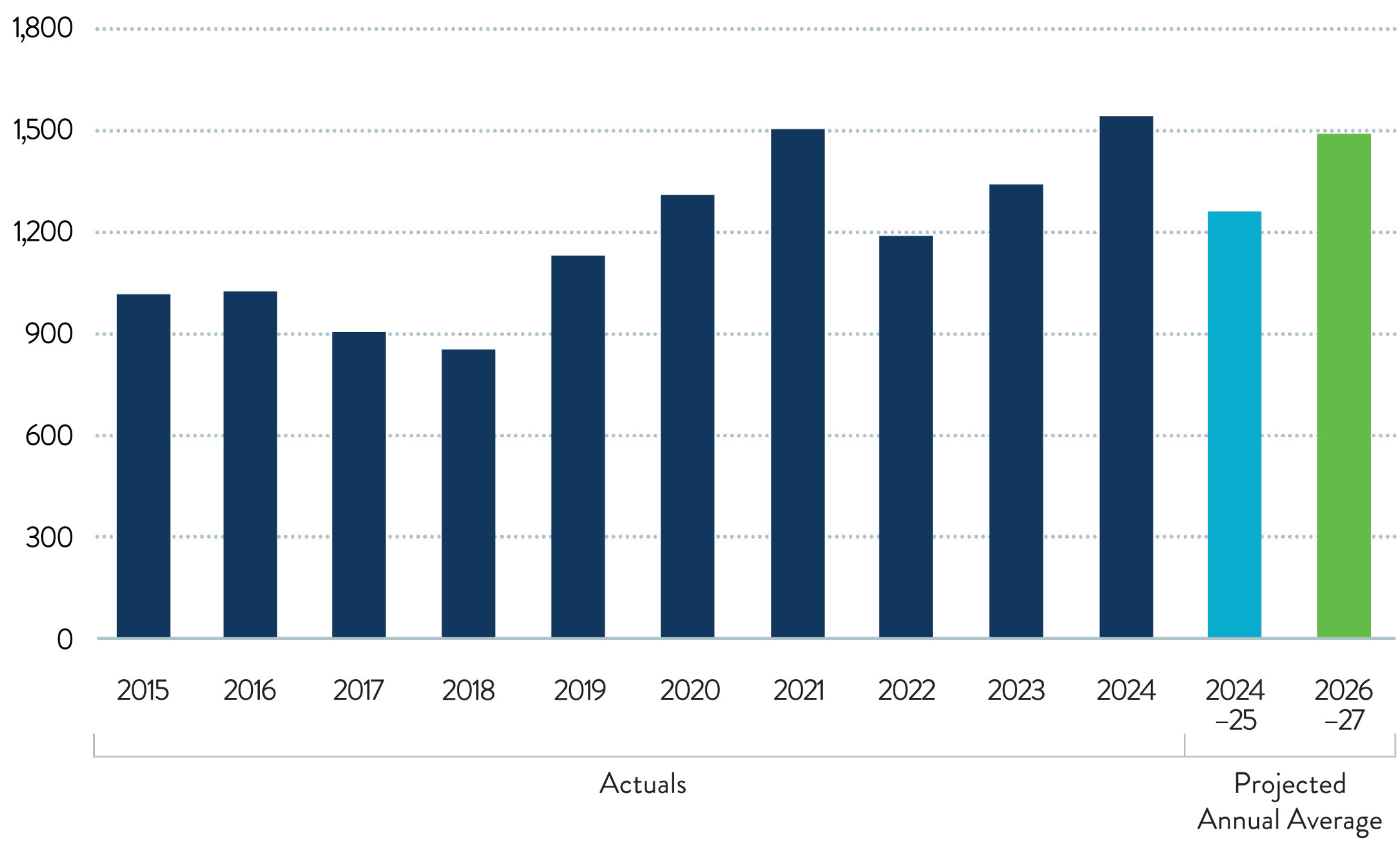
Figure 2: Households Assisted – Homebuyer/Owner Education, Counseling and Coaching



HOME IMPROVEMENT LENDING

For several years (2015–2018), demand for our home improvement programs was reduced due to the availability of home equity lines of credit and cash from mortgage refinancing that was driven by low interest rates. The Agency then made changes to the Fix Up Loan program, making it more desirable for borrowers and easier to administer, which increased our lending in 2019 through 2021. Lending then dropped off in 2022. Construction costs and interest rates limited activity. Lending increased again in 2023 and 2024, which was unexpected with the continuation of high interest rates. This past year, we made program changes (such as a lower income limit to restrict eligibility) to keep the lending volume at about 1,500 loans per year going forward to help address the Agency's liquidity position. The lower level of forecasted lending anticipated in the 2024–2025 AHP (light blue bar) was an underestimate. At the time we developed that plan, we did not anticipate the subsequent increase in lending and thought it would stay at the 2022 level of about 1,200 loans each year. (Figure 3 includes both the Fix Up Loan Program and the Rehabilitation Loan Program.)

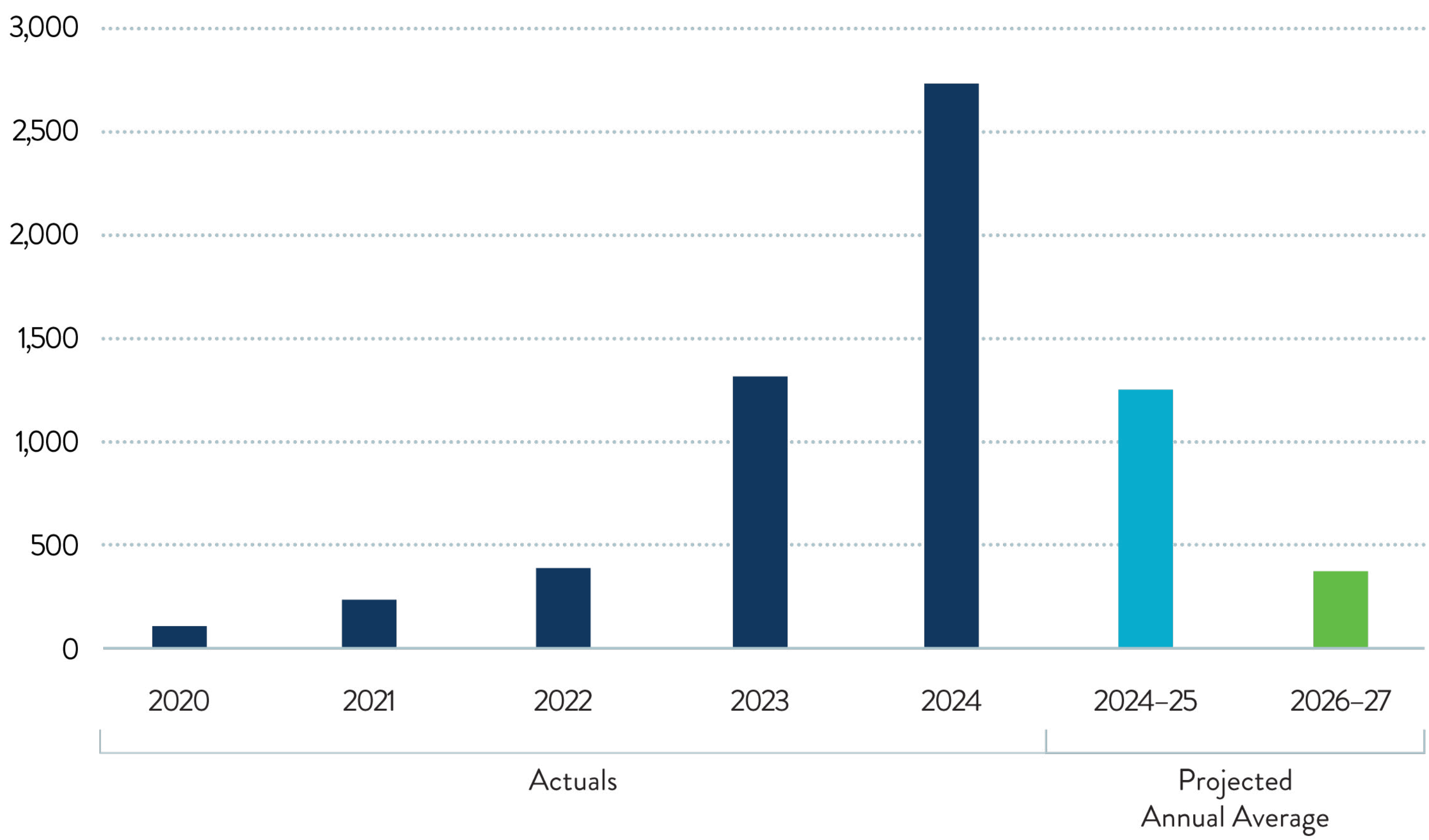
Figure 3: Households/Homes Assisted – Home Improvement Programs



MANUFACTURED HOUSING AND COMMUNITIES

Over the past few years, Minnesota Housing has expanded its manufactured housing activities, as reflected in Figure 4. With the additional funds under the 2024–2025 AHP, we saw a large-scale increase in activity. On top of the additional funding, the level of assistance to support each lot in a community was much less than we had originally expected, allowing us to support even more lots. For example, when we developed the 2024–2025 AHP, we expected to spend $13,000 per lot to improve a manufactured home community's infrastructure (roads, water and sewer systems, storm shelters, etc.), and the actual investment in 2024 turned out to be just $4,200 per lot. As a result, we ended up supporting over 2,700 lots in 2024 when we anticipated serving closer to 1,250. With the more limited funding available under the 2026–2027 AHP, we will probably support less than 500 lots annually. (Figure 4 includes Community-Owned Manufactured Home Parks, Manufactured Home Park Redevelopment Grants, Manufactured Home Community Infrastructure Grants, Manufactured Home Park Acquisition and Manufactured Home Lending Grants.)

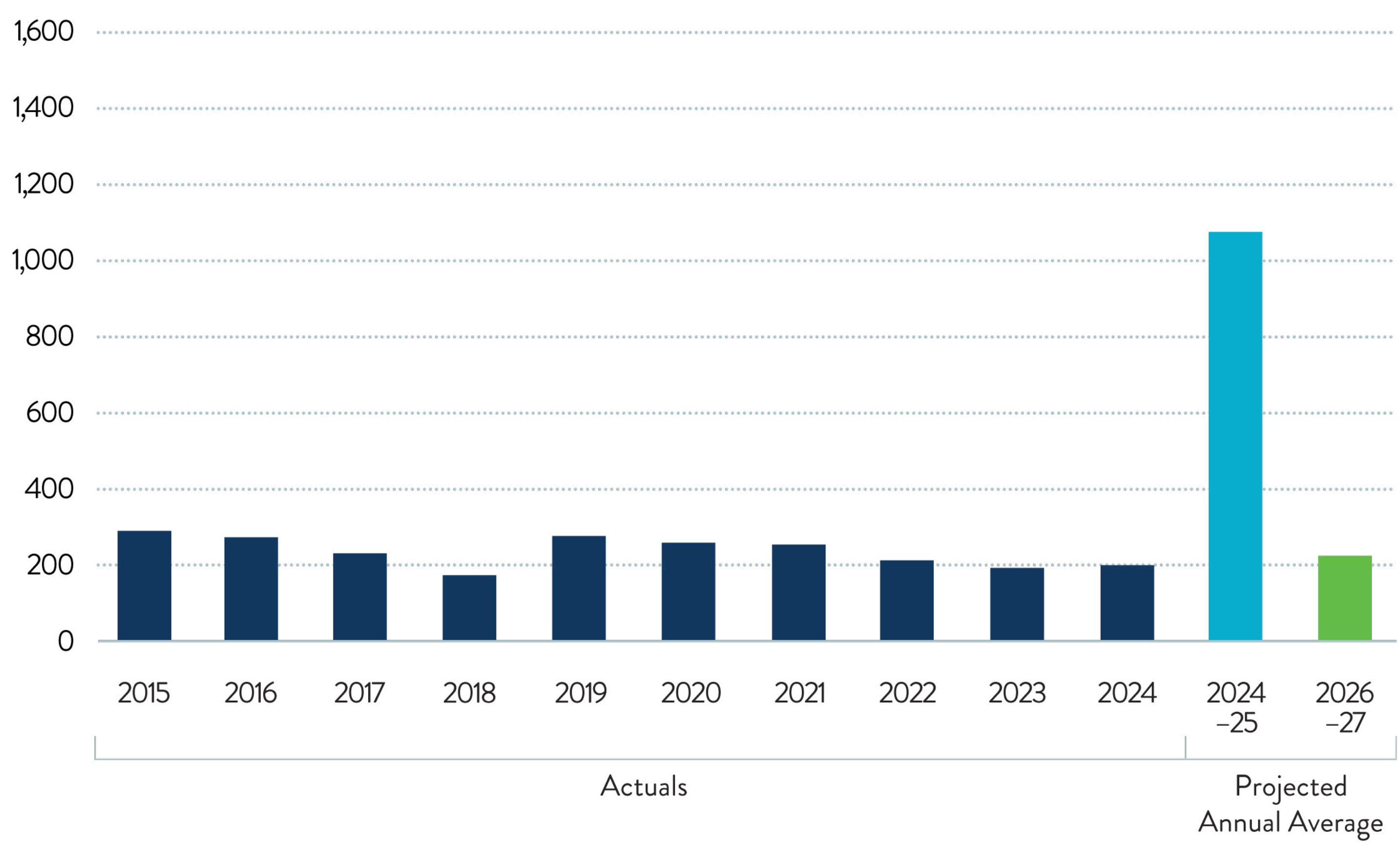
Figure 4: Households/Homes Assisted – Manufactured Housing and Communities



SINGLE FAMILY NEW CONSTRUCTION, REHABILITATION AND GAP FINANCING ASSISTANCE

Typically, we see 200 to 400 single-family homes financed each year through these programs. The Go Big investment in 2024 and 2025 dramatically increased the available funding as reflected in Figure 5. Because the disbursement of funds for single-family developments can take a year or two after being awarded, the impact of the 2024–2025 funding won't show up in our actual results until 2025 or later. With funding returning to more traditional levels, we expect to assist the construction, rehabilitation and/or purchase of just over 200 homes annually with the funds that will be made available under the 2026–2027 AHP. (Figure 5 includes the single-family portion of the Economic Development and Housing Challenge program and Housing Infrastructure Bond proceeds along with Single-Family Interim Lending, Workforce and Affordable Homeownership Development, and Homeownership Investment Grants.)

