



State of Minnesota Consolidated Annual Performance and Evaluation Report

Federal Fiscal Year 2025

December 2025

TABLE OF CONTENTS

State of Minnesota Consolidated Annual Performance and Evaluation Report	1
TABLE OF CONTENTS	2
CR-05 - Goals and Outcomes	3
CR-10 - Racial and ethnic composition of families assisted	9
CR-15 - Resources and Investments 91.520(a)	11
CR-20 - Affordable Housing 91.520(b)	23
CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)	25
CR-30 - Public Housing 91.220(h); 91.320(j)	31
CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)	32
CR-40 - Monitoring 91.220 and 91.230.....	62
CR-45 - CDBG 91.520(c)	66
CR-50 - HOME 91.520(e).....	66
CR-55 - HOPWA 91.520(e)	73
CR-56 – HTF SECTION	74
CR-58 – Section 3.....	75
CR-60 - ESG 91.520(g) (ESG Recipients only)	79
CR-65 - Persons Assisted	83
CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes	83
CR-75 – Expenditures	84
Public Comments and State Responses	85

CR-05 - Goals and Outcomes

Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.

As designed by the U.S. Department of Housing and Urban Development (HUD), this report primarily pertains to those programs funded through federal assistance allocated to Minnesota state agencies under Community Development Block Grants (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), the National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA). The state makes this report available on behalf of the Minnesota Department of Employment and Economic Development (DEED), the Minnesota Department of Human Services (DHS), and Minnesota Housing Finance Agency (Minnesota Housing).

It is important to note that the state provides affordable housing and community development through a variety of programs, many of which are funded through agency resources or state and federal appropriations. In Federal Fiscal Year (FFY) 2025, Minnesota Housing alone reserved/committed funds to assist over 37,000 households with rent assistance, down payment and first mortgage financing, home improvement financing, homebuyer education, the rehabilitation or construction of affordable rental housing, and other assistance (not including over 34,000 units of Section 8 housing for which Minnesota Housing administers the housing assistance contract).

The state has identified objectives and expected outcomes for federally funded housing and community development assistance through a process of public hearings and forums held throughout the state. Housing advocates, service providers, residents, and other stakeholders are invited to participate in these events and to provide input on local needs, priorities, and problems (see the citizen participation plan and public comments attached to the *Consolidated Housing and Community Development Plan, FY 2022-2026*). The Annual Action Plan addresses how objectives are to be met each year. Under most federal programs covered in this report, the state has been close to meeting its previous annual projections.

DEED's Small Cities Development Program had some challenges in matching certain activity goals set in the 2025 annual action plan. These goals were set based on the 2025 awarded grants. DEED's final five-year plan (2022- 2026) goal is within reach based on the strategic plan to date's percentage of completed accomplishments per activity. Projects are still being completed even with the continual after effect of the pandemic and grantees' difficulties with

stalled and short construction season, shortage of lead licensed contractors and lead risk assessors, supply chain issues and the skyrocketing cost of available materials.

In addition, DEED is administrating the CDBG-CV program, funded through the Community Development Block Grant (CDBG), to support activities that prevent, prepare for, and respond to the impacts of the coronavirus (COVID-19). Funded activities under the CDBG-CV program include Broadband Infrastructure Improvements, Building and Shelter Retrofitting, Commercial HVAC systems upgrades, and Public Assistance initiatives. To date, thirteen (13) grants have been completed, comprising of eight (8) broadband projects, one (1) combined broadband and commercial project, one (1) combined broadband and shelter retrofit, one (1) shelter retrofit, thirty (30) commercial HVAC systems upgrades and one (1) food pantry assistance project. The final project, a retrofit of an armory to serve as a service center is currently in the final stages of construction and completion.

Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee's program year goals.

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

Goal	Category	Source/Amount made Available	Indicator	Unit of Measure	Expected Program Year 2025	Actual Program Year 2025	Percent Complete
Address Housing Rehabilitation Needs - DEED	Affordable Housing	CDBG: \$5,596,107	Rental units rehabilitated	Household Housing Unit	64	101	157.81%
			Homeowner housing rehabilitated	Household Housing Unit	207	305	147.34%
Increase Affordable Housing Opportunities- Minnesota Housing	Affordable Housing	HOME: \$ 9,965,433.22 NHTF: \$3,134,373.20	Rental units constructed	Household Housing Unit	90	50	55.56%
			Rental housing rehabilitated	Household Housing Unit	25	27	108%
Support Economic Development and Workforce Needs - DEED	Non-Housing Community Development	CDBG: \$1,520,000	Façade treatment/business building rehabilitation	Business	38	48	126.32%
Facilitate Housing and Service for the Homeless	Homeless	ESG: \$2,423,143	Tenant-based rental assistance/ rapid rehousing	Persons Assisted	150	126	84.00%
			Homeless person Overnight Shelter	Persons Assisted	3,750	3,989	106.37%
			Homelessness Prevention	Persons Assisted	70	125	178.57%
Enhance Special-Needs Housing & Services	Non-Homeless Special Needs	HOPWA: \$453,450	Homelessness Prevention	Persons Assisted	190	228	120%
		CDBG: \$12,198,780	Public Facility or Infrastructure Activities	Persons Assisted	9,397	945	10.00%

Goal	Category	Source/Amount made Available	Indicator	Unit of Measure	Expected Program Year 2025	Actual Program Year 2025	Percent Complete
Improve Public Facilities and Infrastructure - DEED	Non-Housing Community Development		other than Low/Moderate Income Housing				
			Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Persons Assisted	16,046	1,252	8.00%

Assess how the jurisdiction’s use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.

Minnesota’s objectives in the distribution of housing and community development resources are to create suitable living environments; provide decent, affordable housing; and create economic opportunities within the state. In working to achieve those objectives, the state has prioritized populations with the greatest need for assistance (see SP-25 “Priority Needs” in the **2022-2026 Consolidated Plan for Housing and Community Development**).

Priorities include renters with incomes at or below 30% of area median income (AMI), homeowners with incomes of 51% to 80% of AMI, and people not experiencing homelessness with special needs. For HOME units, 54% of renter households occupying units completed in FFY 2025 had incomes below 30% of AMI. One hundred percent of the tenants in NHTF units had incomes below 30% of AMI.

In addition to general affordable housing, Minnesota Housing assists people experiencing homelessness or people with special needs at risk of becoming homeless who struggle with housing stability through several programs funded by the state legislature, including the Family Homeless Prevention and Assistance Program, Bridges rental assistance, the state Housing Trust Fund rent assistance, Homework Starts with Home, and Housing Infrastructure Bonds. These programs assisted nearly over 15,000 households in 2025. Minnesota Housing constructed 77 rental units compared to the expected goal of 90 between its HOME and NHTF programs. Performance with the anticipated number of housing units produced depends on how timely a project can get to closing, construction, and lease-up, and can take up to several years from selection to complete. A project’s completion date can be impacted by various factors, including increased project costs leading to funding gaps and construction delays, among others.

With its federal resources, the state assists the greatest number of people through the Emergency Solutions Grant (ESG). ESG assistance includes operating and supportive service costs for emergency shelter facilities and rental assistance and housing relocation and stabilization services for homeless persons and those at imminent risk of homelessness who need to be re-housed.

With its federal resources, the state provides the greatest amount of assistance through the Community Development Block Grant (CDBG) Small Cities Development Program (SCDP). As noted in the Action Plan, CDBG focused on creating suitable living environments, economic development and public facilities and infrastructure. Priorities include renters and homeowners with incomes at or below 80% of area median income (AMI). The unit of measure for public

facilities projects is based on the city's LMI being at least 51% LMI. These spending priorities have been established through the planning process, which determines where the most need is, as well as the capacity to make an impact on those in need in the State of Minnesota. The amount spent on each category is determined both by past performance and the current ability to meet housing and community development needs in Minnesota. Current economic development funds will be utilized for the SCDP program. State resources with fewer restrictions were made available to assist with the creation of jobs for low to moderate income persons. With the authority of the DEED Commissioner, CDBG funds set aside for those activities that were not used were reallocated to other CDBG activities.

Commercial rehabilitation projects have 48 accomplishments, surpassing the target goal of 38. Owner occupied housing rehabilitation projects have 305 accomplishments, surpassing the target goal of 207. Rental housing rehabilitation projects have 101 accomplishments, surpassing the target goal of 64. Despite these strong outcomes, some landlords have expressed hesitation to participate in the program given due to rent levels and ongoing within the rental market and broader economic conditions.

The unit of measurement for public facilities projects is based on person assisted for both Low and Moderate Income (LMI) and other than LMI individuals. Public Facility projects accomplishments of 2,197 assisted persons, consisting of 1,252 LMI persons and 945 other than LMI individuals. The owner-occupied housing rehabilitation and commercial rehabilitation projects have exceeded the goals established in the annual action plan. Overall, the public facility infrastructure projects have exceeded the 5-year Consolidated Plan goals.