Figure 5: Households/Homes Assisted – Single-Family Housing New Construction, Rehabilitation and Support

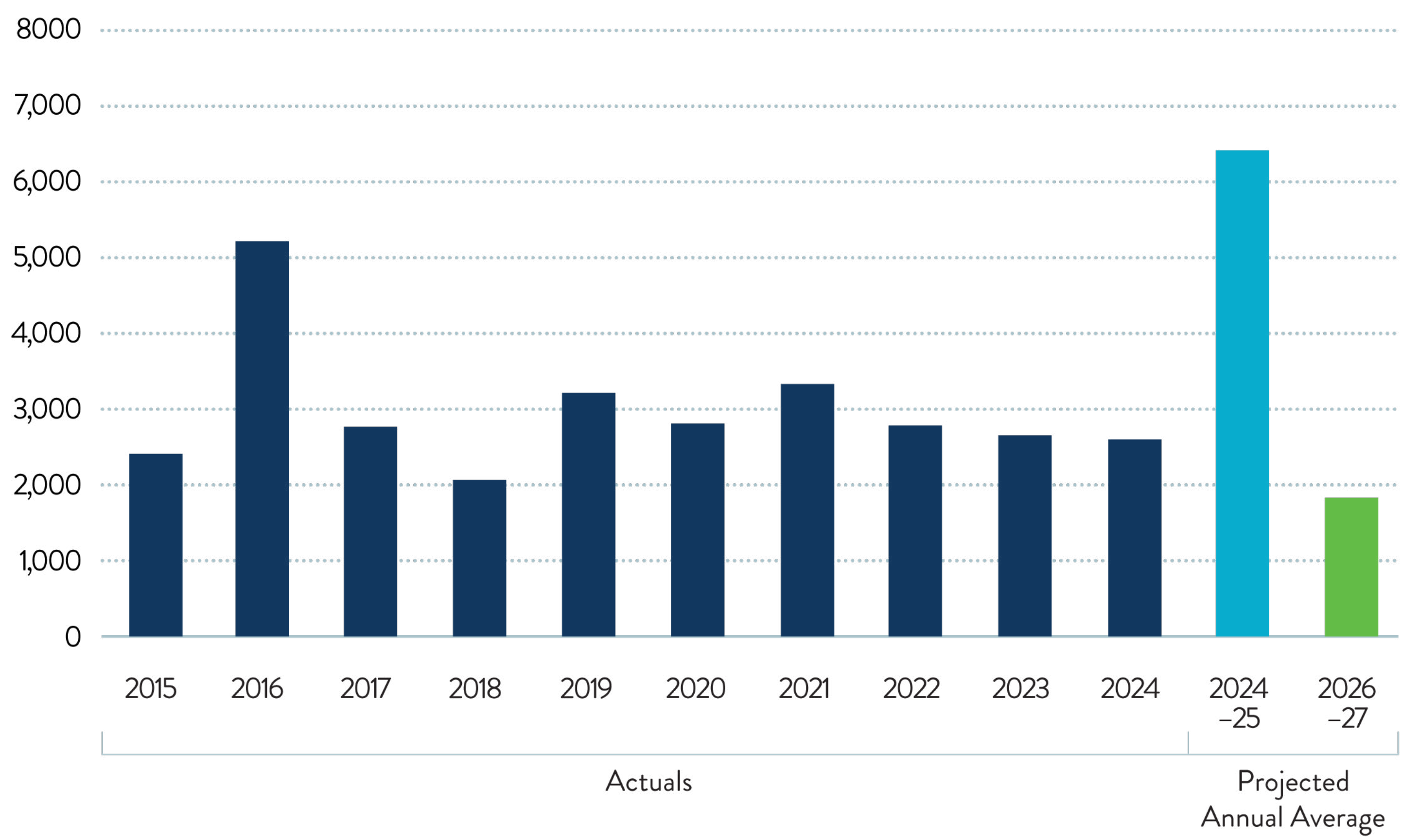


RENTAL NEW CONSTRUCTION AND REHABILITATION

In a typical year, the rental new construction and rehabilitation that we finance has varied between 2,000 and 3,000 units. Production is particularly high in years that have a large amount of state general obligation (GO) bond resources to finance the rehabilitation of public housing through our Publicly Owned Housing Program (POHP). Because the funding per unit is quite low for this program (often $5,000 to $25,000 per unit), we can rehabilitate a large number of units.

For the last few years, the cost of construction, higher interest rates and lower pricing for low-income housing tax credits have limited the number of new development and rehabilitation units we can finance. Just like single-family, multifamily development saw a major increase in funding for 2024 and 2025. Again, with development funding, it will take a couple of years to see the impact in actual households assisted. For 2026–2027, funding is going back to traditional levels and the annual number of households assisted will drop to just under 2,000. (Figure 6 captures all the programs in the rental production area and the multifamily portion of the Economic Development and Housing Challenge program and Housing Infrastructure resources.)

Figure 6: Units Assisted - Rental New Construction and Rehabilitation



RENTAL ASSISTANCE CONTRACT ADMINISTRATION

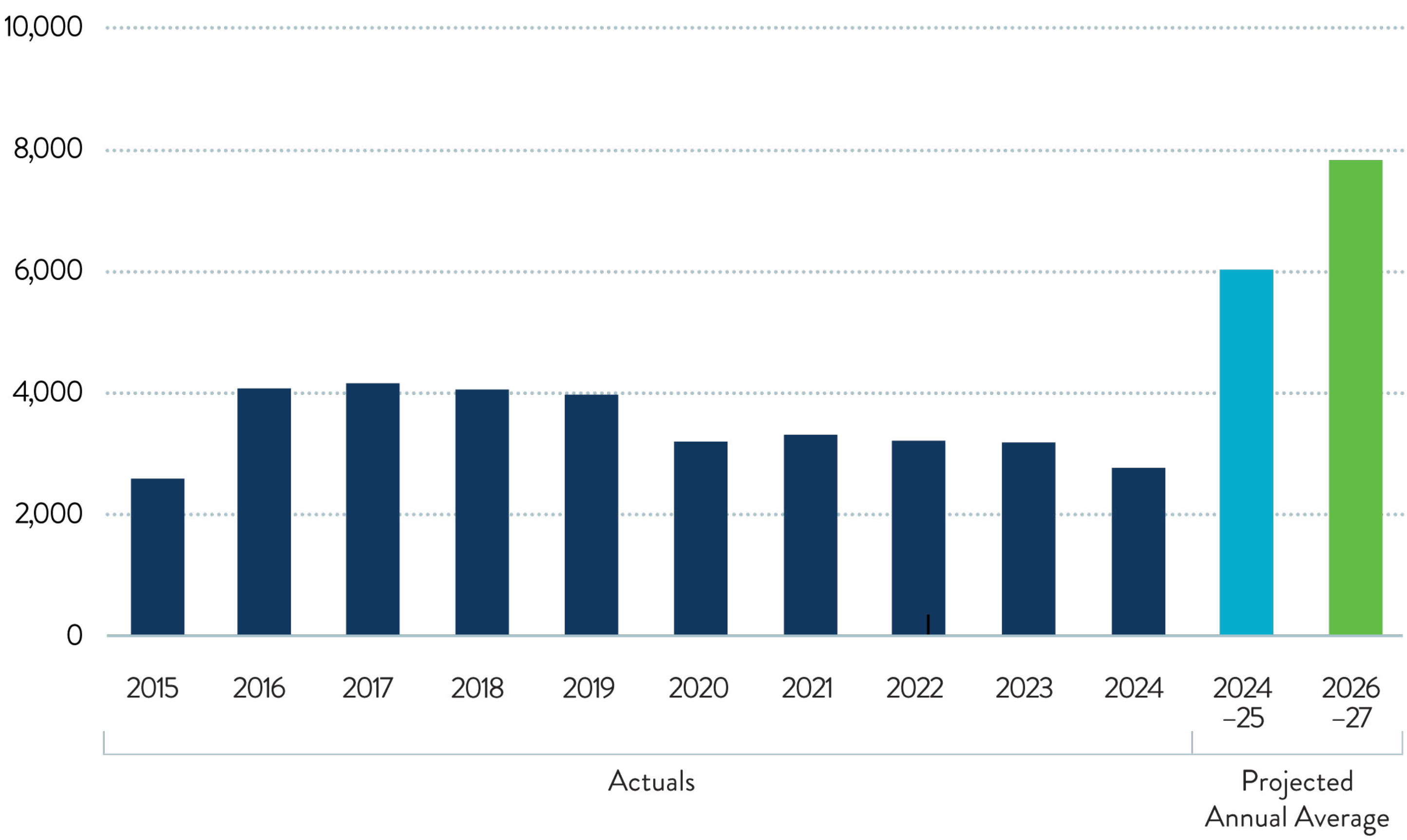
Activity in Section 8 contract administration has been very steady (Figure 7) for years. These are ongoing project-based Section 8 contracts that we administer on behalf of HUD, and the number of households served varies little from year to year.

Figure 7: Housing Units Assisted – Rental Assistance Contract Administration

HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORTS

As shown in Figure 8, the creation of the Bring It Home Rental Assistance Program more than doubles the number of households receiving assistance. When we created the 2024–2025 AHP, we anticipated creating a large program from scratch would take time, and the projected number of households for 2024 and 2025 reflects an anticipated ramp-up period. The initial funds have now been awarded to local public housing authorities, housing and redevelopment authorities and Tribal nations. The program will be fully ramped up in program years 2026 and 2027. (Figure 8 includes our five rental assistance programs and Housing Trust Fund operating subsidies.)

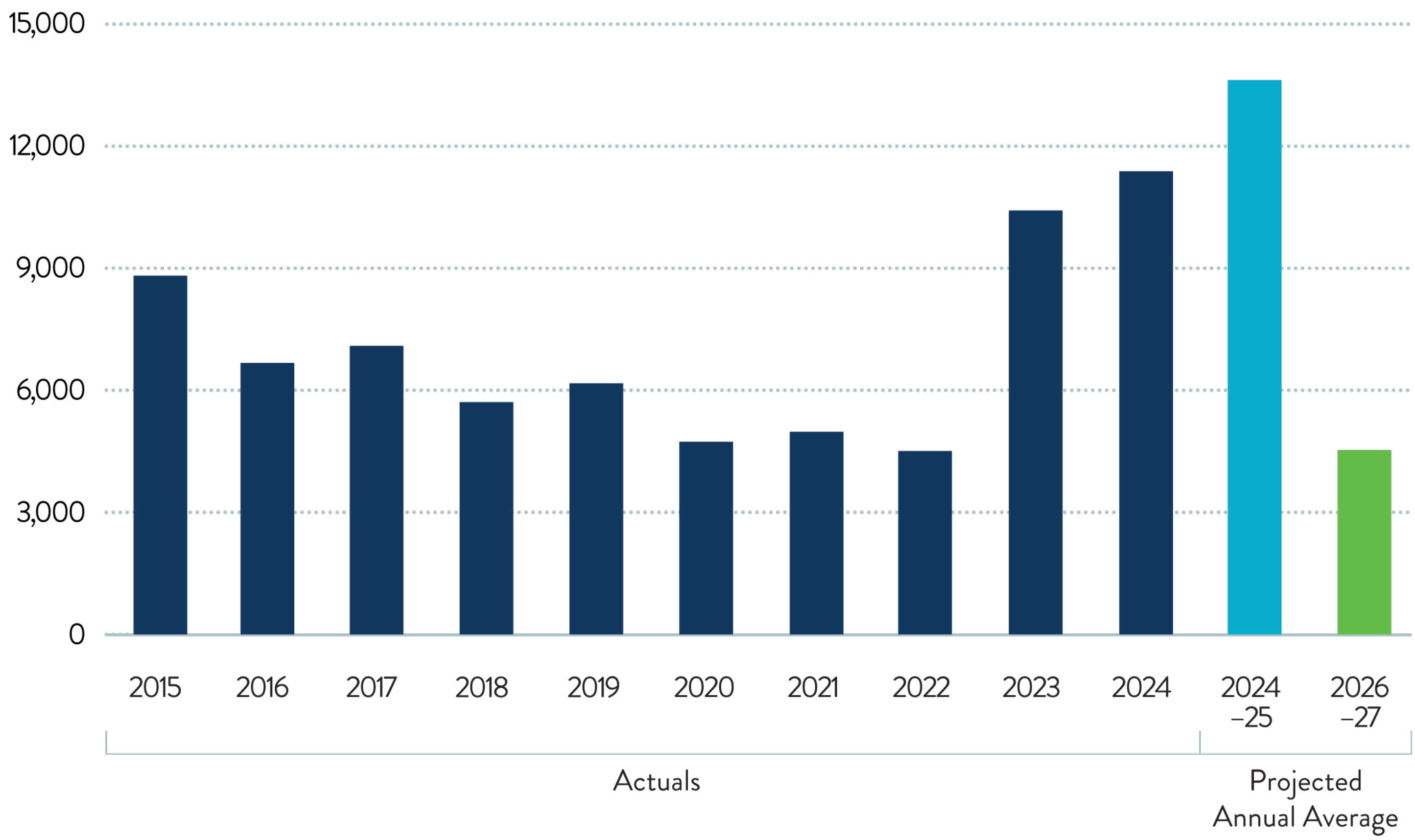
Figure 8: Households/Units Assisted – Agency Rental and Operating Assistance



HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORTS

The number of households assisted by the Family Homeless Prevention and Assistance Program (FHPAP) and Housing Opportunities for Persons with AIDS (HOPWA) (Figure 9) declined between 2015 and 2022 because FHPAP has been targeting clients needing more support, which requires more funding per household. However, the 2023 Legislature made available $115.5 million for FHPAP, which was $95 million more than the base appropriation for a two-year biennium. About $23 million of this was made available in program year 2023 , which left $92.5 million for 2024 and 2025. With funding returning to more traditional levels for 2026 and 2027, the number of households to be assisted is also declining.

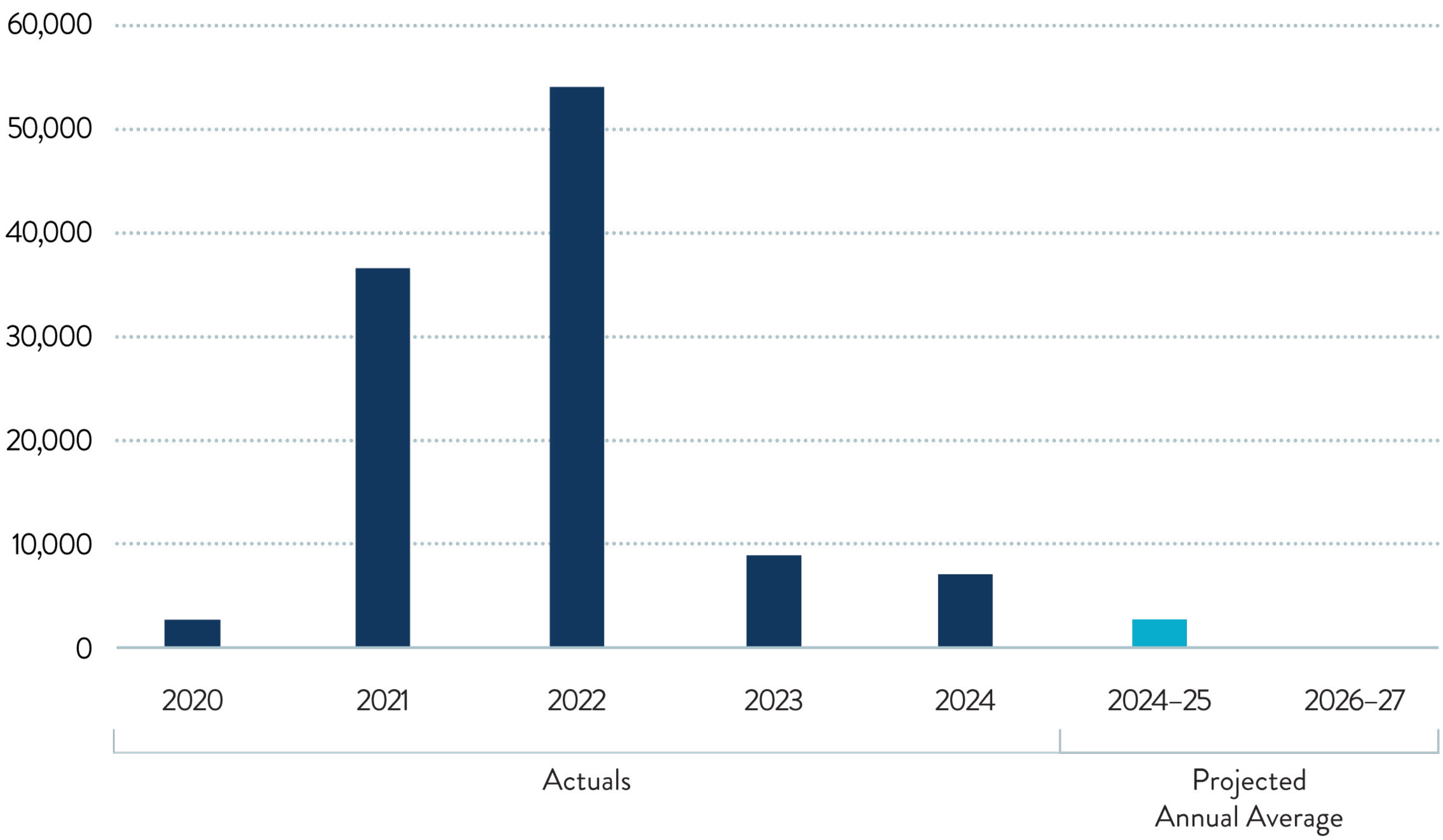
Figure 9: Households Assisted – Targeted Assistance – FHPAP and HOPWA



COVID-19 HOUSING RECOVERY

Our COVID-19 Housing Recovery efforts started in the summer of 2020 and reached peak activity in 2022, when we served more than 50,000 households who were behind on their rent or mortgage payments because of a COVID-related hardship. We awarded the last of these COVID funds in 2024 and 2025, largely from reallocations that we received from the U.S. Department of Treasury for effectively deploying our original rental assistance. The 2026-2027 AHP has no funding for these activities. Some of the COVID recovery funds (Emergency Rental Assistance – Capital Funding and HOME-ARP) have or will finance the development or rehabilitation of rental housing and are reflected in the rental production graph (Figure 6).

Figure 10: Households Assisted – COVID Housing Recovery (Renter and Homeowner Payment Assistance)

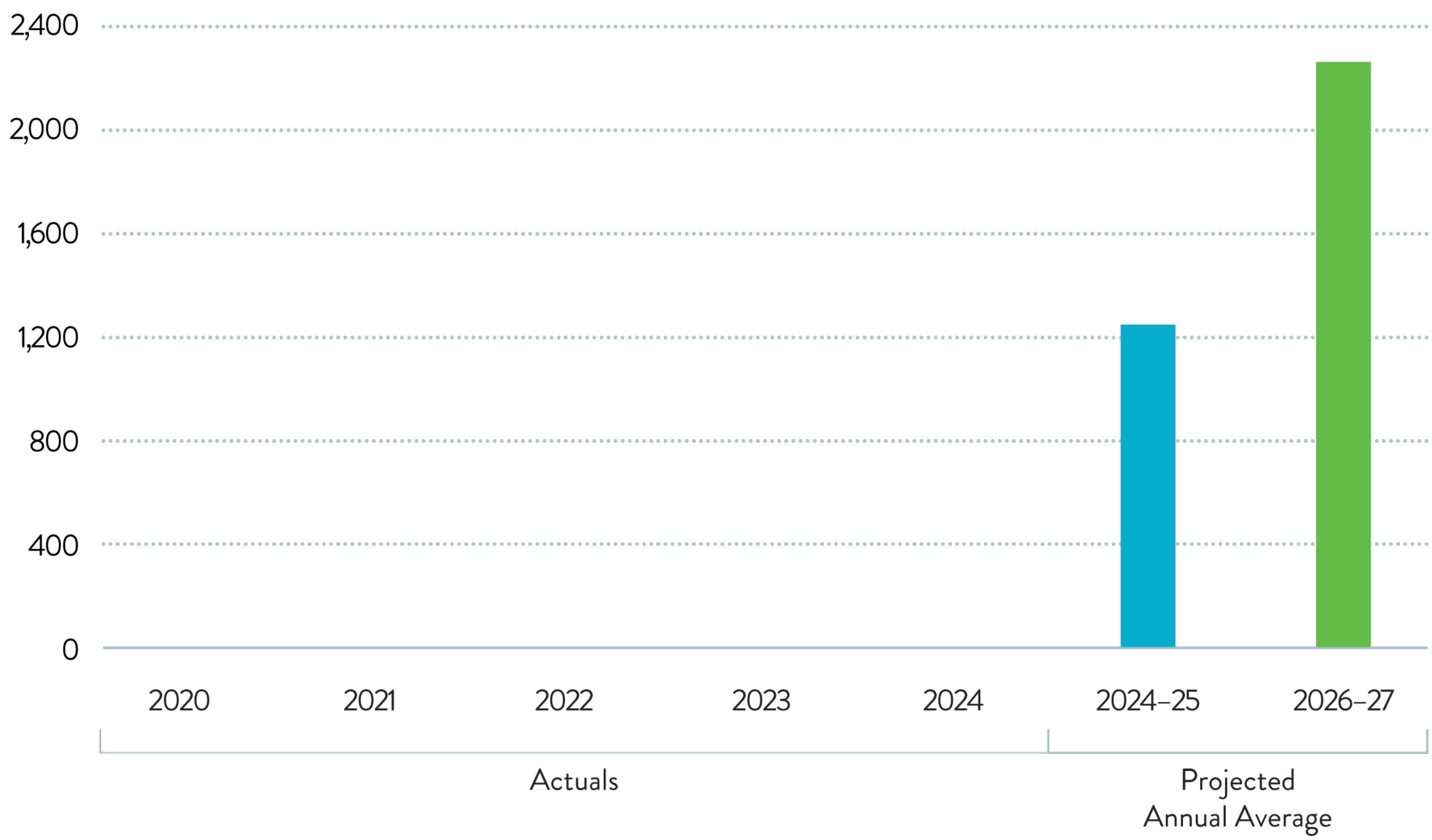


OTHER PROGRAMS

Finally, several new programs that we started launching under the 2024–2025 AHP serve specific needs or are for broad, general use and do not fit neatly into one of the previous activity areas. This "other" activity captures the programs listed under the Multiple Use Resources and Other categories of Table 5. This activity area has programs with one-time 2024–2025 funds that went uncommitted and carried forward to the 2026–2027 AHP, most notably the Community Stabilization Program. In addition, this area includes the State Housing Tax Credit program, under which eligible Minnesota taxpayers can contribute to the program and, in return, receive a state Tax Credit Certificate (TCC). The program does not receive any state appropriations and relies entirely on contributions.

In the 2024–2025 AHP, this program was new, and it was very unclear the extent to which taxpayers would make contributions to get the tax credits. Given that, our estimate of the housing units to be assisted was "to be determined." The program has turned out to be very popular and, when fully subscribed, can receive \$11.6 million in annual contributions. If the full amount of contributions are received, we estimate that we'll annually assist in the development, stabilization and/or refinancing of roughly 580 housing units.

Figure 11: Households or Housing Units Assisted – Other



ENDNOTES

1 Minnesota Pollution Control Agency and Department of Commerce, *Greenhouse Gas Emissions in Minnesota 2005–2022* (January 2025).

2 The following housing issues, needs and trends are documented in: *Minnesota Housing, Key 2025 Housing Issues & Trends – Chart Book*.

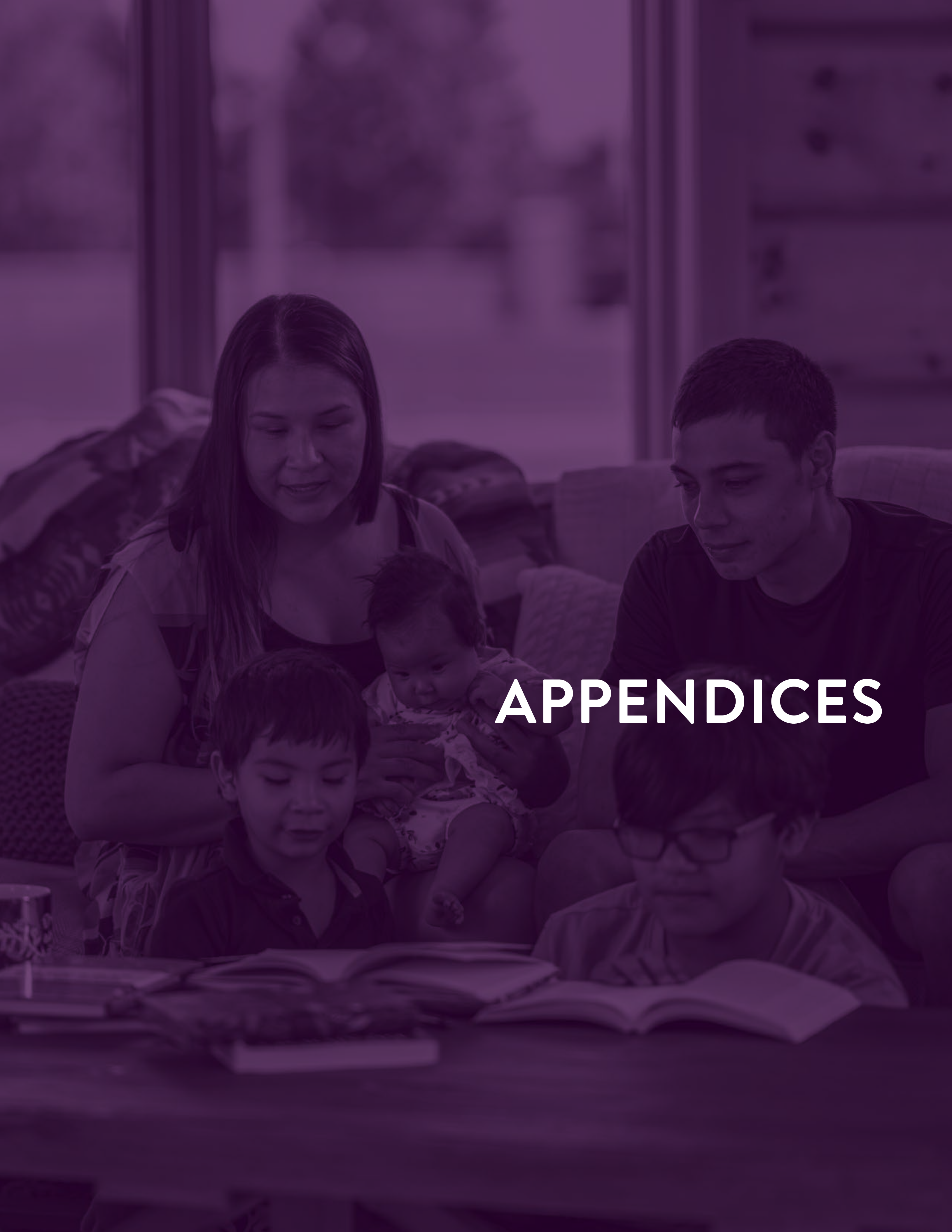
3 National Association of REALTORS, 2024 Profile of Homebuyers and Sellers 2024, p. 75.

4 This website explains the challenge of Hmong translations: *https://etcetera-translations.com/2025/02/why-hmong-to-english-translation-requires-a-professional-touch/#:~:text=Translating%20between%20languages%20is%20rarely,translations%2C%20profess-ional%20expertise%20is%20essential.*

5 Human-Centered Design is a business practice that ensures a product meets the customer's needs. As *Harvard Business School Online* states, "Creating a successful business requires identifying an underserved need, validating your idea, and crafting an effective value proposition. When taking these steps, one way to ensure you're on the right path and developing products and services the market will adopt and embrace is bringing prospective customers into the process and leveraging human-centered design."

6 Minnesota Pollution Control Agency and Department of Commerce, *Greenhouse Gas Emissions in Minnesota 2005–2022* (January 2025).

7 The downpayment assistance for first-generation homebuyers involved two separate programs — one run by the Agency and another run by Midwest Minnesota Community Development Corporation.



APPENDICES

APPENDIX A: OVERVIEW OF FUNDING SOURCES

Our strong balance sheet and financial resources are a key strength. This Appendix describes each of our funding sources and outlines how we will use them in 2026 and 2027. Table A-1 shows estimates of our planned program investments by funding source. Table A-2 is a crosswalk that shows how we currently plan to allocate resources from each source to each program.