The CDBG-CV projects have made strong progress, with thirteen (13) projects completed to date. These include broadband infrastructure improvements, commercial HVAC system upgrades, building retrofits, and public assistance initiatives. The remaining project, a building retrofit, is in the final stages of construction and nearing completion. Its accomplishments will be reported in the FY26 CAPER.

DEED's Minnesota Investment Fund (MIF) reported no accomplishments related to LMI jobs or businesses. Due to the availability of substantial funding from other states funded sources, federal resources were not utilized. With the authorization of the DEED Commissioner, these funds have been reallocated to the Small Cities Development Program.

CR-10 - Racial and ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted). 91.520(a)

Table 2 – Table of assistance to racial and ethnic populations by source of funds excluding ESG

	CDBG	HOME	HOPWA	NHTF
White	843	34	63	6
Black or African American	17	7	32	6
Asian	9	0	41	2
American Indian or American Native	8	0	0	1
Native Hawaiian or Other Pacific Islander	1	0	1	0
More than one race	20	9	18	12
Total	898	50	115	27
Hispanic	77	2	0	0
Not Hispanic	821	48	0	27

Describe the clients assisted (including the racial and/or ethnicity of clients assisted with ESG).

Table 3 – Table of assistance to racial and ethnic populations for ESG

	ESG
American Indian, Alaska Native, or Indigenous	237
Asian or Asian American	62
Black, African American, or African	1,843
Hispanic/Latina/e/o	228
Middle Eastern or North African	8
Native Hawaiian or Pacific Islander	10
White	1,128
Multiracial	591
Client doesn't know	0
Client prefers not to answer	23

	ESG
Data not collected	8
Total	4,138

Narrative

According to the Census Bureau's estimates in the ***American Community Survey, 2024***, low- and moderate-income households (those earning less than \$50,000 in 2023) of a race other than white comprise an estimated 23% of the households in Minnesota, and households of Hispanic or Latino ethnicity comprise an estimated 5% of the households in Minnesota.

CDBG assisted 898 households in FFY 2025. Of that number, 843 were white, 17 Black/African American, 9 Asian, 8 American Indian/Alaskan Native, 1 Native Hawaiian/Other Pacific Islander, 3 Asian & White, 4 Black/African American & White, 1 American Indian/Alaskan Native & Black/African American and 12 other multi-racial. Of the total, 77 were Hispanic households. Among CDBG-assisted households, 93% of households were white, 2% Black/African American, 1% Asian, less than 1% American Indian/Alaskan Native, 1% Native Hawaiian/Other Pacific Islander, less than 1% Asian & White, less than 1% Black/African American and White and 1% other multi-racial. Households with two or more races do not fit into the CAPER table above.

As summarized in the IDIS Report ***HOME Summary of Accomplishments for FFY 2025*** 68% of HOME-assisted households were white, 14% Black/African American, 0% Asian, 0% American Indian/Alaskan Native, and 18% more than one race. Of the total HOME-assisted households, 4% of households were Hispanic/Latinx. Households with two or more races do not fit into the CAPER table above.

Note that HOME funds historically have been available primarily in non-entitlement areas, which are less diverse and may have had limited opportunity for HOME-funded projects to serve a higher percentage of Black, Indigenous and people of color.

With ESG funding, DHS assisted 4,240 clients during this program year with shelter, prevention, and rapid rehousing assistance. The total count in the demographics table above only includes 4,138 clients due to a vender software issue causing clients with two or more races to not pull correctly into the report.

DEED's, Minnesota Housing's, and DHS's current *Analysis of Impediments to Fair Housing Choice* report and action plan continues to make progress on the *2018 Analysis of Impediments to Fair Housing Choice for Minnesota* available at: [Analysis of Impediments to Fair Housing Choice](#).

Each year, the state documents agency actions taken to overcome impediments (see CR 35 of this report).

CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Table 4 – Resources Made Available

Source of Funds	Resources Made Available	Amount Expended During Program Year
CDBG	\$6,557,000	\$16,273,289
HOME	\$9,965,433.22	\$2,560,760.80
HOPWA	\$453,450	\$287,014.70
ESG	\$2,423,143	\$2,423,143
NHTF	\$3,144,833.37	\$20,060,297

Narrative

In addition to the regular CDBG allocation, HUD awarded the State of Minnesota three special allocations of CDBG-CV funds in 2020 to prevent, prepare for, and respond to the coronavirus (COVID-19) pandemic. The State of Minnesota Small Cities Development Program had made CDBG-CV funds of \$37,600,868 available to non-entitlement and entitlement communities throughout the State of Minnesota to prevent, prepare for, and respond to coronavirus. Grant activities have progressed well, with total CDBG-CV disbursements of \$33,334,328.57 supporting broadband infrastructure, retrofitting buildings, commercial HVAC system upgrades, and general administration, planning and technical assistance.

Funding provided by HUD to Minnesota for FFY 2025 under housing and community development programs is shown above. The expended amounts during a program year could be higher or lower than resources made available due to timing of projects completions, particularly capital funding for projects via CDBG, HOME and NHTF, which can take a few years to complete from the time the funds are made available. During FFY25, Minnesota Housing swapped funding for two projects from HOME dollars to another source (Treasury Emergency Rental Assistance Grant) to maximize resources and fully spend down both funding sources. HOME dollars were returned to our entitlement account with HUD and will be reassigned for new projects resulting from the 2025 Consolidated RFP Process. This has resulted in HOME expenditures for 2025 looking significantly smaller this year but will likely show a large increase in HOME expenditures for FFY26.

State agencies provide a large amount of assistance other than federal funds for affordable housing. For example, in FFY 2025, Minnesota Housing reserved/committed loans/grants for approximately \$1.4 billion in housing assistance to non-Section 8 households. Minnesota Housing resources include bond sale proceeds and other mortgage capital, federal housing tax credits, state appropriations, and its own resources. (These figures from the agency’s most recent reporting are shown for context and differ from expenditures shown in IDIS because Minnesota Housing reports on loans/grants reserved/committed for funding while IDIS includes funds for projects that are completed and occupied in the reporting year.)

In addition, HUD awarded funding to Minnesota (\$3.1 million in 2013, \$3 million in 2015, \$7 million in 2020 and most recently a fourth round of \$ 7.9 million) for the Section 811 demonstration that Minnesota Housing and DHS currently are jointly implementing. Under this demonstration, Minnesota Housing provides rent assistance on behalf of households with a member who is disabled.

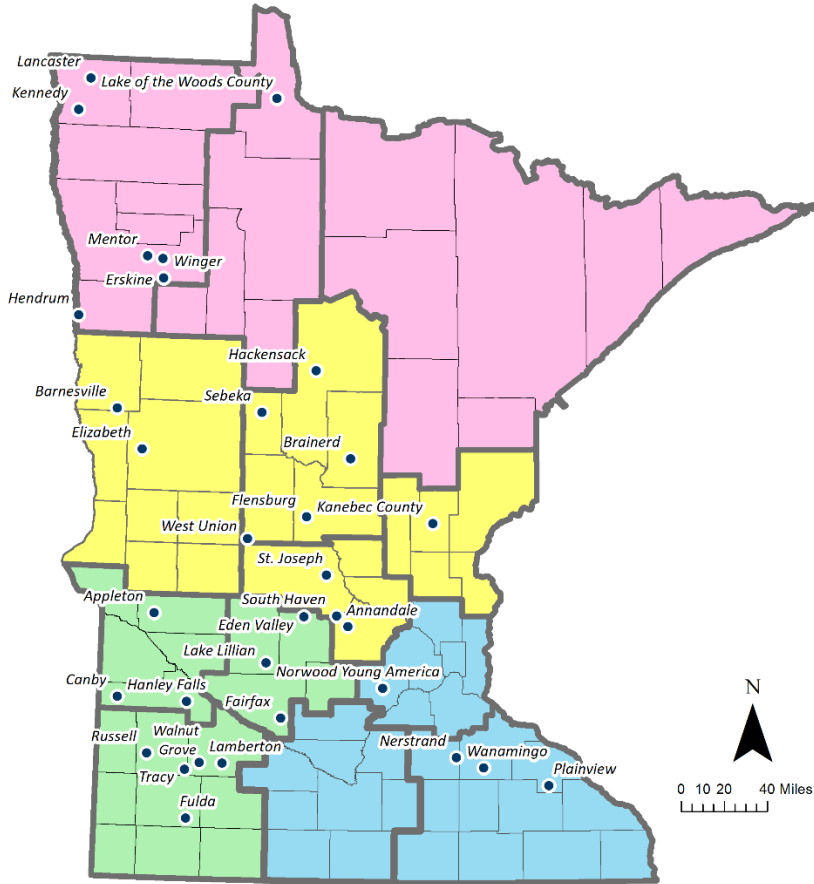
Identify the geographic distribution and location of investments

Table 5 – Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Non-Entitlement	100	100	Funding Distribution for CDBG Small Cities program
Statewide	100	100	ESG, HOME and NHTF are available statewide

Small Cities Development Program: 2025 SCDP Grantees

Small Cities Development Program: 2025 SCDP Grantees



Prepared by: Economic Analysis Unit,
Economic Development & Research Division, DEED
Revised August 2025

The funds for the grantees will be used for the following:

City of Annandale, \$875,440.00

Owner Occupied Housing Rehab - (15 Homes), Multi-Family Rehab (12 units) & Commercial Rehab - (6 buildings).