Table A-1: 2026–2027 Estimated Program Investments by Funding Source

Program Category	2026–2027 Estimated Resources Available
Federal Resources	$668,223,000
State Appropriated Resources	$507,799,000
Capital from Agency and State Bonding	$2,249,337,000
Housing Investment Fund (Pool 2)	$148,800,000
Housing Affordability Fund (Pool 3)	$95,330,000
Total	**$3,669,489,000**

FUNDING SOURCE DESCRIPTIONS

Federal Resources	There are various types of federal resources, including appropriations to the U.S. Department of Housing and Urban Development (HUD) that are made available to Minnesota Housing and Low-Income Housing Tax Credits from the Internal Revenue Service (IRS). For planning purposes, we generally assume that 2026 and 2027 HUD appropriations will remain at 2025 levels, which is subject to change. The amount of federal housing tax credits is based on a per capita formula.	
State Resources	This includes state appropriations, dedicated revenues from the metro sales tax and contributions to the state housing tax credit fund.	
Capital from Agency and State Bonding	State Capital Investments	These resources come from the state capital budget (bonding bill) and have traditionally funded the Publicly Owned Housing Program (POHP) with state General Obligation (GO) Bond proceeds and Housing Infrastructure resources with Housing Infrastructure Bond (HIB) debt authorization, for which the State pays the debt service.
	Agency Bond Proceeds and Other Mortgage Capital	Bond proceeds are generated by the issuance of tax-exempt and taxable bonds. Certain tax-exempt bonding activity is limited statewide by IRS rules, which cap the amount of new issuance, making it a limited resource. We can also sell mortgage-backed securities backed by loans originated under our Home Mortgage program on the secondary market.
Housing Investment Fund (Pool 2)	We generate earnings from our lending and investment activities and reinvest them in a wide variety of housing programs. Most of our investment-earning assets are carried in Pool 2, and most assets in Pool 2 produce revenue that supports our operations and programs. The earning assets that use the Pool 2 are required to be of investment-grade quality.	
Housing Affordability Fund (Pool 3)	Housing Affordability Fund resources come from: (1) transfers from Pool 2 that capture a portion of the Agency's earnings, and (2) repayments or prepayments from loans previously funded under Pool 3. We can transfer Pool 2 earnings to Pool 3 only to the extent that we project that our aggregate net position will satisfy our board policy and rating agency stress tests. Because Pool 3 has no earnings requirements, it is more flexible than Pool 2 and can be used for deferred loans and grants. However, Pool 3 is a more limited resource than Pool 2 because it is dependent on the transfer of earnings from Pool 2.	

Appendix A-2: 2026-2027 Estimated Program Resources by Source

	Program	2026-2027 Estimated Total	Federal Resources	State Resources	Capital from Agency and State Bonding	Housing Investment Fund (Pool 2)	Housing Affordability Fund (Pool 3)
	Homebuyer Financing and Home Refinancing	**$2,230,000,000**	**$0**	**$9,770,000**	**$2,100,000,000**	**$41,400,000**	**$78,830,000**
1	Home Mortgage Loans	$2,100,000,000	$0	$0	$2,100,000,000	$0	$0
2	Deferred Payment Loans	$86,600,000	$0	$7,770,000	$0	$0	$78,830,000
3	Monthly Payment Loans	$41,400,000	$0	$0	$0	$41,400,000	$0
4	Community-Based First-Generation Homebuyers Assis-tance	$2,000,000	$0	$2,000,000	$0	$0	$0
	Homebuyer/owner Education & Counseling	**$5,762,000**	**$0**	**$3,762,000**	**$0**	**$0**	**$2,000,000**
5	Homeownership Education, Counseling & Training (HECAT)	$2,762,000	$0	$2,762,000	$0	$0	$0
6	Homeownership Capacity	$3,000,000	$0	$1,000,000	$0	$0	$2,000,000
	Home Improvement Lending	$95,041,000	$0	$5,041,000	$0	$78,000,000	$12,000,000
7	Fix Up Loans	$78,000,000	$0	$0	$0	$78,000,000	$0
8	Rehabilitation Loan Program (RLP)	$17,041,000	$0	$5,041,000	$0	$0	$12,000,000
	Single Family Production - New Construction and Rehabilitation	$17,161,000	$0	$12,761,000	$0	$4,400,000	$0
9	Single-Family Interim Lending	$4,400,000	$0	$0	$0	$4,400,000	$0
10	Workforce and Affordable Homeownership Development Program	$12,761,000	$0	$12,761,000	$0	$0	$0

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Appendix A-2: 2026-2027 Estimated Program Resources by Source

	Program	2026-2027 Estimated Total	Federal Resources	State Resources	Capital from Agency and State Bonding	Housing Investment Fund (Pool 2)	Housing Affordability Fund (Pool 3)
1	Manufactured Housing and Communities	$5,238,000	$0	$2,238,000	$3,000,000	$0	$0
11	Manufactured Home Community Financing	$0	$0	$0	$0	$0	$0
12	Manufactured Home Community Redevelopment Grants	$2,238,000	$0	$2,238,000	$0	$0	$0
13	Cooperative Manufactured Housing Infrastructure Grants	$3,000,000	$0	$0	$3,000,000	$0	$0
14	Manufactured Home Relocation Trust Fund	$0	$0	$0	$0	$0	$0
	Rental Production - New Construction and Rehabilitation	**$268,702,000**	**$100,317,000**	**$53,488,000**	**$89,897,000**	**$25,000,000**	**$0**
15	Multifamily First Mortgage - Low- and Moderate-Income Rental	$110,000,000	$0	$0	$85,000,000	$25,000,000	$0
16	Flexible Financing for Capital Costs (FFCC)	$0	$0	$0	$0	$0	$0
17	Low Income Housing Tax Credits (LIHTC) - 9%	$28,764,000	$28,764,000	$0	$0	$0	$0
18	National Housing Trust Fund (NHTF)	$6,269,000	$6,269,000	$0	$0	$0	$0
19	HOME	$37,260,000	$37,260,000	$0	$0	$0	$0
20	Preservation Affordable Rental Investment Fund (PARIF)	$24,853,000	$0	$24,853,000	$0	$0	$0
21	HOME - ARP (American Rescue Plan)	$28,024,000	$28,024,000	$0	$0	$0	$0

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Appendix A-2: 2026-2027 Estimated Program Resources by Source

	Program	2026-2027 Estimated Total	Federal Resources	State Resources	Capital from Agency and State Bonding	Housing Investment Fund (Pool 2)	Housing Affordability Fund (Pool 3)
22	Asset Management	$0	$0	$0	$0	$0	$0
23	Rental Rehabilitation Deferred Loan (RRDL)	$7,700,000	$0	$7,700,000	$0	$0	$0
24	Publicly Owned Housing Program (POHP)	$12,697,000	$0	$7,800,000	$4,897,000	$0	$0
25	Local Public Housing Program	$2,439,000	$0	$2,439,000	$0	$0	$0
26	Workforce Housing Development Program	$4,160,000	$0	$4,160,000	$0	$0	$0
27	High-Rise Sprinkler Grants	$6,536,000	$0	$6,536,000	$0	$0	$0
	Rental Assistance Contract Administration	$561,848,000	$561,848,000	$0	$0	$0	$0
28	Section 8 - Project-Based Rental Assistance	$561,848,000	$561,848,000	$0	$0	$0	$0
	Housing Stability for Populations Needing Extra Support	**$226,522,000**	**$6,058,000**	**$220,464,000**	**$0**	**$0**	**$0**
29	Housing Trust Fund (HTF)	$28,200,000	$0	$28,200,000	$0	$0	$0
30	Homework Starts with Home	$5,832,000	$0	$5,832,000	$0	$0	$0
31	Bridges	$15,000,000	$0	$15,000,000	$0	$0	$0
32	Bring It Home Rental Assistance	$131,400,000	$0	$131,400,000	$0	$0	$0
33	Section 811 Supportive Housing Program	$5,604,000	$5,604,000	$0	$0	$0	$0
34	Family Homeless Prevention and Assistance Program (FHPAP)	$30,688,000	$0	$30,688,000	$0	$0	$0

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Appendix A-2: 2026-2027 Estimated Program Resources by Source

	Program	2026-2027 Estimated Total	Federal Resources	State Resources	Capital from Agency and State Bonding	Housing Investment Fund (Pool 2)	Housing Affordability Fund (Pool 3)
35	Housing Opportunities for Persons with AIDS (HOPWA)	$454,000	$454,000	$0	$0	$0	$0
36	Strengthen Supportive Housing	$9,344,000	$0	$9,344,000	$0	$0	$0
	Multiple Use Resources	**$254,431,000**	**$0**	**$197,991,000**	**$56,440,000**	**$0**	**$0**
37	Economic Development and Housing Challenge (EDHC)	$46,297,000	$0	$46,297,000	$0	$0	$0
38	Housing Infrastructure Resources	$70,412,000	$0	$13,972,000	$56,440,000	$0	$0
39	State Housing Tax Credit Program	$23,294,000	$0	$23,294,000	$0	$0	$0
40	Local Housing Aid Grants (Tier 2 cities)	$1,250,000	$0	$1,250,000	$0	$0	$0
41	Greater Minnesota Housing Infrastructure	$9,461,000	$0	$9,461,000	$0	$0	$0
42	Community Stabilization	$99,738,000	$0	$99,738,000	$0	$0	$0
43	Lead-Safe Homes	$3,979,000	$0	$3,979,000	$0	$0	$0
44	Strategic Investments / Loans	$0	$0	$0	$0	$0	$0
	Other	$4,784,000	$0	$2,284,000	$0	$0	$2,500,000
45	Technical Assistance and Operating Support	$3,790,000	$0	$1,290,000	$0	$0	$2,500,000
46	Disaster Recovery and Relief Contingency Fund	$0	$0	$0	$0	$0	$0
47	Grant to City of Minneapolis	$994,000	$0	$994,000	$0	$0	$0
	AHP Total	**3,669,489,000**	**668,223,000**	**507,799,000**	**2,249,337,000**	**148,800,000**	**95,330,000**

APPENDIX B: PROGRAM DESCRIPTIONS

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NOTES ON READING THE PROGRAM DESCRIPTIONS

- This appendix only covers active programs, those that have the potential to provide assistance in 2026 and 2027. A description of programs that were active in 2024 and/or 2025 but no longer active can be found in Appendix B of the 2024-2025 Affordable Housing Plan.
- The following descriptions provide a general overview of each program and do not capture every facet of the programs. Readers should go to the Minnesota Housing website and program guides for specific details and complete descriptions.
- “Housing Investment Fund” and “Pool 2” refer to the same resource, which is described in Appendix A.
- “Housing Affordability Fund” and “Pool 3” refer to the same resource, which is described in Appendix A.
- The sum of the projections for the number of housing units or households assisted by individual programs during the plan period exceed the total number of households projected to be served across all programs. This occurs because some households or housing units will receive assistance from multiple programs to achieve needed affordability levels.
- The projections for the number of households or units assisted generally are based on the average assistance per household or unit for the last five years, by program, adjusted for inflation and program trends and changes.
- The funding levels described in the narratives are estimates of the amounts we expect to deploy with partners in 2026-2027. The number of households the Agency expects to serve with each funding source is an estimate, and the final numbers will depend on actual expenditures and will be reported in the annual Program Assessment Report.
- “Program” is used broadly throughout the Affordable Housing Plan to refer to Minnesota Housing programs, initiatives and activities.

HOMEBUYER FINANCING AND HOME REFINANCING

HOME MORTGAGE LOANS

We offer two home mortgage programs – Start Up, serving first-time home buyers, and Step Up, for borrowers who do not qualify for Start Up. Step Up offers both purchase and refinance options. Under the programs, participating lenders originate fully amortizing first mortgages throughout the state. To support home mortgage borrowers, we also offer downpayment and closing cost loans structured to meet the needs of low- and moderate-income homeowners. To promote successful homeownership, our home mortgage programs also require at least one borrower in a first-time homebuyer household to complete homebuyer education.

In our current business model for homeownership, we access capital to finance the purchase of mortgage-backed securities containing our program mortgages primarily by selling bonds in the municipal bond market. Program mortgages not eligible for bond sales are sold on the secondary market.

We remain committed through our programs to address housing disparities by reaching households who face barriers to homeownership, including those with incomes below 80% of the area median income and Indigenous, Black and households of color.

Current household income limits for Start Up:

	Maximum Household Income	
Property Location	**1-2 person**	**3 or more**
Minneapolis/Saint Paul Metro Area (11-county)	$132,400	$152,200
Dodge and Olmsted Counties	$125,600	$144,400
All Other Counties	$116,900	$134,400

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$197,900
Dodge and Olmsted Counties	$197,900
All Other Counties	$174,800

Purchase price limits for Start Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$515,200
All Other Counties	$472,030

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **4,957** loans
- **$1,144,572,596** total loan amount
- **$230,900** average loan
- A median household income of **$78,227** or **70%** of the statewide median income
- **41%** of households were Indigenous, Black or households of color overall, and 42% of first-time Start Up borrowers were Black, Indigenous or households of color

Our home mortgage production is heavily supported by downpayment and closing-cost loans. About 98% of home mortgage borrowers use some type of downpayment and closing-cost loan, which is comparable with other top-producing housing finance agencies nationally.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $2.1 billion. Industry changes or changes in market conditions could affect production.

Based on resources available for new activity, we expect to finance on average about 4,570 home mortgages each year.

DEFERRED PAYMENT LOANS

We offer two ongoing downpayment and closing-cost loans—Deferred Payment Loans (DPLs) and Monthly Payment Loans (MPLs)—that support homeowners receiving Start Up and Step Up first lien mortgages. Generally, about 98% of our borrowers have received one of these downpayment and closing-cost loans.

The Deferred Payment Loan provides an interest-free, deferred loan for downpayment and closing costs to income-eligible first-time homebuyers purchasing a home under the Start Up program. Borrowers that receive DPL lack the necessary funds for standard mortgage downpayment and closing costs. The maximum loan amount is $18,000. The program serves lower income households than the amortizing Monthly Payment Loan and is funded through a combination of state appropriations and Pool 3 funds.

To ensure that funds support successful homeownership, DPL requires borrowers to contribute a minimum cash investment of the lesser of 1% of the purchase price or $1,000 and have a credit score of at least 640.

Current income limits are adjusted by household size. Limits for households of one to two members are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$85,000
Dodge and Olmsted Counties	$85,000
All Other Counties	$75,000

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$515,200
All Other Counties	$472,030

Current purchase price limits match the Start Up program purchase price limits.

Program Performance and Trends

The availability of DPL is a driver of overall home mortgage production, particularly among lower-income and more targeted borrowers. DPL has been our most effective tool for serving Black and Indigenous communities and communities of color.

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **3,400** loans
- **$54,297,786** total loan amount
- **$15,970** average loan
- A median household income of **$69,616** or **62%** of the statewide median income
- **41%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $86,600,000.

If home mortgage demand is very strong, additional resources may be needed to support DPL, or we will have to make program changes.

Based on resources available for new activity, we expect to support on average about 2,910 households each year.

MONTHLY PAYMENT LOANS

Monthly Payment Loans (MPLs) are interest-bearing, amortizing loans that provide downpayment and closing-cost funds. MPLs support our Start Up and Step Up home mortgage loan programs. Borrowers who qualify for MPLs receive up to $14,000. MPLs use Pool 2 resources and have a 10-year term with an interest rate equal to that of the first mortgage.

To ensure that funds support successful homeownership, MPL requires borrowers to contribute a minimum cash investment of the lesser of 1% of the purchase price or $1,000 and have a credit score of at least 640.

Current household income limits for Start Up:

	Maximum Household Income	
Property Location	**1-2 person**	**3 or more**
Minneapolis/Saint Paul Metro Area (11-county)	$132,400	$152,200
Dodge and Olmsted Counties	$125,600	$144,400
All Other Counties	$116,900	$134,400

Current income limits for MPL with Step Up:

	Maximum Household Income	
Property Location	**1-2 person**	**3 or more**
Minneapolis/Saint Paul Metro Area (11-county)	$139,000	$159,900
Dodge and Olmsted Counties	$139,000	$159,900
All Other Counties	$122,700	$141,200

Purchase price limits:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$515,200
All Other Counties	$472,030

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **1,345** loans
- **$20,156,677** total loan amount
- **$14,986** average loan
- A median household income of **$106,953** or **96%** of the statewide median income
- **34%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $41,400,000.

We anticipate approximately one-third of overall home mortgage production will involve MPL. MPL production is subject to overall home mortgage production trends, the interest-rate environment, the overall percentage of our borrowers who need a downpayment and closing-cost loan, and program design. Given that MPL is available with both home mortgage options, the demand for MPL depends upon the demand for first mortgage loans.

Based on resources available for new activity, we expect to support on average about 1,570 households each year.

COMMUNITY-BASED FIRST-GENERATION HOMEBUYERS ASSISTANCE

The Community-Based First-Generation Homebuyers Assistance Program is a new statewide pilot program and is administered by Midwest Minnesota Community Development Corporation (MMCDC). MMCDC originates and services funds and authorizes other Community Development Financial Institutions (CDFIs), Tribal entities, and nonprofit organizations administering downpayment assistance to reserve, originate, fund, and service funds for eligible households. Administrative costs are capped at $3,200 per loan.

Funds may be used for closing costs, downpayment or principal reduction. An eligible household may select any first mortgage lender or broker of their choice, provided that the funds are used in conjunction with a conforming first mortgage loan. Funds may be used in conjunction with other programs for which the eligible household may qualify, and the loan may be placed in any priority position.

Assistance is limited to 10% of the purchase price of a one or two unit home, but not to exceed $32,000, and is provided in the form of a forgivable loan that becomes repayable if the property: (1) converts to nonowner occupancy, (2) is sold, (3) is subjected to an ineligible refinance, (4) is subjected to an unauthorized transfer of title, or (5) is subjected to a completed foreclosure action within the five-year loan term. Recapture can be waived in the event of financial or personal hardship.

To be an eligible for this program, a household must:

- Have income at or below 100% of the area median income at the time of purchase; and
- Include at least one adult member who:
  - Is preapproved for a first mortgage loan,
  - Who has either never owned a home or owned a home but lost it due to foreclosure, and
  - Whose parent or prior legal guardian either never owned a home or owned a home but lost it due to foreclosure.

At least one adult household member must complete an approved homebuyer education course prior to signing a purchase agreement and occupy the home as their primary residence.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **171** loans
- **$5,094,567** total loan amount
- **$29,793** average loan
- A median household income of **$82,888** or **74%** of the statewide median income
- **91%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $2,000,000.

Based on resources available for new activity, we expect to support on average about 30 households each year with a few of them using a Minnesota Housing home mortgage and the rest using other home mortgages.

HOMEBUYER/OWNER EDUCATION AND COUNSELING

HOMEOWNERSHIP EDUCATION, COUNSELING AND TRAINING (HECAT) FUND

The Homeownership Education, Counseling and Training (HECAT) Fund supports comprehensive pre-purchase services, including: (1) in-person homeownership education (Home Stretch and Realizing the American Dream), (2) homeownership services (financial wellness and homebuyer counseling), (3) home equity conversion (reverse mortgage) counseling, and (4) foreclosure prevention counseling. Besides the state appropriation, the Minnesota Homeownership Center contributes to the program. We award the funds through a competitive Request for Proposals (RFP) process. The online homeownership education course, Framework, is an alternate option to HECAT-funded homeownership education. While Framework is part of the overall homebuyer educations system that we support, HECAT does not fund Framework.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **5,180** households served through HECAT program
- **$2,253,392** total funding
- **$435** average Minnesota Housing assistance per household
- A median household income of **$54,000** or **48%** of the statewide median income
- **62%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $2,762,000 a portion of which is contingent on funds being made available by partner organizations.

Based on the resources available for new activity, we anticipate that on average roughly 3,680 households will receive homebuyer/owner education and counseling each year through HECAT.

HOMEOWNERSHIP CAPACITY

Indigenous, Black and households of color are an increasing share of the state's population, yet Minnesota's homeownership disparity (the homeownership rate differential between white/non-Latinx households and Black, Indigenous and households of color) is the 11th highest in the nation. These households often struggle to access the mortgage market.

The Homeownership Capacity program is funded with Pool 3 resources and state appropriations to BuildWealth MN and provides intensive financial education, coaching and case management services to prepare families for sustainable homeownership. It serves a range of households but has targeted efforts to reach households of color and low- to moderate-income households to increase their probability of successful homeownership.

This initiative supports new and expanded homeowner training efforts through existing organizations, which leverage funds from several sources.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **728** loans
- **$721,700** total grant amount
- **$991** average Minnesota Housing funding per household
- A median household income of **$47,532** or **43%** of the statewide median income
- **89%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $3,000,000.

Based on the resources available for new activity, we anticipate serving on average about 1,070 households each year.

HOME IMPROVEMENT LENDING

FIX UP LOANS

Fix Up Loans (including Community Fix Up) use Pool 2 resources to provide fully amortizing home-improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes. The Community Fix Up component is an add-on for eligible Fix Up lending partners and provides affordable financing to support community partnerships that target resources. Lending partners working with Community Fix Up may offer a slightly lower interest rate compared to the regular Fix-Up Loan Program by using leveraged funds. Fix Up and Community Fix Up loans are key tools for addressing the state's aging housing stock.

The program serves a broad range of incomes. With higher loan-to-value limits than traditional loan products and an unsecured loan option, borrowers can improve and preserve their homes when other financing options may not be available to them.

Income limit:

Property Location	Income Limit
Minneapolis/Saint Paul Metro Area (11-county)	$172,100
Dodge and Olmsted Counties	$172,100
All Other Counties	$152,000

(Energy Loan Plus has lower income limits: $105,900 for the 11-County Twin Cities Metro Area, $100,400 for Dodge and Olmstead Counties and $93,500 for all other counties. There is no Income limit for accessibility loans.)

Maximum loan amount:

- $75,000 for secured loans
- $25,000 for unsecured loans
- $30,000 for unsecured energy loans
- $60,000 for secured energy loans
- $35,000 for secured accessibility

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **1,262** loans
- **$39,427,230** total loan amount
- **$31,242** average loan
- A median household income of **$104,019** or **93%** of the statewide median income
- **16%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $78,000,000.

Based on current loan production trends and the resources available for new activity, we anticipate serving on average about 1,220 households each year.

REHABILITATION LOAN PROGRAM (RLP)

The Rehabilitation Loan Program (RLP) provides zero-interest, deferred loans to homeowners with income at or below 30% of the area median income (AMI) to improve the safety, livability or energy efficiency of their homes. The homes are rehabilitated to the greatest extent practicable to meet rehabilitation standards. Homeowners who need emergency assistance or have an essential accessibility need are referred to the Emergency and Accessibility Loan component of the program.

A network of over 30 lender partners, such as community action agencies, Tribal governments and local units of government, administer the program throughout the state. The maximum loan term is 15 years for properties taxed as real property and 10 years for manufactured homes taxed as personal property and located in a manufactured home community. All loans are forgiven after the loan term if the borrower does not sell, transfer title or cease to occupy the property during the loan term.

Current income limits are adjusted by household size, from $27,800 for a single person household to $39,300 for a four-person household. Other borrower assets cannot exceed $25,000.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **279** loans
- **$7,920,055** total loan amount
- **$28,387** average loan
- A median household income of **$18,444** or **16%** of the statewide median income
- **19%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $17,041,000.

Based on resources available for new activity, we expect to fund on average rehabilitation loans for approximately 270 households each year.

SINGLE FAMILY PRODUCTION – NEW CONSTRUCTION, REHABILITATION AND SUPPORTS

Besides the programs listed below, this activity includes the Economic Development Housing and Housing Challenge (EDHC) program and Housing Infrastructure resources, which are included the Multiple Use Resources section of this appendix because they can be used for both single-family and multifamily development.

SINGLE-FAMILY INTERIM LENDING

Single-Family Interim Lending provides loans, most often to smaller nonprofit organizations, to acquire, rehabilitate, demolish or construct owner-occupied housing under the Community Homeownership Impact Fund ("Impact Fund"). The homes are then sold to households with incomes at or below 115% of the area median income (AMI). Interim loans are financed with Agency resources and have a term of 42 months. Funds are awarded annually through the Request for Proposals process for the Impact Fund program and in accordance with our mission and priorities.

Program Performance and Trends

Performance data on interim lending are reported under the Impact Fund program in the EDHC description. The Impact Fund is the umbrella program under which we deliver the EDHC program, Housing Infrastructure resources, Workforce Affordable Homeownership Development Program, and interim construction financing for single-family owner-occupied housing.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $4,400,000.

Based on resources available for new activity, we expect to support on average the construction of about 20 homes each year.

WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM

The funds for the Workforce and Affordable Homeownership Development Program may be used for development costs, rehabilitation, land development and residential housing. In addition, the legislation allows for manufactured home community infrastructure development and repair and storm shelter development. Eligible program applicants are cities, Tribal governments, nonprofit organizations, cooperatives and community land trusts.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **12** units
- **$1,278,992** of funds disbursed
- **$106,583** average assistance per household
- A median household income of **$50,445** or **45%** of the statewide median income
- **30%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $12,761,000.

Based on resources available for new activity, we expect to support on average about 50 homes each year.

MANUFACTURED HOUSING AND COMMUNITIES

Besides the programs listed below, this activity includes Housing Infrastructure resources, which are included the Multiple Use Resources section of this appendix because they can be used for single-family and multifamily development and manufactured home community redevelopment.

MANUFACTURED HOME COMMUNITY FINANCING

Minnesota Housing has made available Agency resources (Pool 2, possibly in conjunction with some Pool 3 funds) for the acquisition, improvement and/or permanent financing of manufactured home communities throughout the state. These funds have been used independently or in connection with other resources, including our Manufactured Home Community Redevelopment Program.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **2** loans for communities with 117 homes total
- **$1,993,500** total loan amount
- **$17,039** average assistance per home

Expected Activity for 2026-2027

Given the Agency's current fiscal constraints (limited cash on hand from Agency resources for new lending), we do not expect to award funds under this program over the next two years.

MANUFACTURED HOME COMMUNITY REDEVELOPMENT GRANTS

This program was funded for the first time for the 2020-2021 biennium. Program funds are awarded as grants to eligible applicants for infrastructure improvements, such as storm shelters, street improvements and water and sewer system upgrades, or acquisition of manufactured home parks, as described in statute. The activities under statute are also an eligible use for Housing Infrastructure resources.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **2,614** manufactured home lots
- **$10,918,359** total grant amount
- **$4,177** average assistance per lot

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $2,238,000.

Based on these funds, we expect to support on average about 140 manufactured home lots each year. In addition, Housing Infrastructure resources (which are described in the Multiple Use Resource section of this appendix) can also be used for manufactured home community redevelopment. With those additional resources, we expect to support on average about 200 additional lots each year.

COOPERATIVE MANUFACTURED HOUSING INFRASTRUCTURE GRANTS

Cooperative Manufactured Housing Infrastructure Grants is a new program financed with General Obligation bond proceeds. Under the program, Minnesota Housing provides counties and cities grants to fund up to 50% of the capital costs for developing the housing infrastructure in eligible cooperatively-owned manufacture home communities. The Agency must prioritize projects with commitments of nonstate resources, which can be either in-kind or cash. The housing infrastructure must be publicly owned and include, but not limited to, sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for the pretreatment of wastewater to remove phosphorus. Minnesota Housing will evaluate applications for funding to determine if: (1) the project will provide adequate housing stock for the current and future workforce, and (2) the increase in workforce housing will result in substantial public and private capital investment in the county or city. A county or city may receive no more than $60,000 per manufactured home lot.

Program Performance and Trends

This is a brand-new program that will be launched in 2026 and 2027.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $3,000,000.

Based on resources available for new activity, we expect to fund about 30 rental units each year on average.

MANUFACTURED HOME RELOCATION TRUST FUND

The Manufactured Home Relocation Trust Fund requires owners of manufactured home parks to pay $15 per licensed lot into a Trust Fund each year if the fund's balance is below $2,000,000. Park owners are authorized to collect funds from each manufactured homeowner either monthly or in a lump sum that is paid to the State. The Trust Fund is available to homeowners who must relocate because the park they live in is being closed.

The statute sets out a process for determining the amount of money for which a homeowner is eligible for either moving or selling their home. Starting in 2024, Minnesota Housing has responsibility to collect the assessment from park owners, but since the Trust Fund balance has been above $2 million, the assessment has not been collected. We also make payments to homeowners for eligible costs, with claims overseen by an appointed neutral third party selected by the city where the park is closing.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **Less than 5** home lots
- **$20,943** total grant amount

Expected Activity for 2026-2027

As of June 30, 2025, the fund had a $2.05 million uncommitted balance, which is above the $2 million threshold.

Disbursements from the fund vary significantly from year to year, depending on the level of park closures. Currently, we are not making an estimate of the assistance needs.

RENTAL PRODUCTION – NEW CONSTRUCTION AND REHABILITATION

In addition to the programs listed below, this activity area includes two other programs — the multifamily part of the Economic Development and Housing Challenge program and Housing Infrastructure resources, which are described in the Multiple Use Resources section of this appendix. Those resources can be used for either single-family or multifamily development.

MULTIFAMILY FIRST MORTGAGES – LOW- AND MODERATE-INCOME RENTAL (LMIR)

We make available Multifamily First Mortgages through our Low- and Moderate-Income Rental (LMIR) program, using resources from Housing Investment Fund (Pool 2) and Agency bond proceeds. Direct loans are generally made under LMIR in combination with HUD's Risk-Sharing Program.

The LMIR program makes interest-bearing, amortizing first mortgages available for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. LMIR loans include both rent and income restrictions. Financing is available to housing sponsors both through the Consolidated Request for Proposals (RFP) process and on a year-round basis. To enhance LMIR loans, we may also offer a companion low- or no-interest, deferred loan under the Flexible Financing for Capital Cost (FFCC) program, resulting in a lower overall interest rate on a blended basis. Additionally, construction (bridge) loans may be available in conjunction with a LMIR program loan.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate."

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income;[1] or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **17** loans for developments with 1,066 units
- **$108,957,000** total loan amount
- **$102,211** average LMIR funding per unit
- A median household income of **$30,000** or **27%** of the statewide median income
- **54%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $110,000,000 for both permanent first mortgages and construction loans.