City of Appleton, \$1,200,000.00

Multi-Family Rehab (42 units) & Public Facility Improvements – Storm sewer.

City of Barnesville, \$1,198,000.00

Owner Occupied Housing Rehab - (21 Homes) & Commercial Rehab - (13 buildings).

City of Brainerd, \$600,000.00

Public Facility Improvements – Streetscape.

City of Canby, \$1,069,500

Owner Occupied Housing Rehab - (18 Homes) & Commercial Rehab - (12 buildings).

City of Eden Valley, \$600,000.00

Public Facility Improvements – Water distribution lines.

City of Elizabeth, \$600,000.00

Public Facility Improvements – Watermain.

City of Erskine, \$600,000.00

Public Facility Improvements – Water tower.

City of Fairfax, \$600,000.00

Public Facility Improvements – Watermain looping.

City of Flensburg, \$600,000.00

Public Facility Improvements – Wastewater lines.

City of Fulda, \$1,155,654.00
Owner Occupied Housing Rehab - (21 Homes) & Public Facility Improvements – Streetscape.

City of Hackensack, \$600,000.00
Public Facility Improvements – Streetscape.

City of Hanley Falls, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Hendrum, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Kennedy, \$287,500.00
Owner Occupied Housing Rehab (10 homes).

City of Lake Lillian, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Lambertton, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Lancaster, \$143,750.00
Multi-Family Housing Rehab – (10 units).

City of Mentor, \$425,500.00
Owner Occupied Housing Rehab – 10 Homes & Commercial Rehab (3 buildings)

City of Nerstrand, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Norwood Young America, \$600,000.00
Public Facility Improvements – Streetscape.

City of Plainview, \$599,982.00
Owner Occupied Housing Rehab (21 homes).

City of Russell, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Sebeka, \$582,650.00
Public Facility Improvements – Wastewater Treatment Plant Rehab.

City of South Haven, \$600,000.00
Public Facility Improvements – Watermain.

City of St. Joseph, \$287,500.00
Owner Occupied Housing Rehab (10 homes).

City of Tracy, \$600,000.00
Public Facility Improvements – Water Plant Rehab.

City of Walnut Grove, \$600,000.00
Public Facility Improvements – Water distribution lines.

City of Wanamingo, \$345,000.00
Owner Occupied Housing Rehab – (12 homes).

City of West Union, \$600,000.00
Public Facility Improvements – Wastewater lines.

City of Winger, \$598,000.00
Owner Occupied Housing Rehab – (15 homes) & Commercial Rehab - (4 buildings).

Kanebec County, \$575,000.00
Owner Occupied Housing Rehab – (20 homes).

Lake of the Woods County, \$575,000.00
Owner Occupied Housing Rehab – (20 homes).

Narrative

DEED's Small Cities Development Program CDBG funds are made available to non-entitlement jurisdictions assisting cities and counties with funding for housing, public facility infrastructure and commercial rehab projects. The planned percentage of allocation and actual percentage of allocation is 100% based on the distribution of funds. Thirty-three (33) grantees were awarded during the 2025 federal fiscal year. The CDBG-CV funds received by DEED was made available and awarded to both non-entitlement and entitlement jurisdictions in 2021. All CDBG-CV

projects have been completed, with the exception of one retrofit building project that is currently under construction and is expected to be completed in FY26.

Other than the unprecedented CDBG-CV awards, the largest percentage of assistance covered in this report that the state provided with federal resources is through CDBG, particularly for the rehabilitation of residential homes, commercial and the improvements on public facilities. In 2025, 7% of the distribution of funds were for publicly or privately owned commercial buildings, 27% for housing which included owner occupied housing projects and rental housing, 59% for public facility improvements and 7% for general administration. A map and list of grantees showing the distribution of projects awarded funding in 2025 is attached in IDIS.

Listed below are outreach and training sessions (both in- person and remote) conducted this fiscal year:

- Apr 2025 – MN Rural Water Association conference on public facility infrastructure programs.
- Apr 2025 - Conference meeting with State agencies on Broadband Infrastructure and Small Cities Development Program.
- May 2025 – West Central Region Housing Forum
- July 2025 - Conference meeting with partnering agencies and stakeholders on public facility infrastructure activities.
- July 2025 – Environmental Training Workshops in the Northwest Region of the State
- Aug 2025 – MN Long Range Planning to discuss Small Cities Program
- Sept 2025 - Roundtable at the National Association of Housing and Redevelopment Officials (NAHRO) 2025 Fall Conference.
- Sept 2025 - SCDP Implementation Training at City of Bemidji, City of Marshall and City of Augusta.
- Nov 2025 – Central and East Central Regional Housing Forum

Minnesota targets HOPWA funds to areas outside the 13-county Twin Cities metropolitan area, which is served by the City of Minneapolis HOPWA grant.

HOME and NHTF funds are available statewide.

ESG Shelter resources are distributed statewide, with priority given for non-entitlement areas, and secondly to entitlement areas which have used their full ESG allocation for emergency shelter operations and have additional need for emergency shelter resources. For ESG Prevention and Rapid Re-Housing funding, funds are only awarded to applications from non-ESG entitlement areas of the state, resulting in all ESG Housing funds being expended in these Balance of State areas.

Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

ESG requires a one-to-one matching of funds. The State and its ESG sub-recipients expended \$2,423,143 in non-ESG funds. These funds which were awarded through the State Emergency Service Program (ESP) appropriation and funds emergency shelter across the state.

DEED strategically leverages its CDBG housing rehabilitation funds with resources from Minnesota Housing, USDA Rural Development, Greater Minnesota Housing Fund, private lender, and property owner contributions. Each applicant jurisdiction is expected to provide local funding to the greatest extent practicable, based on its financial capability. DEED, in coordination with the Public Facility Authority, USDA Rural Development, and the Department of Health, aligns funding to address and improve public infrastructure, particularly in low- and moderate-income communities. DEED staff estimates that CDBG projects have historically leveraged nonfederal resources in amounts at least equal to the total CDBG investment.

HOME requires that each participating jurisdiction make contributions to housing that qualifies as affordable housing under the HOME program. These contributions must total not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund Treasury account. Minnesota Housing satisfies this requirement through investments in two rental assistance programs funded by the Minnesota State Legislature as detailed in Table 7 – Match Contribution for the Federal Fiscal Year:

1. The State Housing Trust Fund provides rental assistance to high priority homeless families and individuals, defined as households prioritize for permanent supportive housing by the Coordinated Entry System.
2. The Bridges program provides assistance to households in which one or more adult members has a mental illness. This program helps people with disabilities live in a more community-based and integrated setting while receiving services.

Minnesota Housing allocates Low-Income Housing Tax Credits for the development of affordable rental housing, often in conjunction with agency-financed first mortgages and/or other contributions, such as deferred or gap funding including HOME and NHTF.

A scoring criterion used to evaluate projects with respect to competitive HOME fund awards is efficient use of scarce resources and leverage. It includes measurements related to readiness to

proceed by evaluating the percentage of the development's funding that is secured/committed. It also includes measurements for non-capital contributions and low intermediary costs.

Minnesota Housing, DEED, and DHS do not own any land or property that is relevant to use under the federal programs covered by this plan. Consequently, no publicly owned land or property was used to address the needs identified by in the plan.

Table 6 – Fiscal Year Summary - HOME Match Report

Fiscal Year Summary – HOME Match	
1. Excess match from prior Federal fiscal year	\$215,332,537
2. Match contributed during current Federal fiscal year	\$13,856,661
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	\$229,189,198
4. Match liability for current Federal fiscal year	\$1,059,818.03
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	\$228,129,380

Table 7 – Match Contribution for the Federal Fiscal Year

Match Contribution for the Federal Fiscal Year								
Project No. or Other ID	Date of Contribution	Cash (non-Federal sources)	Foregone Taxes, Fees, Charges	Appraised Land/Real Property	Required Infrastructure	Site Preparation, Construction Materials, Donated Labor	Bond Financing	Total Match
1	09/30/2024	\$10,283,502	0	0	0	0	0	\$10,283,502
2	09/30/2024	\$3,573,159	0	0	0	0	0	\$3,573,159

Table 8 – Program Income

Program Income – Enter the program amounts for the reporting period				
Balance on hand at beginning of reporting period	Amount received during reporting period	Total amount expended during reporting period	Amount expended for TBRA	Balance on hand at end of reporting period
\$11,578,883	\$1,614,116	\$913,741	\$0	\$12,279,25

Table 9 – Minority Business and Women Business Enterprises

Minority Business Enterprises and Women Business Enterprises – Indicate the number and dollar value of contracts for HOME projects completed during the reporting period						
Blank Cell	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Contracts						
Dollar Amount	\$10,764,700	0	0	0	0	\$10,764,700
Number	3	0	0	0	0	3
Sub-Contracts						
Number	158	0	3	1	2	152
Dollar Amount	\$37889075.30	0	313317	154200	30480	\$37391078.30
Blank Cell	Total	Women Business Enterprises	Male			
Contracts						
Dollar Amount	\$10,764,700	2,153,287.60	\$477611,412.40			
Number	3	1	2			
Sub-Contracts						
Number	158	6	152			
Dollar Amount	\$37,889,075.30	\$1,779,814	\$69,109,261.30			

Table 10 – Minority Owners of Rental Property

Minority Owners of Rental Property – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted						
Total		Minority Property Owners				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	3	0	0	1	0	2
Dollar Amount	\$9,420,070	0	0	2,416,070	0	\$7,004,000

Table 3 – Relocation and Real Property Acquisition

Relocation and Real Property Acquisition – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition						
Parcels Acquired				0	0	
Businesses Displaced				0	0	
Nonprofit Organizations Displaced				0	0	
Households Temporarily Relocated, not Displaced				0	0	
Households Displaced	Total	Minority Property Enterprises				White non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	0	0	0	0	0	0

CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

Table 4 – Number of Households

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	115	77
Number of Special-Needs households to be provided affordable housing units	0	0
Total	115	77

Table 5 – Number of Households Supported

	One-Year Goal	Actual
Number of households supported through Rental Assistance	0	0
Number of households supported through the Production of New Units	90	50
Number of households supported through Rehab of Existing Units	25	27
Number of households supported through Acquisition of Existing Units	0	0
Total	115	77

Discuss the difference between goals and outcomes and problems encountered in meeting these goals.

The one-year goal of 115 units (Table 11), set out in the state's FY 2025 Action Plan, is stated as the goal for rehabilitated and newly constructed rental units funded through HOME and NHTF.

In most years with completed projects, we anticipate variation in the funding of new construction and rehabilitation projects assisted with HOME and NHTF, and while the plan splits the activities, actual activities year to year will not reflect an even split depending on market need, and applications received by Minnesota Housing. As stated in CR-10, Minnesota Housing constructed 50 new rental units compared to the expected goal of 90, which is not unusual given the various factors that may impact a project's completion date. Performance with the

anticipated number of housing units produced depends on how timely a project can get to closing, construction, and lease-up, and can take up to several years from selection to completion. A project’s completion date can be impacted by various factors, including increased project costs leading to funding gaps and construction delays, among others.

For ESG funding, the goal of providing rapid re-housing (rental-assistance) to 150 persons (Table 12) was not achieved, with ESG providers assisting 126 persons with rapid re-housing assistance. A variety of factors to contribute to the actual number of persons served (versus planned) and outcomes achieved, including the ratio of households in need of rapid re-housing or prevention assistance (since both are eligible under ESG grants), increased housing expenses (property owners requiring increased move-in expenses), lengths of stay in the program, and difficulty accessing housing due to extremely limited affordable housing vacancies, especially in communities in greater Minnesota.

Discuss how these outcomes will impact future annual action plans.

The state will continue to assess outcomes against goals and data regarding needs. The state will also continue to solicit input from stakeholders and partners annually to respond to the housing and community development needs of Minnesota communities and will write future annual action plans based on that process, e.g., based on new or changing assistance needs identified by communities, stakeholders, and other assistance providers.

Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.’

Table 6 – Number of Households Served

Number of Households Served	CDBG Actual	HOME Actual	NHTF Actual
Extremely Low-income	67	27	27
Low-income	137	25	0
Moderate-income	184	0	0
Total	388	52	27

Narrative

As reported in IDIS, 95% of beneficiaries of CDBG rehabilitation housing programs in 2025 had incomes at or below 80% of HUD median income. Non-low-mod income participants accounted for the other 5%. The 95% meets HUD’s CDBG requirements of 51% of rental units be occupied by LMI participants.

In accordance with program guidelines, all households assisted with HOME funds have gross incomes at or below 80% of area median income, and tenant rents meet the affordability requirements of 24 CFR 92.252. For FFY 2025, 54% of assisted households were in the lowest income category (30% of area median income or less), and 46% were in the 31%-50% category. All households assisted with NHTF funds have gross incomes at or below 30% of area median income.

All HOPWA-assisted households had gross incomes at or below 80% of area median income; approximately 50% had incomes at or below 30% of area median.

CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)

Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.

The most recent Point in Time Count (PIT) of persons experiencing homelessness in Minnesota occurred on January 22, 2025. Preliminary data from the 2025 PIT identified 8,489 individuals and people in families experiencing homelessness on a single night in January, an 8% decrease from the 2024 count. Both the number of people experiencing unsheltered homelessness and the number of people in shelter decreased from the 2024 count, by 13% and 6% respectively. Many view the annual Point-In-Time (PIT) count as a significant undercount of persons who experience homelessness over the course of the year, or even a single night. Limitations include HUD's requirement that the PIT be conducted in January, and lack of additional funding to support this major undertaking.

The Minnesota Interagency Council on Homelessness is led by the Lieutenant Governor and includes 14 Cabinet-level agencies and the chair of the Metropolitan Council, and it is accountable for leading the State's efforts to move towards housing, health, and racial justice for people experiencing homelessness. When the Council initially convened in 2013, it established *Heading Home: Minnesota's Plan to Prevent and End Homelessness*, the first plan to focus on the vision of achieving housing stability for all Minnesotans. In 2018, they adopted *Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness*.

In 2022, after the shared experience of working with partners across Minnesota to protect and support people facing homelessness during the pandemic, while confronting the racism and

injustice in our systems following the murder of George Floyd, Governor Walz and Lieutenant Governor Flanagan tasked the Minnesota Interagency Council on Homelessness to develop a strategic plan focused on housing, racial, and health justice for people facing homelessness in Minnesota to guide the work of state government on this issue for the remainder of their second term.

While *Crossroads to Justice: Minnesota's New Pathways to Housing, Racial and Health Justice for People Facing Homelessness* certainly builds on previous Minnesota strategic plans to prevent and end homelessness, it goes further than any previous effort to center the voices and expertise of people with lived expertise-and focuses our measures of success not only on reducing the number of people who are experiencing homelessness in the state, but also on reducing the disparity of who experiences homelessness.

The plan was developed in phases over a year and a half long process that was co-led by ten paid Justice Consultants, all people with lived experience of homelessness representing different experiences and different parts of the state. In April – June 2022, the Council contracted with Rainbow Research, a local firm, to lead Phase 1 which was focused on creating an operational definition of housing, racial, and health justice. The Council required Rainbow to hire 10 consultants with lived experience of homelessness to lead the work. Rainbow and the team of consultants facilitated five workgroup meetings and two community conversations to build the justice definition. In June 2022, the Council committed to the [justice definition](#).

In Phase 2, the Council identified a set of bold results to move the state's work to prevent and end homelessness towards justice and developed specific strategies to achieve those results. These three pieces form the framework of the plan:

- **Justice Definition:** the foundation for all our work and serves as the North Star for the Council's next strategic plan.
- **Results:** The big, bold outcomes that will drive movement towards justice. No one agency will be responsible for any of these results. Each of them will require interagency commitment and collaboration.
- **Strategies and actions:** The specific, measurable commitments by agencies and interagency teams to achieve the results.

On October 27, 2023, the Council committed to *Crossroads to Justice: Minnesota's New Pathways to Housing, Racial and Health Justice for People Facing Homelessness* as the State's plan.

MICH agencies began their implementation of the Crossroads to Justice Plan in early 2024. Fourteen Implementation Consultants with lived experience of homelessness were onboarded in April and assigned agencies to support in May. The Implementation Consultants and the

community are at the center of the Plan's implementation structure; their expertise and priorities help shape the work of agency Action Leads, who collaborate within and across their agencies and report their progress in quarterly Results meetings and in written updates to MICH staff. The purpose of the Results meetings is to understand if the strategies and actions we are taking are getting us closer to the results we want to achieve and if any adjustments need to be made. In 2025, agencies approved 19 modifications to the actions to clarify efforts and deepen impact.

Currently, 10 Continuum of Care (CoC) regions exist in Minnesota covering the entire state. DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for shelter, prevention, and rapid re-housing. In addition, Minnesota Housing supported six CoCs in Greater Minnesota and one Minnesota Tribal Collaborative with grants ranging from \$42,500 to \$60,000 each for planning and operating costs.

The Minnesota Department of Human Services (DHS) has implemented a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations facing barriers may be part of the increase in unsheltered persons who are unable to access emergency shelter due to limited space and other barriers to entry.