Based on resources we expect to be available for new permanent first mortgages, we expect to finance on average roughly 140 rental units each year. For bridge loan construction financing, we expect to assist on average approximately 110 units each year.

1 It is actually 60% of MTSP (Multifamily Tax Credit Subsidy Projects), which is very similar to AMI (area median income). We are using AMI in this explanation because it is a more widely used term.

FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC)

We provide Flexible Financing for Capital Costs (FFCC) deferred loans at low- or no-interest, using Housing Affordability Fund (Pool 3) resources. FFCC is generally available only in conjunction with Agency-originated first mortgage loans for the refinance, acquisition, rehabilitation, or new construction of rental developments that house low- and moderate-income Minnesotans. FFCC loans may also be used in tandem with Housing Infrastructure loans to fund costs not otherwise eligible from Housing Infrastructure proceeds. Loans include both rent and income restrictions.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% of the area median income; and the balance of units may have rents at the Minnesota Housing determined “market rate.”

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of the area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **1** FFCC loan for developments with 36 units
- **$575,000** total loan amount
- **$15,972** average FFCC assistance per unit

Expected Activity for 2026-2027

At this point, we are not expecting to use any FFCC funding in 2026 and 2027.

LOW INCOME HOUSING TAX CREDITS – 9%

The Low-Income Housing Tax Credit (LIHTC) Program provides federal income tax credits to owners and investors in the construction or acquisition/substantial rehabilitation of eligible rental housing. The U.S. Department of Treasury's Internal Revenue Service (IRS) allocates 9% LIHTCs based on state population and a per-capita amount that increases each year with the cost of living. Syndication proceeds are the amounts of private equity invested in developments because of the allocation and sale of federal LIHTCs. The allocation of 9% LIHTCs to developments is a highly competitive process, with requests far exceeding available credits. Housing financed with 9% LIHTCs must meet income and rent restrictions for a minimum of 30 years.

The Minnesota Legislature designated Minnesota Housing as the primary allocating agency of LIHTCs in Minnesota and qualified local cities and counties as suballocators.

We select housing developments to award 9% LIHTCs in two rounds of a competitive allocation process held each year. Round 1 is held concurrent with our Multifamily Consolidated Request for Proposals, and a smaller Round 2 is traditionally held early in the next calendar year. We establish a waiting list of unfunded or partially funded applications at the conclusion of Round 2.

Section 42 of the Internal Revenue Code requires that LIHTC allocating agencies develop an allocation plan for the distribution of the LIHTCs within the jurisdiction of the allocating agency. Our Qualified Allocation Plan (QAP) includes selection criteria and preferences required by Section 42 and deemed appropriate to local conditions and established by us based on input from the public, partners and stakeholders.

The federal LIHTC program is separate from the State Housing Tax Credit program.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **9** projects with 481 LIHTC units receiving 9% LIHTCs
- **$100,359,050** in syndication proceeds (investor equity from the sale of credits)
- **$208,647** average syndication amount per unit
- A median household income of **$25,075** or **22%** of the statewide median income
- **49%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

We estimate that that Minnesota Housing will allocate $28,764,000 in 9% LIHTCs in 2026-2027, which should generate about $215 million to $235 million in syndication proceeds for the two years combined.

Based on the resources available for new activity, we expect to allocate 9% LIHTCs to support about 430 rental units each year on average.

NATIONAL HOUSING TRUST FUND (NHTF)

The National Housing Trust Fund (NHTF) Program is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of safe, affordable housing for extremely low-income households, including families experiencing homelessness. NHTF is capitalized through contributions from the government sponsored enterprises Fannie Mae and Freddie Mac and is administered by the U.S. Department of Housing and Urban Development (HUD).

The program provides financing for:

- New construction,
- Acquisition with rehabilitation,
- Rehabilitation without acquisition, and
- Operating cost assistance for one of the above developments (up to 33% of the annual grant)

Rent Restrictions: Rents for an extremely low-income tenant shall not exceed affordability at 30% of the area median income (AMI), as published by HUD for the NHTF program.

Income Restrictions: NHTF-assisted units must be occupied by households with incomes at or below 30% of the AMI, as published by HUD for the NHTF program.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **1** loan for development of 45 units
- **$8,518,499** total loan amount
- **$189,300** average funding per unit
- A median household income of of **$2,364** or **2%** of the statewide median income
- **61%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $6,269,000.

Based on the resources available for new activity, we expect to support roughly 30 rental units each year on average.

HOME

The HOME Investment Partnership (HOME) Program provides deferred loans for the new construction, rehabilitation or acquisition/rehabilitation of permanent affordable rental housing for low- and very low-income households, including housing with state or federal project-based rental subsidies. The program is funded with federal appropriations.

We allocate HOME funds through the annual Multifamily Consolidated Request for Proposals (RFP) process.

Tenant income limits: The U.S. Department of Housing and Urban Development (HUD) annually sets limits for the HOME program.

Rent Restrictions: HUD annually sets limits for the HOME program.

Maximum assistance amount: HUD annually sets the maximum per-unit subsidy limits.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported no HOME program activity.

Expected Activity for 2026-2027

The estimated 2023-2024 resources are $37,260,000.

Based on resources available for new activity, we expect to fund about 110 rental units each year on average.

PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)

PARIF provides loans to fund the preservation of: (1) permanent affordable rental housing with federal project-based rent subsidies that are in jeopardy of being lost, (2) existing supportive housing developments, and (3) naturally occurring affordable housing (as determined by the commissioner). Eligible activities under PARIF include rehabilitation, acquisition and rehabilitation, and debt restructuring.

We allocate PARIF funds, which are state appropriations, through our annual Multifamily Consolidated Request for Proposals (RFP) process and on a year-round basis, if funding is available.

This program is a critical tool in the long-term preservation of expiring project-based Section 8 contracts, properties with Rural Development rental assistance, and other project-based federally assisted housing.

Tenant income limit: PARIF is subject to the federal guidelines for the units being preserved.

Maximum assistance amount: None

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **1** loan for developments with 86 units
- **$5,883,000** total loan amount
- **$68,407** average PARIF assistance per unit
- A median household income of of **$15,114** or **14%** of the statewide median income
- **57%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $24,853,000.

Based on resources available for new activity, we expect to fund 170 rental units each year on average.

HOME-ARP (HOME AMERICAN RESCUE PLAN)

Minnesota Housing received a one-time allocation of approximately $31 million in HOME American Rescue Plan funding (HOME-ARP) to assist individuals or households who are experiencing or at risk of homelessness, along with other vulnerable populations. This funding allocation is separate from Minnesota Housing's regular annual HOME Investment Partnerships appropriation.

Minnesota Housing's approved allocation plan provides for a request for proposal (RFP) process for and tailored to eligible HOME-ARP activities. Specifically, Minnesota Housing plans to spend approximately $27 million (90% of the grant) on the development of affordable rental housing, and approximately $3 million (10% out of an allowable 15% of the grant) on administration and planning.

Additionally, the allocation plan allows for a preference for the "qualifying population" of homeless as defined by 24 CFR § 91.5. Having a preference in the allocation plan allows Minnesota Housing to entertain proposals that are tailored to one qualifying population, rather than all of HOME-ARP's qualifying populations; however, having a preference does not limit Minnesota Housing's ability to choose projects or proposals focused only on that one qualifying population. As of the publication of this Affordable Housing Plan, the RFP timeline is still being determined.

Program Performance and Trends

So far, this program has not had any activity.

Expected Activity for 2024-2026

The estimated 2026-2027 resource availability is $28,024,000.

Based on resources available for new activity, we expect to support about 90 units each year on average.

ASSET MANAGEMENT

Under the Asset Management program, resources are available on a year-round basis and are designed to fund properties with immediate critical health and life safety needs. Properties with financing from Minnesota Housing are eligible, including those with existing affordability restrictions or rental assistance contracts administered by Minnesota Housing. Because we prioritize properties already in Minnesota Housing's portfolio, referrals primarily come from Minnesota Housing's asset management and compliance staff.

Under the Asset Management program, we can provide a range of loan types, including interest-bearing, non-interest bearing, amortizing and/or deferred loans.

Owners receiving funds under this program must agree to extend affordability restrictions to be coterminous with the new loan.

Funding for Asset Management comes from two sources: (1) Financing Adjustment Factor (FAF)/Financing Adjustment (FA), and (2) Housing Affordability Fund (Pool 3). FAF/FA are federal funds and come from a financing agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we provided no asset management assistance.

Expected Activity for 2026-2027

At this point, we are not expecting to use any Asset Management funding for 2026 and 2027.

RENTAL REHABILITATION DEFERRED LOAN (RRDL) PROGRAM

RRDL provides deferred loans at no interest to individuals, developers, nonprofits, units of government and Tribal entities for the moderate rehabilitation of permanent rental housing outside the metro area. The program is funded with state appropriations and designed to serve owners of smaller properties that do not apply or would not be competitive in our regular Consolidated Request for Proposals (RFP) process.

RRDL funds are available through a targeted Request for Proposals process. Owners can apply directly to Minnesota Housing for RRDL funds. Loan terms range from 20 to 30 years. RRDL loans are also subject to a minimum affordability period of 15 years. Properties containing eight or more units may apply for loans where 10% of the loan amount is forgiven after successful completion of the loan term and maintaining the RRDL rent and income requirements.

Current tenant income limit: 80% of the greater of the statewide or area median income (AMI) for a family of four, not adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **8** loans for development with 218 units
- **$5,801,400** total loan amount
- **$26,612** average RRDL assistance per unit
- A median household income of **$19,825** or **17%** of the statewide median income
- **13%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $7,700,000.

Based on resources available for new activity, we expect to fund about 110 rental units each year on average.

PUBLICLY OWNED HOUSING PROGRAM (POHP)

Through the Publicly Owned Housing Program (POHP), we provide deferred, forgivable loans at no interest to eligible public housing authorities or housing and redevelopment authorities to preserve/rehabilitate properties that they own and operate under HUD's Public Housing program. The program is traditionally funded with state General Obligation (GO) bond proceeds. Loans from GO bonds are structured with a 20-year term and a 35-year compliance period.

For the 2024-2025 biennium, the program was funded with direct appropriations, which also allowed eligible Rental Assistance Demonstration (RAD) or similarly converted property owners and Tribal entities to apply for funding. Loans from POHP appropriations are structured with a 20-year term and a 20-year compliance period.

POHP loans can be used only for eligible capital costs of a non-recurring nature that add value or life to the buildings. POHP funds are available through a Request for Proposals process with owners applying directly to the Agency. The loan amount is forgiven after the loan term has been met provided there is no evidence of default.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **4** loans for developments with 296 units
- **$5,405,300** total loan amount
- **$18,261** average POHP assistance per unit
- A median household income of **$13,003** or **12%** of the statewide median
- **47%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $12,967,000. The 2025 legislature made available $26 million of GO bond resources for this program, and the Agency was able to award a portion of that through an RFP process that we completed in August 2025, which falls under the 2024-2025 AHP. The funds available in 2026 and 2027 are mix of GO bond resources and state appropriations.

Based on resources currently available for new activity, we expect to support roughly 320 rental each year on average.

LOCAL PUBLIC HOUSING PROGRAM

The Local Public Housing Program is a new program that provides funds to cities, counties, Tribal nations or Tribally designated housing entities to develop or acquire housing that will be owned by the recipient. The recipient must use the funds for qualifying capital costs, including predesign, design, property acquisition, construction, furnishing and equipping the property for use as housing. The recipient must maintain ownership of the housing for at least 50 years.

At least 30% of the units in a multifamily property must be occupied by households with an income at or below 50% of the area median income at the time of initial lease agreement; and at least 30% of the units must be occupied by households with an income at or below 100% of the area median income. No household in a multifamily property may have an income greater than 400% of the area median income at the time of the initial lease agreement. In a single-family property, the home must be occupied by a household with an income at or below 80% of the area median income. The recipient of the funding may act as a community land trust with respect to single-family properties.

The program will have two accounts:

- The housing development fund, which is funded with state appropriations. Awards must be provided as loans. Minnesota Housing must operate this account as a revolving loan fund.
- The bond proceeds fund, which is funded with bond proceeds. Awards must be provided as grants.

Cities and counties are eligible to receive funds from either account, and Tribal nations and Tribally designated housing entities are eligible to receive loans from the housing development fund.

Program Performance and Trends

This is a brand-new program that will be launched in 2026 and 2027.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $2,439,000.

Based on resources available for new activity, we expect to fund about 20 rental units each year on average.

WORKFORCE HOUSING DEVELOPMENT PROGRAM

This competitive program targets small to mid-size cities, communities or federally recognized Tribal reservations in Greater Minnesota with rental workforce housing needs. Funds may be used for qualified expenditures that result in the direct development of rental properties. Funds are targeted to proposals with the greatest proportion of market-rate units but can be used for developments with rent and income restrictions imposed by other funding sources for some units. Communities with 30,000 or fewer residents have a funding priority.

Funding is available under a stand-alone Request for Proposals (RFP). Proposals are ranked and scored according to the Workforce Housing Development Program statute. Proposed rents are evaluated against the current and projected jobs and wages within the community. Funding is solely from state appropriations.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **3** loans for developments with 135 units
- **$1,195,700** total loan amount
- **$8,857** average assistance per unit

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $4,160,000.

Based on resources available for new activity, we expect to fund about 50 rental units each year on average.

HIGH-RISE SPRINKLER GRANT AND LOAN PROGRAM

High-Rise Sprinkler System Grant and Loan Program was a new, one-time program under the previous AHP with unused funds carrying over to the 2026-2027 AHP. The program will make grants and loans up to $2 million to owners of eligible buildings for installation of sprinkler systems and, if necessary, for relocation of residents during the installation of sprinkler systems. Nonprofit applicants will be prioritized and require a 25% match, while for-profit applicants require a 50% match.

To be eligible, existing residential buildings must have: (1) at least seven stories or more in height or 75 feet or more above the lowest level of fire department vehicle access, and (2) at least two-thirds of its units being affordable to households with an annual income at or below 60% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported no High-Rise Sprinkler Grant program activity.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $6,536,000.

Based on resources available for new activity, we expect to fund roughly 470 rental units each year on average.

RENTAL ASSISTANCE CONTRACT ADMINISTRATION

SECTION 8 – PROJECT-BASED RENTAL ASSISTANCE

The Housing and Community Development Act of 1974 created the project-based Section 8 Housing Assistance Payments Program. Under the program, the U.S. Department of Housing and Urban Development (HUD) entered contracts with property owners to provide rental assistance for a fixed period for families with incomes no greater than 80% of the area median income. No new development has been funded under this program since the mid-1980s; however, HUD and the Agency collaborate to not only preserve and extend existing contracts but also transfer project-based budget authority from developments with owners that want to exit the program to partially-assisted or previously-unassisted properties. Under existing contracts, tenants pay no more than 30% of adjusted household income for rent. HUD pays the difference between tenant rent payments and the contract rent of assisted units.

Through a contract with HUD under the Performance Based Contract Administration (PBCA) authority, the Agency, as a Public Housing Authority (PHA), administers the existing project-based Section 8 contracts in Minnesota. Currently, the Agency has 533 Section 8 contracts covering 34,259 rental units.

Under these contracts, the Agency helps administer this important federal program, including performing management and occupancy reviews, processing contract renewals and annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns and following up on Real Estate Assessment Center physical inspections. In addition to ensuring that this deeply affordable housing resource remains viable and in compliance with federal requirements, these activities assist us in identifying and planning for the preservation needs of developments with Section 8 assistance.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **34,333** households assisted
- **$256,194,628** in Housing Assistance Payments (HAP)
- **$7,462** average (HAP) assistance per household
- A median household income of **$13,928** or **13%** of the statewide median
- **42%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

Our current PBCA agreement with HUD has been extended several times. The Agency continues to work with HUD regarding extensions to that agreement and the possibility of a federal RFP regarding PBCA services in the future. PBCA revenue earned through administration of the contracts pays 100% of the cost of administering the program.

The estimated 2026-2027 resources are $561,848,000.

Based on resources available for new activity, we expect to support about 34,260 rental units each year on average.

HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT

HOUSING TRUST FUND (HTF)

Historically, funding for the HTF has been used to fund capital, rental assistance and operating subsidy expenses. In recent years, we have used HTF state appropriations for rental assistance and operating subsidies at some developments previously financed by Minnesota Housing. Households served by HTF include High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System for homelessness services.

Current tenant income limit: 60% of the area median income (AMI) for the supported household's region, with a priority for people at 30% of AMI and/or High Priority Homeless households.

Minnesota Housing provides HTF rental assistance and operating subsidies under two-year contracts with local administrators. For rent assistance, the new two-year contracts will start in October 2025. For operating subsidies, we will issue a Request for Proposals in 2026.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **1,180** households assisted
- **$10,321,314** in total disbursements
- **$11,096** average HTF assistance per household
- A median household income of **$10,092** or **9%** of the statewide median income
- **62%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $28,200,000 for all HTF activities.

Based on resources available for new activity, we expect to support about 1,830 renter households each year on average, about 1,040 through rental assistance and 790 through operating subsidies.

HOMEWORK STARTS WITH HOME

Homework Starts with Home is a state-funded program that provides direct assistance, such as rent assistance and supportive services to students and their families experiencing housing instability. The program was created in response to the increasing number of students experiencing homelessness and is built upon the successful Housing Trust Fund Rental Assistance Pilot for Homeless and Highly Mobile Families. The program serves students and their families who are experiencing homelessness or imminent risk of homelessness, including: (1) families with children eligible for a pre-Kindergarten through grade 12 academic program, and (2) youth (with or without children of their own) who are eligible for an academic program and facing housing instability without their parent or guardian. The goals of the program are to achieve housing stability as well as improve academic achievement and school attendance among students participating in the program.

A collaborative approach involving local housing organizations, schools and service providers is a key feature of the local program design.

Grant funds are awarded through a competitive Request for Proposals (RFP) process.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **238** households assisted
- **$4,939,788** in total disbursements
- **$20,755** average Homework Starts with Home assistance per unit
- A median household income of **$11,280** or **10%** of the statewide median
- **74%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $5,832,000.

Based on resources available for new activity, we expect to support about 320 renter households each year on average.

BRIDGES

Bridges is a state-funded rental assistance program for people with a mental illness. The program goal is to assist individuals so they can live in integrated settings in their communities until a permanent housing subsidy is available. Bridges operates in selected counties throughout the state and is administered through local housing organizations. The Minnesota Department of Human Services and Minnesota Housing collaborate in the administration of this program.

Tenants are responsible for a portion of the rent, which is generally equal to 30% of their income.

Bridges is an important component of Minnesota Housing's contribution to achieving the goals of both the Minnesota's Olmstead Plan and the state's Plan to Prevent and End Homelessness. In 2015, the program started prioritizing households with:

- Persons residing in an institution, segregated setting, or under correctional supervision who will be homeless upon exit,
- Persons experiencing homelessness who are assessed as High Priority Homeless (HPH) through the Coordinated Entry (CE) system, and
- People experiencing or at imminent risk of homelessness.

Current tenant income limit: 50% of the area median income.

Bridges funds rent assistance under two-year contracts with local administrators. Grant funds are awarded through a competitive Request for Proposals (RFP) process.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **588** households assisted
- **$4,037,915** in total disbursements
- **$9,059** average Bridges assistance per household
- A median household income of **$12,204** or **11%** of the statewide median income
- **34%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $15,000,000.

Based on resources available for new activity, we expect to support about 750 renter households each year on average.

BRING IT HOME RENTAL ASSISTANCE

Bring It Home Rental Assistance is a new program and modeled after the federal HUD Section 8 program and can provide both tenant- and project-based rental assistance. The assistance amount for renters will equal the difference between 30% of the household's income and the rent charged, plus an allowance for utilities if not included in rent. The maximum contract rent that can be subsidized is 120% of the payment standard as established by the local public housing authority unless the Agency allows otherwise.

Eligible households are those with an annual income of up to 50% of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, that is paying more than 30% of their annual income on rent. Eligibility is determined at the time a household first receives assistance and must be recertified annually. Households receiving rental assistance under the federal Section 8 program are not eligible.

Households with children 18 years of age and under and an annual income of up to 30% of the area median income are prioritized. Program administrators are allowed to establish additional priority populations based on local need.

Funds will be distributed statewide to housing and redevelopment authorities, other local units of government that administer federal rental assistance, Tribal governments or Tribally-designated housing entities, or a nongovernmental organization if there are no other entities in a region able to administer the program. Minnesota Housing is required to make grants statewide in proportion to the number of households eligible for assistance in each county based on the most recent American Community Survey. Entities that administer the program may use existing procedures for distributing rental assistance, or have new procedures approved by the Agency.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported no Bring It Home Renal Assistance program activity.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $131,400,000.

The Agency has awarded the initial funds, and program activity will ramp up over the next year. Based on resources available for new activity, we expect to support about 4,700 renter households each year on average.

SECTION 811 SUPPORTIVE HOUSING PROGRAM

Section 811 is a federal program through which the U.S. Department of Housing and Urban Development (HUD) has provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing units for people with disabilities. The goals of the program are to:

- Increase housing opportunities for people with disabilities,
- Transition people with disabilities from institutions to community-based settings,
- Reduce public costs of homelessness and institutional care,
- Create a centralized outreach and referral system for people with disabilities, and
- Develop new service linkages.

We implement the program in partnership with the Minnesota Department of Human Services (DHS). DHS staff coordinates all outreach, screening and referrals for these units and works with property owners to ensure support services are offered to tenants.

The state enters into contracts with selected public and private rental property owners for a minimum of 20 years, with initial funding for a period of five years. Funding beyond the first five years is subject to federal appropriations. The project-based rent assistance covers the difference between the tenant's payment and the approved gross rent. A small portion of the grant is used to pay for administrative expenses.

To ensure that this deeply affordable housing resource remains viable and in compliance with federal requirements, the Agency administers this program by performing management and occupancy audits, processing annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns and performing National Standards for the Physical Inspection of Real Estate (NSPIRE) compliant physical inspections.

The Section 811 program is an important tool for achieving the goals of the Olmstead Plan to provide integrated housing options for people with disabilities. It is a unique opportunity to expand supportive housing for people with disabilities and leverage Medicaid resources for services.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **155** households assisted
- **$1,195,237** in total disbursements
- **$7,711** average Section 811 assistance per household
- A median household income of **$12,288** or **11%** of the statewide median income
- **54%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $5,604,000.

Based on resources available for new activity, we expect to support about 240 renter households each year on average.

FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP)

Under FHPAP, we assist families with children, unaccompanied youth and single adults who are homeless or are at imminent risk of homelessness. Funds are used for a broad range of purposes aimed at preventing homelessness, shortening the length of stay in emergency shelters, eliminating repeat episodes of homelessness and assisting individuals and families experiencing homelessness to secure permanent affordable housing.

FHPAP assists extremely low-income people primarily through short-term rent assistance, security deposits, utilities and transportation assistance and case management services. FHPAP grants also encourage and support innovations at the county, region or local level for a more seamless and comprehensive homelessness response system.

FHPAP operates under two-year contracts with local administrators. Grant funds are awarded through a competitive Request for Proposals (RFP) process.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **11,196** households assisted
- **$39,975,916** in total disbursements
- **$3,571** average FHPAP assistance per household
- A median household income of **$11,808** or **11%** of the statewide median income
- **61%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $30,688,000.

Based on resources available for new activity, we expect to support about 4,380 households each year.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) program provides grants for housing assistance and services (including short-term rent, mortgage and utility assistance) for people with an HIV-positive status and their families.

The U.S. Department of Housing and Urban Development (HUD) allocates funds to local jurisdictions based on the number of individuals living with HIV or AIDS. The city of Minneapolis receives and administers a direct award for the 13-county Minneapolis/Saint Paul Metropolitan Statistical Area. We receive a direct award for the balance of the state.

Current tenant income limit: 80% of area median income, adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **187** households assisted in 48 counties
- **$172,343** of assistance disbursed
- **$922** average HOPWA assistance per household

Expected Activity for 2026-2027

The estimated 2026-2027 resources availability is $454,000, which will be the last award that the Agency will receive for this program.

Based on resources available for new activity, we expect to support 300 households with these last funds.

STRENGTHEN SUPPORTIVE HOUSING

Strengthen Supportive Housing is a new program with one-time funding provided by the 2023 legislature. The program will provide resources to increase alignment and strengthen supportive housing for individuals and families who have experienced homelessness. Eligible recipients may include local units of government, federally recognized American Indian Tribes or their Tribally Designated Housing Entities located in Minnesota, private developers, or nonprofit organizations. Funds may be used to:

- Cover costs needed for supportive housing to operate effectively, which may include building operating expenses such as front desk, tenant service coordination, revenue shortfall, and security costs.
- Support existing permanent supportive housing units, or cover costs associated with new permanent supportive housing units, or
- Create partnerships with the health care sector and other sectors to demonstrate sustainable ways to provide services for supportive housing residents, improve access to health care, and reduce the use of expensive emergency and institutional care. This may be done in partnership with other state agencies, including the Department of Health and the Department of Human Services.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported no Strengthen Supportive Housing program activity.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $9,344,000.

Given the diverse nature of the funded activities, we are not estimating how many households will be supported by these resources.

MULTIPLE USE RESOURCES

ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC)

Under the Economic Development and Housing Challenge Program (EDHC), we provide grants or deferred loans for new construction, acquisition, rehabilitation, interest rate reduction, interim or permanent financing, refinancing and gap funding. Funds are used to support economic and community development within an area by meeting locally identified housing needs for either renter or owner-occupied housing.

Our Multifamily and Single-Family divisions allocate these resources to proposals submitted through competitive Request for Proposals (RFP) processes. Staff evaluates proposals according to EDHC selection standards and our strategic priorities. RFP funding for single family housing is available under the Community Homeownership Impact Fund (Impact Fund), which is the umbrella program for EDHC, Housing Infrastructure resources, Workforce and Affordable Homeownership Development resources, and Single-Family Interim Lending for homeownership activities.

We make EDHC loans and grants to local governments, private developers, federally recognized American Indian Tribes or subdivisions located in Minnesota, Tribal housing corporations, nonprofit organizations, or school districts for both multifamily (minimum of four units) and single-family projects. EDHC requires that 50% of the funds be used for projects that have leveraged funds from non-state resources. Preference is given to proposals with the greatest portion of costs covered by non-state resources.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or state median income for rental housing.

Maximum loan amount: None beyond funding availability.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

Multifamily EDHC

- **301** units
- **$16,551,475** total loan/grant amount
- **$54,988** average EDHC assistance per unit
- A median household income of **$22,793** or **20%** of statewide median income
- **62%** of households were Indigenous, Black or households of color

Single-Family EDHC – Impact Fund

- **237** units
- **$10,701,759** total loan/grant amount
- **$45,155** average EDHC assistance per home
- A median household income of **$50,897** or **46%** of statewide median income
- **58%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $46,297,000.

Based on resources available for new activity, we expect to support roughly 220 owner-occupied and rental housing units each year on average.

HOUSING INFRASTRUCTURE RESOURCES

Traditionally, Housing Infrastructure Bonds (HIBs) have funded this program with the bonds being issued by Minnesota Housing, as authorized by the Minnesota Legislature. HIBs can be issued as governmental, 501(c)(3) or private activity bonds. If the bonds are issued as private activity bonds, applicants for rental funding also may access 4% housing tax credits. At times, direct appropriations have funded the program.

Housing Infrastructure resources may be used to finance the following project types:

- The acquisition, construction or rehabilitation of affordable permanent supportive housing for individuals and families without a permanent residence;
- The acquisition, rehabilitation, adaptive reuse or new construction of senior housing;
- The preservation of existing federally assisted rental housing by funding acquisition, rehabilitation, replacement and refinancing;
- Acquisition and rehabilitation of foreclosed or abandoned housing to be used for affordable rental housing;
- New construction of rental housing on abandoned or foreclosed property where the existing structures will be demolished or removed;
- The acquisition of land by community land trusts and used for affordable single-family homeownership opportunities;
- The costs of acquisition, rehabilitation, adaptive reuse or new construction of single-family housing;
- The cost of acquisition and infrastructure needs for manufactured home communities; and
- The construction, acquisition and rehabilitation of permanent housing with rents affordable at or below 50% of AMI.

We allocate Housing Infrastructure resources through the annual Multifamily and Single-Family Requests for Proposals (RFPs). These funds are typically provided as deferred, no interest loans but also are provided as grants to fill value gap in single-family developments and assist community land trusts.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of statewide median income or area median income, not adjusted for household size for rental housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

Multifamily HIB

- **381** units
- **$50,780,624** total amount
- **$133,282** average HIB assistance per unit
- A median household income of **$7,000** or **6%** of statewide median income
- **59%** of households were Indigenous, Black or households of color

Single-Family HIB

- **37** units
- **$2,231,734** total amount
- **$60,317** average HIB assistance per home
- A median household income of **$56,530** or **51%** of statewide median income
- **38%** of households were Indigenous, Black or households of color

Expected Activity for 2026-2027

The estimated 2026-2027 resource availability is $70,412,000.

Based on resources available for new activity, we expect to support each year on average:

- 150 multifamily units,
- 90 single Family units, and
- 200 manufactured home community lots. These manufactured housing lots are also referenced in the earlier section about manufactured housing and communities.