Additionally, DHS implemented a new structure for the RFP and granting process in 2019, with updates in 2023. The RFP process continues to look for new strategies as well as increase the input of people with lived experience in determining priorities for funding, such as having people with lived experience on the review panel.

The largest capital resource authorized by the Legislature to build housing (permanent supportive housing) for people facing homelessness is the Housing Infrastructure program. In 2024 and 2025, Minnesota Housing received \$50 million each year in new authorization for Housing Infrastructure Bonds. This funding was made available rental housing, single family development and manufactured home park infrastructure in 2024 and remaining funding is planned to be awarded in 2025. Additional permanent supportive housing resources are financed with federal low-income housing tax credits through the agency's Consolidated Request for Proposal Process.

To promote early identification and more effective responses to the needs of Minnesota students experiencing housing instability and homelessness, Minnesota Housing, the Minnesota Department of Education, the Minnesota Department of Human Services, the Minnesota Interagency Council on Homelessness, and the Heading Home Minnesota Funders Collaborative collaborate on a program called Homework Starts with Home. Under this program, school- and

community-based collaborative programs will help homeless or at-risk families with school-age children achieve housing stability and promote academic success. These efforts are supported with grants totaling \$3.5 million from two sources: Housing Trust Fund and Family Homeless Prevention and Assistance Program.

In 2025, Minnesota Legislature made an appropriation to the Department of Human Services to support the statewide Homeless Management Information System (HMIS). This system helps housing and service providers to more effectively coordinate assistance and services to meet the needs of the homeless or near-homeless people. Minnesota Housing and the Department of Human Services annually supports the operation of HMIS, along with contributions from providers and CoCs.

Addressing the emergency shelter and transitional housing needs of homeless persons

ESG funding is used to strengthen the Continuum of Care (CoC) systems by providing direct services to persons experiencing homelessness. ESG and match funds were provided to sub-recipients in all but one CoC region, each of which has a priority to provide shelter and supportive services for individuals and families experiencing homelessness. ESG funds were provided to shelters to pay for the operating and service costs of these programs, and to providers to rapidly re-house persons experiencing homelessness and to prevent individuals and families from experiencing homelessness.

CoC organizations apply to HUD annually for funding under the McKinney Vento Homeless Assistance Program to address homelessness. In addition, the state funds both site-based and scattered-site transitional housing with \$6,184,000 in state funds each year. In State Fiscal Year 2024, the state provided \$22,094,000 in Emergency Services Program (ESP) funding.

The Minnesota Department of Human Services (DHS) has initiated a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations facing barriers may be part of the increase in unsheltered persons who are unable to access emergency shelter due to limited space and other barriers to entry.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections

programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The state received \$2,245,705 in FFY 2024 in ESG program funding to support sub-recipients' ongoing efforts to provide shelter and rapid re-housing and prevention assistance to homeless and at-risk households. ESG funds were used to provide supportive services to persons through the emergency shelter where they were staying, as well as prevent and rapidly re-house households who were at-risk of or experiencing homeless. Supportive services included case management, transportation, and connections to mental health care, substance abuse treatment, childcare, and legal advice and assistance.

One of the state's most significant strategies for providing homelessness prevention assistance is the Family Homeless Prevention and Assistance Program (FHPAP). In 2025, The Minnesota Legislature provided \$28.9 million for the next two-year period. With FHPAP, Minnesota Housing assisted over 11,196 households in 2024 by providing short-term housing and services, primarily to families with children with a median annual income of nearly \$12,000.

The state also provides \$23.3 million for the biennium in base appropriation funding for the state Housing Trust Fund. In 2024, the program served just over 1,180 households with rental assistance and over 600 rental units with operating subsidies. Many of the individuals served by the program have experienced homelessness.

The 2025 Legislature also provided \$10.7 million for the Bridges rental assistance program for the next two years. Under the Bridges program, Minnesota Housing provides rental assistance to households in which an adult member has a serious mental illness, serving around 588 households in 2024. This program helps people with disabilities live in a more community-based and integrated setting while receiving services. The administrators for this program prioritize individuals leaving segregated settings.

The Minnesota Interagency Council on Homelessness has also provided technical assistance to assist in the establishment of CoCs, which have developed regional plans that identify assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a strategy for addressing those gaps. Currently, 10 CoC regions exist in Minnesota covering the entire state. Minnesota Housing supports six CoCs in Greater Minnesota with grants ranging from \$42,000 to \$55,500 each for operating costs.

Local Homeless Prevention Aid from the Department of Revenue help local governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing. Counties must use this aid to fund new or existing family homeless prevention and assistance projects or programs.

In 2025, the Minnesota Legislature appropriated additional resources for statewide rent assistance program modeled after the federal Section 8 Housing Choice Voucher program administered by Housing and Urban Development (HUD). Typically, only 1 in 4 households that qualify for the federal program receive financial assistance. The program received appropriations of \$46 million for FY 2026-27 and is also funded by an increase in the metro area sales tax that took effect on October 1, 2023.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The Minnesota Interagency Council on Homelessness and the Department of Human Service developed and continues to advance and train agency staff on implementing five Foundational Services Practices intended to help our “mainstream” programs – those not specifically targeted to people experiencing homelessness – work better for people experiencing homelessness.

The five Foundational Service Practices are:

1. Know the housing status of people served.
2. Actively reach out to the homeless.
3. Limit requirements for in-person appointments.
4. Assist with gathering required verifications/ documentation.
5. Allow for multiple methods of communication about benefits and services.

Currently, nine of the Council agencies have implemented these practices across one or more programs in their agency, including Minnesota Housing, and are seeing increasing accessibility to programs and an increase in innovation in how agencies are working with individuals and families experiencing homelessness.

The Council, primarily through the work of the Minnesota Department of Veterans Affairs, developed a Veterans Registry that enables service providers to identify the resources each individual veteran experiencing homelessness needs and to make the appropriate connections with those resources. Nine regions of the state, representing 86 of the state’s 87 counties, have been confirmed by the Federal government as having met all criteria to show they have ended Veteran homelessness. These regions have also presented evidence that they have systems in place to meet the needs of Veterans at-risk of or experiencing homelessness on an ongoing

basis. As of October 27, 2025, 4,464 Veterans have found a home through this coordinated approach, and 200 Veterans remain on the Veterans Registry statewide.

Minnesota also has several state funded programs that support helping people facing homelessness transition to permanent housing and ensuring individuals and families don't return to homelessness. There are programs focused on access to supportive housing, prevention assistance, and rental assistance

Minnesota Housing places a priority in its Request for Proposals and funding selection process on rental housing development that includes units of supportive housing for high priority homeless individuals. Most developments that receive funding have at least some supportive housing units.

Funding for the Family Homeless Prevention and Assistance program are also used for rapid re-housing to provide rental assistance for people sleeping outside. The funds are also used for street outreach.

CR-30 - Public Housing 91.220(h); 91.320(j)

Actions taken to address the needs of public housing

In 2023 and 2025, the Legislature appropriated \$87 million and \$26 million, respectively, for the purpose of preserving public housing. This includes both state general obligation bonds and state appropriations, including \$5 million specifically for Minneapolis Public Housing Authority. The funds provided to Minnesota Housing are used for health and life safety, critical needs, accessibility, and energy efficiency improvements in existing public housing in all 87 counties. In 2024, Minnesota Housing committed \$39.5 million to maintain and upgrade 18 public housing buildings. The investments will preserve 1,641 apartments and townhomes across the state, with three in the Twin Cities metro and 15 in Greater Minnesota. In 2025, Minnesota Housing committed \$53.4 million for 32 developments (10 in the metro and 22 in Greater Minnesota) and 3,220 apartments and townhomes. Since 2012, the Legislature has authorized \$174.5 million in resources specifically for the preservation of public housing:

Actions taken to encourage public housing residents to become more involved in management and participate in homeownership

Minnesota does not own or manage public housing and does not have access to public housing residents to encourage them to participate in management or homeownership.

Minnesota Housing encourages homeownership for lower income households through outreach and education under the Homeownership Capacity Program and the Homeownership

Education, Counseling, and Training Program. Minnesota Housing's affordable mortgage financing and down payment loans are available to first-time and repeat homebuyers that meet income requirements. In 2024, these programs served nearly 6,000 potential homebuyers.

Actions taken to provide assistance to troubled PHAs

The state recognizes the need for preservation and rehabilitation of federally assisted affordable housing and provides general obligation bond proceeds for rehabilitation under Minnesota Housing's Publicly Owned Housing Program (POHP). In the 2023 State Legislative session, Minnesota Housing received the largest amount of general obligation bond funding for the Publicly Owned Housing Program that it had ever received. In addition, the program received \$41 million of general appropriations, which enables public housing projects that were not eligible for GO Bond funding to receive POHP funding for the first time. Minnesota Housing released approximately \$41 million in GO Bond funding in early 2024 and selected 18 public housing projects across the state to receive those funds. In 2025, \$53.4 million in GO Bond and general appropriations funding was committed to 32 projects allowing for an even greater distribution of POHP funding throughout the state.

CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)

Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)

In 2023, the Minnesota Legislature created two state aid programs for local units of government beginning in 2024. These aid programs will provide local communities resources to address local housing challenges. The aid can be used to provide emergency rental assistance, financial support for non-profit housing owners and a range of housing development uses.

In the 2024 and 2025 sessions the Legislature evaluated proposals regarding local land use and zoning, but nothing passed. It is anticipated that this will be an issue in the 2026 Legislative session.

Minnesota Housing through its annual allocation of development resources is encouraging different construction methods that can reduce the cost of housing construction, including but not limited to modular construction.

Minnesota Housing has implemented cost containment measures in its funding selection process by identifying projects with high costs (based on Agency and industry standards) and

requiring justification for those with higher-than-expected costs. Details can be found here: [Annual Cost Containment Report](#).

The state has identified limited resources as a barrier to the provision of affordable housing development. To increase the development of affordable housing, Minnesota Housing working with partners has consistently requested funds in the bonding bill for Housing Infrastructure Bonds to address the barrier of a lack of financing resources. In 2024 and 2025, the Legislature authorized a total of \$100 million in Housing Infrastructure resources.

In addition to Housing Infrastructure resources, in 2025 the Legislature appropriated over \$183.9 million for FY 2026-27 to support a wide range of affordable housing programs administered by Minnesota Housing. A summary of those resources can be found [here](#).

Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)

For the 2026-2027 biennium, the Minnesota Legislature appropriated funds to people with some of the greatest housing needs, including: \$10.7 million through the Bridges program to provide rent assistance to households experiencing mental illness; \$28.9 million for family homeless prevention and assistance; and \$23.3 million for the state Housing Trust Fund, which provides rent assistance and operating subsidies to households at the lowest income levels. In 2024, median annual household income for these programs were \$12,204, \$11,808, and \$10,092 respectively.

In addition, the Minnesota Legislature provided \$3.5 million in base funding for the Homework Starts with Home initiative to provide rental assistance to families with school age children that are homeless or highly mobile.

In 2025, the Workforce Housing Development program received \$4 million in funding which provide development resources for housing in underserved, smaller communities (populations less than 5,000) in Greater Minnesota.

In 2025, the Minnesota Legislature appropriated additional resources for statewide rent assistance program modeled after the federal Section 8 Housing Choice Voucher program administered by Housing and Urban Development (HUD). Typically, only 1 in 4 households that qualify for the federal program receive financial assistance. The program received appropriations of \$46 million for FY 2026-27 and is also funded by an increase in the metro area sales tax that took effect on October 1, 2023.

Minnesota Housing is also directing more development resources to projects intended to serve people with incomes at or below 30% AMI, people with disabilities and people experiencing homelessness or at-risk of homelessness.

Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)

DEED requires that all proposed housing rehabilitation projects on homes built prior to 1978 complete a lead risk assessment conducted by a certified risk assessor. All identified lead hazards must be included in the rehabilitation work conducted by a certified renovator trained under the EPA's Renovation, Repair, and Painting (RRP) program, along with appropriately trained workers. A lead-based paint abatement supervisor is required for projects where the total lead related work exceeds \$25,000. Grantees must provide all housing occupants with the required lead hazard handouts and pamphlets and obtain owner acknowledgement of receipt. If lead is found through an assessment, all notices required under 24 CFR Part 35 must be provided.

Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)

The Minnesota Family Investment Program (MFIP) is the state's major public assistance initiative for low-income families with children (funded with a combination of federal TANF and state funds). MFIP's three main goals are to help people leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include employment and job training services, health care assistance, and childcare subsidies for MFIP families. This includes a diversionary work program that helps people to find employment before they reach the need for MFIP. The 2019 Minnesota Legislature approved the first increase (of \$100/month) in 33 years to the MFIP monthly cash benefit.

In addition to administering ESG and state-funded homeless assistance programs, the Department of Human Services and the Office of Economic Opportunity at the Department of Children, Youth, and Families administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating approximately \$110 million a year in federal and state appropriations to more than 200 organizations and programs working with low-income families in Minnesota. These programs address families' basic social needs while providing opportunities for the development of the skills necessary for economic self-sufficiency, and include Federal and State Community Action Grants, Individual Development Accounts (IDA) programs, Supplemental Nutrition Assistance Program (SNAP) Education and Outreach, USDA Commodities (TEFAP) and Minnesota Food Shelf Funding (MFSP).

Actions taken to develop institutional structure. 91.220(k); 91.320(j)

Affordable housing and community development assistance in Minnesota depends upon a large network of local lenders, developers, housing authorities, real estate agents, community action agencies, nonprofit organizations, faith-based organizations, and local governments throughout the state. The state fosters cooperation through interagency task forces, councils, and other

cooperative efforts identified in its ***Consolidated Plan for Housing and Community Development 2022-2026***.

DEED, DHS, and Minnesota Housing work to minimize assistance gaps and to coordinate available resources in a variety of ways: Minnesota Housing and its partners, such as the Metropolitan Council, issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding with other agencies. HUD, the U.S. Department of Agriculture, and Minnesota Housing have an interagency agreement to align/reduce state and federal physical inspections of subsidized rental housing. Minnesota Housing and DHS have been working together to develop a more coordinated grant-making process for resources available through both agencies to address the needs of people experiencing homelessness.

In 2025, Minnesota Housing allocated over \$24 million in grants to local organizations under the Technical Assistance and Operating Support Program, which is funded through both legislative appropriations and Minnesota Housing resources.

Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)

The state hosts several councils or work groups, including:

1. The Metro Interagency Stabilization Group (ISG), which works cooperatively to address policy and financing issues related to the stabilization and preservation of federally assisted and publicly funded rental housing in the Twin Cities metro area. ISG members include Minnesota Housing, the Family Housing Fund, the Minneapolis Community, Planning and Economic Development Department, the Saint Paul Planning and Economic Development Department, Hennepin County, HUD, and the Federal Home Loan Bank of Des Moines.
2. The Greater Minnesota Interagency Stabilization Group (ISG) is a consortium of public and nonprofit funders created to cooperatively address policy issues and financing for the preservation of federally assisted rental housing outside of the Twin Cities metro area. The participants include Minnesota Housing, HUD, USDA RD, DEED, Minnesota National Association of Housing and Redevelopment Officials (NAHRO), Duluth LISC, and the Greater Minnesota Housing Fund. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants can strategically target their combined resources.
3. The Minnesota Interagency Council on Homelessness, which includes 14 state agencies, works to investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; improve coordination of resources and activities of all state agencies relating to homelessness; and advise

Minnesota Housing in managing the Family Homelessness Prevention and Assistance Program (FHPAP). Some work of the council is supported by private foundations that fund certain activities under the state's action plan.

4. The Stewardship Council works to address the capital, service, and operating needs of supportive housing for homeless families and individuals. The council includes representatives from federal, state, and local agencies as well as private philanthropic organizations and nonprofit agencies.
5. The Minnesota HIV Housing Coalition, which facilitates access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and Minnesota Housing on the expenditure of HOPWA funds.
6. The Olmstead Subcabinet, which includes 13 state agencies/entities responsible for the development and implementation of the state's Olmstead Plan. The plan strives to ensure that Minnesotans with disabilities will have the opportunity to live, learn, work, and enjoy life in the most integrated setting of their choice.

Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)

State agencies adopted the most current Analysis of Impediments to Fair Housing Choice (AI) in 2018 and continue taking actions based on that plan. The goals currently reflected in the AI are 1) address disproportionate housing needs; 2) address discrimination and improve opportunities for mobility; 3) expand access to housing for persons with disabilities; 4) address limited knowledge of fair housing laws through education, outreach and development tools and resources; and 5) decrease the loss of housing through displace and eviction. The AI details the consistent and persistent challenges with these goals as well as strategies to help overcome them. The State also spent time identifying how the pandemic impacted the barriers and related strategies including the distribution of over \$500 million in emergency rental assistance.

The state submits the following actions taken in FFY 2024 to address impediments in its ***Analysis of Impediments to Fair Housing:***

State of Minnesota Analysis of Impediments to Fair Housing Choice ***Federal Fiscal Year 2024 Report***

Introduction

It is the policy of Minnesota Housing to affirmatively further fair housing throughout its programs so that individuals of similar income levels have equal access, regardless of protected class status. Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Fair Housing is an important issue across the country; it is crucial that low-income households have access to affordable housing free from discrimination in communities of their choice.

The State of Minnesota's current Analysis of Impediments to Fair Housing Choice (AI) and Action Plan were approved by Minnesota Housing's Board of Directors in September of 2018. Staff developed an action plan to address challenges to fair housing choice for protected classes identified in the AI. This plan was developed to be flexible to respond to market or other forces that impact fair housing challenges.