STATE HOUSING TAX CREDIT PROGRAM AND CONTRIBUTION FUND

The State Housing Tax Credit Program and Contribution Fund helps finance multifamily and single-family housing across the state. The Minnesota Legislature created the Minnesota Housing Tax Credit Contribution account, as outlined in Minnesota Statutes 462A.40 and 290.0683. Minnesota Housing branded this program as the State Housing Tax Credit (SHTC) Program and Contribution Fund to distinguish it as a state program and help avoid confusion with the Agency's existing federal housing tax credit programs.

Funding for this program is unique because there are no state or federal appropriations. The SHTC program is entirely funded with eligible Minnesota taxpayer contributions. Eligible taxpayers can annually contribute at least $1,000 but not more than $2 million to the Contribution Fund. In return, the taxpayer receives a state Tax Credit Certificate that equals 85% of the contribution, which the taxpayer may use to reduce their state tax obligation. The maximum aggregate amount of tax credits allowed to all eligible contributors is $9.9 million annually. Eligible uses of the funds include gap financing for new construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing and permanent financing. The authorizing legislation sunsets on December 31, 2028.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **306** units
- **$5,801,000** total assistance mount
- **$18,997** average assistance per unit

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $23,294,000. This assumes that the program is fully subscribed with contributions each of the two years.

Based on resources available for new activity, we expect to support roughly 580 owner-occupied and rental housing units each year on average.

LOCAL HOUSING AID GRANTS (TIER II CITIES)

This program is a component of the Department of Revenue's Statewide Local Housing Aid Program, which is designed to help Tribal nations and local governments outside of the Twin Cities metropolitan area develop and preserve affordable housing.

For cities with a population over 10,000 and counties, funds will go directly from the Department of Revenue to the grantees based on a distribution formula. While Minnesota Housing will collect reports on the use of these funds starting in 2025, the distribution of these funds will not involve Minnesota Housing.

For cities with a population under 10,000, the funds have come to Minnesota Housing for a grant program that prioritizes cities with a higher share of cost-burdened households. Housing projects for households with incomes at or below 80% of area median income (AMI) for rental and 115% of AMI for homeownership are eligible for these funds, but households at or below 50% of AMI for rental and 80% AMI for homeownership are prioritized. Priority will also be given to projects that:

- Reduce disparities in homeownership;
- Reduce housing cost burden, housing instability, or homelessness;
- Improve the habitability of homes;
- Create accessible housing; or
- Create more energy- or water-efficient homes.

Qualifying projects include:

- Emergency rental assistance for households with income less than 80% of AMI;
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; and
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing.

Program Performance and Trends

This was a new program with no activity in 2024.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are up to $1,250,000 for the two years.

Based on resources available for new activity, we expect to support about 10 housing units each year on average.

GREATER MINNESOTA HOUSING INFRASTRUCTURE

Greater Minnesota Housing Infrastructure provides grants of up to 50% of the capital costs of public infrastructure necessary for an eligible workforce housing development project. Cities outside the metro area are eligible recipients. Grants are limited to $40,000 per lot for single-family, duplex, triplex or fourplex housing developed, $180,000 per lot for multifamily housing with more than four units per building, and $60,000 per manufactured housing lots. Cities are limited to $500,000 over a two-year period. Awards made for manufactured housing are not counted toward the $500,000 limit. A nonstate match is required and may be cash, other committed grant funds or in kind.

Single family, multifamily, owner-occupied and rental housing development projects are eligible. Housing infrastructure can include:

- Sewers,
- Water supply systems,
- Utility extensions,
- Streets,
- Wastewater treatment systems,
- Stormwater management systems, and
- Facilities for pretreatment of wastewater to remove phosphorus.

Program Performance and Trends

This was a new program with no activity in 2024.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $9,461,000.

Based on resources available for new activity, we expect infrastructure investments to support about 550 housing units each year on average.

This program is a one-time program funded by the 2023 legislature, but the legislature made some program and funding changes since then. The program now has three components:

- Distressed Multifamily Rental Building
- Naturally-Occurring Affordable Housing – Multifamily Rental Housing
- Naturally-Occurring Affordable Housing – Single-Family Housing

Distressed Multifamily Rental Building

This component will provide grants or loans for the preservation or recapitalization of housing with up to $15 million of that designated for supportive housing. Program funds may be used for financing the physical and financial needs that are necessary to stabilize an eligible property which includes:

- Debt restructure,
- Deferred maintenance and rehabilitation,
- Property operating costs,
- Capitalizing replacement, operating and/or supportive service reserves, or
- Financing to sell or transfer ownership of a property to a qualified owner that will commit to long-term affordability.

For purposes of the program, "distressed building" means an existing multifamily rental building in which the units are restricted to households with incomes at or below 60% of the area median income (AMI) that:

- Is at imminent risk of foreclosure, closure or sale that would result in permanent loss of affordability;
- Has two or more years of negative net operating income, exclusive of financial or in-kind operating support from the owner of the property;
- Has two or more years with a debt service coverage ratio less than one; or
- Has necessary costs of repair, replacement, or maintenance that exceed the project reserves available for those purposes.

Housing that receives financing under this program is subject to the following affordability terms: All units shall have gross rents that are at or below 60% Multifamily Tax Subsidy Projects (MTSP) rent limits and income limits. Multifamily housing must remain affordable to low-income or moderate-income households and must accept rental subsidies.

Grants or loans may be made to eligible recipients, which are:

- Local unit of governments,
- Federally recognized American Indian Tribes located in Minnesota or its Tribally Designated Housing Entity,
- Private developers, or
- Nonprofit organizations.

Naturally Occurring Affordable Housing – Multifamily Rental Housing

This component will provide loans to preserve naturally occurring affordable housing (NOAH), which is housing that is affordable without government funding and income/rent limits. Eligible uses of these funds include acquisition, rehabilitation, interest rate reduction or gap financing of housing to support the preservation of NOAH rental properties. Housing that serves lower-income households and maintains longer periods of affordability will be prioritized.

For purposes of the program, "naturally occurring affordable housing" means Multifamily rental housing that:

- Has four or more rental units;
- Is at least 20 years old;
- Has rents for a majority of units that are affordable to households at or below 60% of the greater of state or area median income; and

- Does not currently have federal or state financing or tax credits that require income or rent restrictions, except for public housing.

Housing that receives financing under this program is subject to affordability terms. It must remain affordable to low-income or moderate-income households and must accept rental subsidies.

The minimum rent requirements for the restricted units are as follows:

- At least 50% of all the units shall have gross rents that are affordable to households with incomes at or below 60% of MTSP.
- At least 30% of all the units shall have gross rents that are affordable to households with incomes at or below 80% MTSP.

Up to 20% of all the units may be unrestricted; however, unrestricted units are ineligible for program funds and the applicant must identify an alternative source of funding for those units.

The minimum income restrictions for the restricted units may be 10 percentage points higher than the corresponding rent restriction but shall not exceed 80% MTSP income limits.

Loans may be made to several eligible recipients, which are:

- Local unit of governments,
- Federally recognized American Indian Tribes located in Minnesota or their Tribally Designated Housing Entities,
- Private developers,
- Limited equity cooperatives or a cooperative created under Minnesota Statutes chapter 308A or 308B, or
- Nonprofit organizations.

Naturally Occurring Affordable Housing – Single Family Housing

This component will also provide funds to preserve naturally occurring affordable housing, but for single-family properties. Eligible uses of these funds include acquisition and rehabilitation of housing to support the preservation of naturally occurring affordable housing. Housing that serves lower-income households and maintains longer periods of affordability will be prioritized. Funding may be used to acquire single-family rental housing that is intended to be converted to affordable homeownership.

For purposes of the program, “naturally occurring affordable housing” means single-family housing that:

- Has one to four units;
- Is in communities where market pressures or significant deferred rehabilitation needs, as defined by the agency, create opportunities for displacement or the loss of owner-occupied or single-family rental housing; and
- Affordable to owner-occupied households at or below 115% or rental households at or below 80% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

Households served through this program must at initial occupancy have income that is at or below 115% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

Program Performance and Trends

This program had no activity in 2024.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $99,738,000.

Based on resources available for new activity, we expect to support about 620 housing units in 2024 and 680 in 2025.

LEAD-SAFE HOMES

This is a new statewide grant program that will support making homes safer through lead testing and hazard reduction. Nonprofits and local units of government are eligible to apply. Projects are intended to serve low-income residents where there are high concentrations of lead poisoning in children based on data provided by the Minnesota Department of Health.

Activities can include: (1) lead risk assessments completed by a lead inspector or a lead risk assessor and (2) remediation of lead health hazards. For multifamily rental properties, at least 50% of the residents must have an income at or below 60% of the area median income. Up to 10% of a grant can be used for administrative expenses and provide education and outreach about lead health hazards.

Program Performance and Trends

This program had no activity in 2024.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $3,979,000.

Based on resources available for new activity, we expect to support about 400 housing units in each year on average.

STRATEGIC INVESTMENTS/LOANS

Periodically, we can make strategic investments or loans with Pool 2 resources or other mortgage capital to help address an affordable housing issue. For example, we have committed funds to help finance the Greater Minnesota Housing Fund's initiative to preserve naturally occurring affordable housing. These types of investment opportunities and initiatives are not always known or included when the Affordable Housing Plan is developed.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we reported:

- **83** units
- **$9,696,613** total loan amount

Expected Activity for 2026-2027

At this time, no investments opportunities have been identified.

OTHER

TECHNICAL ASSISTANCE AND OPERATING SUPPORT

Technical Assistance and Operating Support program provides grants that enhance the ability of housing and community development organizations to meet Minnesota's affordable housing needs. In previous years, this program supported our strategic objectives by:

- Providing resources for the state's homeless response system — including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry;
- Providing grants to specific organizations — including the Homeownership Center for its statewide counseling network, HousingLink for its statewide affordable housing website, HOME Line's Hotline providing statewide legal advice to renters; and
- Supporting capacity building programs and initiatives — including the Capacity Building Grant which funds activities that build capacity of organizations and communities to address root causes of housing challenges and create thriving and inclusive communities.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, we funded $1,286,041 of activity under this program.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $3,790,000.

DISASTER RECOVERY

Disaster response programs provide funding for the repair or replacement of renter or owner-occupied housing damaged by natural disasters, such as a flood or tornado. We distribute these funds through the Disaster Recovery program for single-family properties and assist in: (1) repairing damaged owner-occupied and rental properties, (2) providing relocation services to renters who are displaced or become homeless due to disasters, (3) building organizational capacity to respond to disasters, and (4) covering administrative costs related to disaster outreach.

Funds are typically delivered through administrators under contract to deliver ongoing Agency programs for the areas impacted by a disaster. These include administrators for the single-family Rehabilitation Loan Program (RLP), the multifamily Rental Rehabilitation Deferred Loan Program (RRDL), and the Family Homeless Prevention and Assistance Program (FHPAP).

Disaster Recovery funds provide homeowners and smaller rental property owners with deferred loans at no interest for repair costs that are not covered by federal assistance or insurance proceeds. The loan is forgiven if the homeowner remains in the property for 10 years, or for rental properties, if property owners keep rents affordable for 10 years. There are no income limits under the Disaster Recovery program.

Program Performance and Trends

Typically, activities have been funded by special appropriations from the Minnesota Legislature following a federal disaster declaration and determination of the level of available federal funding from the Federal Emergency Management Agency and the Small Business Administration. State appropriations have ranged from $1,000,000 for the May 2011 Minneapolis tornado to $12,720,000 for the August 2012 flooding in northeast Minnesota.

Expected Activity for 2026-2027

At the start of the 2026-2027 AHP, no funds have been appropriated. Typically, the Minnesota Legislature appropriates funds for this program following the declaration of a disaster. If the Minnesota Legislature does not appropriate funds following a federal disaster declaration, the Agency may fund activities through the Disaster Relief Contingency Fund.

DISASTER RELIEF CONTINGENCY FUND

The Minnesota Legislature established this fund in 2001 as the account into which the Agency deposits all repayments of previously made disaster relief loans or grants. Funds deposited in this account are used to assist with rehabilitation or replacement of housing that is damaged by a natural disaster in areas covered by a presidential declaration of disaster. Funding also may be used for capacity building grants for disaster response and flood insurance payments.

Eligible uses of funds have included writing down the interest rate on Home Improvement Loans and activating the Disaster Recovery program.

Program Performance and Trends

For the Program Assessment period of October 1, 2023 – September 30, 2024, there was no reported program activity.

Expected Activity for 2026-2027

Disbursements from the fund vary significantly from year to year. We are not making an estimate of a funding level at this time. As of June 30, 2025, the fund had an uncommitted balance of $2.3 million.

GRANT TO CITY OF MINNEAPOLIS

This one-time program provides a $1 million grant to City of Minneapolis for the development Satori Village, a mixed-income and mixed-age housing project.

Program Performance and Trends

This was a new program with no activity in 2024.

Expected Activity for 2026-2027

The estimated 2026-2027 resources are $994,000.

Based on resources available for new activity, we expect to support just under 200 housing units.

APPENDIX C: STRATEGIC MANAGEMENT STRUCTURE AND REPORTING

A set of planning documents and processes direct and align Minnesota Housing's work, as shown in the following diagram. The Affordable Housing Plan (AHP) is the piece that connects our day-to-day work with our Strategic Plan.

The structure starts with the strategic direction set by the Walz-Flanagan Administration and culminates in the work of every individual employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plan. The AHP is the business plan for implementing our strategic plan and establishes the key initiatives and provides resource estimates for a two-year period, which agency staff use to write their division and individual work plans. The AHP is rewritten every two years to reflect the new appropriations made available by the Legislature and other resource changes. It also considers new housing challenges, needs and opportunities.

The household and housing unit estimates in the AHP assume that all the funds made available are used and eventually disbursed. For some programs, we fall for short, but in other programs, we may end up using more resources than originally planned.

Accountability is key component of strategy management structure, and each set of plans in our structure has a tracking and reporting component. What gets tracked and reported gets done. Reporting and accountability for the AHP comes in two sets of reports:

- Each quarter, Minnesota Housing staff report to the Agency's board of directors its progress in awarding funds through RFP selections and deploying resources through other process, such as home mortgage commitments. This quarterly report focuses on the number of households and housing units that will be assisted with the resources that have been awarded and compares the initial results with our AHP forecasts. This report, which is based on the initial awarding of resources, is a leading indicator in tracking progress because it can take a couple of years for housing developments to go from being selected for funding to using the funds when construction is carried out. In some cases, funds that are awarded will go unused if a project is cancelled.
- At the end of each program year, in our Annual Program Assessment, we report to the Legislature and post on our website the funds that we disbursed that year and the number of households and housing units actually assisted for each program. This report captures our final results when the funding process is completed.

EQUAL HOUSING OPPORTUNITY

The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

MINNESOTA HOUSING

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