The following report reflects activities completed in Fiscal Year 2025 through all of Minnesota Housing's programming and includes actions in collaboration with the following state partners:

- Department of Human Services (DHS)
- Department of Human Rights (DHR)
- Department of Employment and Economic Development (DEED)
- Minnesota Interagency Council on Homelessness
- Olmstead Implementation Office

The goals reflected in the AI are to:

1. Address Disproportionate Housing Needs
2. Address Discrimination and Improve Opportunities for Mobility
3. Expand Access to Housing for Persons with Disabilities
4. Address Limited Knowledge of Fair Housing Laws through Education, Outreach and Developing Tools and Resources
5. Decrease the Loss of Housing Through Displacement and Eviction

Goal 1: Address Disproportionate Housing Needs

In this goal area, the State of Minnesota seeks to identify programmatic funding or collaborative responses that can support efforts to increase housing opportunities through expanded or streamlined existing funding resources and through collaboration with a variety of partners to provide services and information and identify other resources.

This goal area addresses a variety of challenges in the housing market faced by households of color and Indigenous communities¹, persons with disabilities, and large families to achieve access to safe quality housing in a community of their choice.

Challenge 1.a. | Rental Housing in Poor Condition

Rental housing in poor condition is the top barrier found across the state, particularly for the most vulnerable low-income renters from protected classes under fair housing law. Minnesota Housing and partners prioritize preserving federally assisted housing and existing affordable housing to ensure conditions are safe as part of the state’s key actions to improve conditions. Additionally, supporting tenant education of their rights helps to address this challenge.

Action: Continue and consider expanding programs to support small rental developments (5-50 units) through continued funding of public housing rehabilitation programs and supporting smaller PHAs to build capacity.

Publicly Owned Housing Program (POHP):

POHP is a competitive funding program that most often uses the proceeds of General Obligation Bonds (GO) to provide financing in the form of a 20-year, deferred, forgivable loan with a 35-year affordability period to public housing authorities and agencies (PHAs). PHAs use these loans to rehabilitate and preserve public housing in the state. Funds can be used only for capital costs that add value or life to the buildings.

In 2023, the Legislature approved \$87 million in resources for the purpose of preserving public housing. This included both state GO Bonds and state appropriations. Five million was specifically for Minneapolis Public Housing Authority, and in 2024 Minnesota Housing committed \$39.5 million in GO Bond proceeds to maintain and upgrade 18 public housing buildings.

¹ The Analysis of Impediments plan uses the term “People of Color or Hispanic Ethnicity” – in this report, the term “People of Color and Indigenous Communities” will be used interchangeably as consistent with Minnesota Housing’s most recently adopted Strategic Plan.

In 2025, \$32 million of the 2023 state appropriations were awarded along with \$21 million in GO Bond proceeds (the GO Bond proceeds were approved during the 2025 Legislative session). The combined funds allowed for selection of 32 projects; 10 projects in the Twin Cities metro and 22 in Greater Minnesota.

Rental Rehabilitation Deferred Loan Program (RRDL) The RRDL program provides resources to rehabilitate existing rental housing in Greater Minnesota so that affordability is preserved and low to moderate income households have access to safe and decent housing. There are plans for an RRDL funding process in 2026 or early 2027.

Small Cities Development Program Rental Rehabilitation

Rental rehabilitation is an eligible activity under the Small Cities Development funding program which is managed by DEED. This activity would be part of a competitive grant application. Cities and counties that are eligible for the State Community Development Block Grant (CDBG) program funding may apply for rehabilitating public and private rental units within their jurisdictions. Funding may assist in rehabilitating single family rental units, duplex rental units, multi-family rental buildings and mixed-use buildings with commercial space on the first floor. Single family and duplex rental units must house a low-to-moderate income household and rents must adhere to HUD Fair Market Rent for the term of the loan. Multi-family rental buildings and mixed-use buildings assisted with CDBG funding must house 51% or more low-to-moderate income households and rents must adhere to HUD Fair Market Rent for the term of the loan. This activity may serve as a good leverage and gap financing for larger projects.

Action: Investigate resources for quick response fund for life/safety concerns by continuing and considering expansion of resources for developments currently in Minnesota Housing's portfolio and considering establishment of a receivership revolving loan fund under state statute 504B.451.

Asset Management Loan Program (FA/FAF):

The Asset Management Loan program provides resources on a pipeline basis to address immediate critical repairs, and deferred maintenance. Part of the funding for this program comes from Financing Adjustment and Financing Adjustment Factor (FA/FAF), which are federal funds. There were no eligible applications for AM loans in FFY25 and no loans committed.

Action: Continue support for HOME Line as a hotline for tenants' rights.

Minnesota Housing extended the contract with HOME Line through September 30, 2027, adding an additional \$500,000 to the original award amount. In State Fiscal Year 2025, HOME Line fielded 20,279 tenant calls with the two most common reasons being repairs (5,535) and evictions (5,222). Based on HUD definitions, 90% of callers are

low income; 44% extremely low income. Over two-thirds (66%) of callers are women and 49% identify as Indigenous, Black and people of color.

Challenge 1.b. | Insufficient housing for large families

In Minnesota, large families and immigrant families face much higher rates of cost burden and overcrowding than other types of renters. Large families are also disproportionately affected by difficulties in finding landlords who accept Section 8 and are met with markets with smaller units. Single family homes are often better sized and configured for larger families.

Action: For rental development resources, continue to provide points for large family housing in selection criteria of Minnesota Housing funding resources, including through the Low-Income Housing Tax Credit Qualified Allocation Plan.

Minnesota Housing recognizes the need to improve the housing system. This includes focusing on the people and places most impacted by housing instability, especially children. Minnesota Housing continues to include points for large family housing in its selection criteria. This includes a family housing threshold option in the metropolitan area where 75% of the total tax credit units contain two or more bedrooms. Additional points for large family housing with two or more bedrooms can be given for projects that provides family housing not restricted to persons 55 years and older.

Action: For homeownership activities, continue to support the enhanced financial capacity program in reaching large immigrant families, prioritize large family housing in the Impact Fund, provide priorities for large families in down payment assistance, and evaluate how these priorities reach large families.

- In FFY 2025 Minnesota Housing provided affordable first mortgage loans to 1,023 households with four or more people. 979 of those also received a Minnesota Housing downpayment and closing cost loan.
- In FFY 2024, 40% of households receiving financial wellness coaching in the Homeownership Capacity program had four or more people.
- In FFY 2024, 28% of the households served under the Agency's Impact Fund development program had four or more people.

Challenge 1.c. | Homeownership and mortgage lending gaps

Minnesota experiences one of the largest racial disparities in homeownership in the country compared with other states, though we have seen modest progress recently. Recent American Community Survey data show Minnesota had the 11th largest disparity between white and BIPOC households, whereas previously Minnesota was consistently in the bottom four states.

Homeownership represents one of the most common wealth-building opportunities for households and provides stability for families. A disparity in homeownership rates for Black, Indigenous, and people of color (BIPOC) exacerbates racial disparities in education, health, and other outcomes.

Action: Enhance and continue partnerships to remove barriers to homeownership and reduce the lending gaps between BIPOC and white non-Hispanic households, as well as continue supporting and strengthening the Homeownership Opportunity Alliance.

In FFY 2025, 45.7% of Minnesota Housing’s Start Up program first time homebuyer loans went to BIPOC households (1,388 of 3,040 loans).

Homeownership Opportunity Alliance:

Minnesota Housing co-leads (with the Minnesota Homeownership Center) an industry-wide coalition to expand homeownership for households of color, called [the Homeownership Opportunity Alliance](#) (HOA). The goal of this coalition is to collaboratively develop partnerships, programs, resources and best practices as a catalyst to systemic change that advances homeownership equity in Minnesota. The HOA provides outreach to BIPOC communities through their [“Get Ready. Be Ready!”](#) campaign to connect BIPOC households with [homebuyer education services and build awareness that homeownership is possible](#).

In FFY 2025 the HOA accomplished the following:

- Participation of approximately 50 organizations with 200 individual members.
- Engaged members based throughout the state, supporting network connections and education about homeownership opportunities and challenges on a variety of topics, including downpayment assistance resources and manufactured and modular housing options. Engaged the overall homeownership industry in Minnesota to support preparation and coordination amongst lenders, real estate agents, and homeownership advisors, for the implementation of the State’s \$150 million investments in first-generation homebuyer downpayment assistance to ensure clear understanding of the opportunity to address the homeownership gap, the process requirements, and to troubleshoot barriers and challenges.
- Continued the “Get Ready. Be Ready!” campaign outreach and marketing with including a neighborhood event "Homeownership: Get Ready! Be Ready" which included educational presentations about the homebuying process in both English and Spanish, and resources available to the prospective homebuyers in attendance.

- Expanded social media presence and activity through Facebook, LinkedIn, and Instagram

Action: Identify homeownership education activities occurring in the market and evaluate program activities; this includes the Homebuyer Education Counseling, and Training (HECAT) program at Minnesota Housing, supporting partners in working on initiatives to help households save for down payments, and other homeownership capacity activities:

Homeownership education, counseling, and coaching programs

As the Agency's two homeownership education, counseling, and coaching programs have fully transitioned from a one-year to two-year cycle, it has given better opportunities to proactively reach out to new potential providers, especially those reaching BIPOC communities and underserved geographic areas of the state. Incoming participants in the pre-purchase coaching program in FY24 were 74% Black, Indigenous and People of Color (BIPOC).

Action: Partner with Tribal Nations to consider strategies to increase homeownership for American Indian households both on and off tribal lands, including continued work on the feasibility of eventual tenant ownership for eligible tax credit properties and conducting a mortgage lending session at bi-annual Indian Housing conference.

The Housing Tax Credit (HTC) team continued to work with any owners interested in starting or completing the process of Eventual Tenant Ownership (ETO).

The HTC team continues to work with Red Lake, Bois Forte, Leech Lake, and White Earth providing regular check-ins and support as they pursue ETO for their tribal members. Multifamily staff, in coordination with the legal team and closing team, will continue to provide ongoing support and technical assistance to organizations as needed.

Challenge 1.d. | Very high standards for rentals

When rental properties require standards out of reach for many renters, the barriers to getting housing increase dramatically, especially in a very tight rental market, and impact people of color, people with disabilities and large families most dramatically. Properties often require three times income, high security deposits, and require no past record of criminal activities or credit problems.

Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program to help address housing needs of persons with criminal records, substance abuse challenges and other barriers.

The Landlord Risk Mitigation Fund program pilot began on September 1, 2017, and ended on August 31, 2022. It initially began as a 3-year pilot and due to the success of the program including a low property owner claim rate, the pilot was extended an additional two years. A total of 281 households and 547 individuals were served.

The mitigation fund was an effective use of resources. Only 22 claims, totaling \$32,173 were made against the \$227,000 dedicated to the mitigation fund, or 14% of funds available. The pilot created additional housing opportunities for low-income high barrier households.

Because of the continued need for housing for people with housing barriers, and partly because of the success of the pilot, the 2023 Minnesota legislature approved up to \$1M in Family Homeless Prevention and Assistance Program (FHPAP) to create or expand risk mitigation programs for improving housing opportunities to homeless and at-risk households with rental barriers.

In fall of 2025 the new Property Owner Risk Mitigation Fund (RMF) request for proposals was launched and will build upon the success and learnings of the pilot in addition to feedback from partners and stakeholders. Grant funds are used to create or expand risk mitigation programs to recruit and engage property owners, reimburse property owners for damages or other eligible financial losses, link property owners and renter households to tenancy support services, and establish other strategies to support property owners serving eligible households.

Households served by property owners under this Program must be eligible under the FHPAP guidelines outlined in the FHPAP Program Guide. While Grant Proceeds will be directed only to services, activities, and reimbursements for property owners, Grant outcomes will be tracked for both property owners and renters.–It's anticipated that funds will be committed early 2026. See also Goal 3.a.

Action: Regularly provide informational materials on best practices related to tenant selection plans to owners and manager of properties of Minnesota Housing financed rental developments.

Challenge 1.e. | Affordable housing and landlords accepting housing choice vouchers only located in higher poverty areas

When a household receives a tenant-based Housing Choice Voucher, they can find housing of their choice in the marketplace. However, voucher holders face many barriers in utilizing vouchers and often face landlords who do not accept the voucher or have rents above payment standards.

Action: Continue to prohibit properties with funding through Minnesota Housing from refusing to lease to a tenant based on the status of the tenant as a voucher-holder or recipient of similar rental assistance.

Owners of properties financed through Minnesota Housing cannot refuse to lease a unit in the project because the applicant holds a voucher. Compliance of this requirement is monitored through affordability period. We added language to the Land Use Restrictive Agreement (LURA) requiring the owner, when applicable, to utilize the local Housing and Redevelopment Authority (HRA) or Public Housing Authority (PHA) waiting list in the Tenant Selection Plan to identify eligible individuals and households to fill vacant units.

Goal 2: Address Discrimination and Improve Opportunities for Mobility

In this goal area, the State of Minnesota intends to identify strategic and collaborative approaches to consider both place-based solutions and mobility solutions to provide households access to housing in communities of their choice.

Challenge 2.a. | Non-white and Hispanic residents are disproportionately segregated into some, often high poverty neighborhoods

Decades of housing policies that racially segregated communities and continued implicit and explicit practices disproportionately limit choice of households of color and Indigenous communities in Minnesota.

Action: Support efforts to review where investments in creation, preservation, and rehabilitation of affordable housing is occurring relative to areas of concentrated poverty and economic opportunity to encourage a full range of housing choices. (For example, helping to keep HousingLink’s Low Income Housing Tax Credit development database current to report distributions).

Minnesota Housing annually reviews the distribution of investments in affordable housing. The Low-income Housing Tax Credit is the predominant tool for financing new affordable housing. Through the authority specified in Minn. Stat. §462A.222 and 462A.223, Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and

Dakota County are authorized to administer HTC allocations as suballocators. The City of Minneapolis, City of St. Paul, Dakota County and Washington County administer their HTCs locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements with Minnesota Housing through which the agency will perform the HTC allocation or awards, and compliance monitoring.

LIHTC development proposals submitted to Minnesota Housing are extensively reviewed by a team of staff underwriters, architects, asset management and supportive housing staff for:

- Consistency with Minnesota Housing’s mission and strategic priorities
- Compliance with statutes and program rules, including geographic distribution of resources
- Consistency with program requirement, eligible uses, and priorities
- Financial feasibility, market need, architectural quality, and overall development team capacity

Minnesota Housing provides ongoing support of the HousingLink Streams database, which includes LIHTC and other affordable housing to make data accessible for analysis.

Challenge 2.b. | Challenges in accessing housing in concentrated areas of wealth or other opportunities

Households of color or Indigenous communities, large families, and voucher holders disproportionately lack access to housing in concentrated areas of wealth or other opportunities.

Action: Evaluate and continue solutions that mitigate barriers to developing housing in areas of wealth or other opportunities. (For example, address barrier of NIMBYism).

Minnesota Housing staff attend regional housing meetings of housing staff at the city and county housing departments to track local policy and financing strategies to meet housing needs, support housing stability and expand housing choice in their respective cities and counties. The Urban Land Institute – MN convenes these groups to discuss strategies and highlight examples of efforts to advance housing choice.

Additionally, staff participated in cross-sector efforts to develop strategies and a two-year implementation plan for a pro-housing stability narrative. The goal of this narrative strategy is to increase statewide support for housing that meets the spectrum of housing needs in all communities across the state. This collaboration included philanthropy, housing intermediaries, Greater Minnesota organizations, a Supportive Housing provider, self-advocacy groups and a Tribal Housing service provider.

Minnesota Housing convened two regional housing forums in Greater Minnesota. The Agency invited other housing intermediaries to share the financial resources and technical assistance they offer. These forums convened a variety of housing partners including housing developers, city and county staff, community-based organizations, social service providers and others to highlight resources, provide examples of development projects, and highlight the work of organizations leading equity and inclusion efforts in the region. Additionally, Minnesota Housing staff shared information about Agency resources and networked at a Southwestern Minnesota Housing Institute convened by a Housing Intermediary. Minnesota Housing also helped to sponsor and facilitate the Indian Housing Conference, a biennial conference for tribal housing staff that has not taken place since before the COVID-19 pandemic. The Agency shared general housing resources, including new resources specific to Tribal Nations, and listened to attendees about their priorities, goals, and needs.

Through its Capacity Building Grant Program, Minnesota Housing provides grants to organizations whose work focuses on addressing root causes of housing instability, challenges, and disparities. These grants also prioritize efforts to support the self-determination and elevate the voices of those most impacted by housing challenges to define the housing types and locations that fulfill their vision of opportunity. Funding contracts for the Request for Proposals launched in 2024 began in February 2025. The Agency awarded 29 grants to a variety of organizations around the state. Examples of projects include grants to:

Churches United in Ministry, in partnership with Stepping On Up, a collaborative of 14 Duluth agencies organized to address the extreme shortage of affordable housing and growing unsheltered homelessness in their community. They will build their internal capacity, expand efforts to build leadership of people with lived expertise to advance a collective housing stability strategy, engage the broader community for support of these efforts and have strong cross-sector collaboration to improve the housing stability system.

Housing Justice Center to build a sustainable ecosystem in Minnesota for manufactured home community members to build community power and access their rights.

Leech Lake Financial Services, Inc. to develop an integrated housing construction workforce (1) enhancing workforce readiness for construction careers, (2) increasing housing development and availability, and (3) increasing homeownership and housing stability. The regional and tribal housing crisis represents community and economic opportunities that this project will use to build an economic sector that increases affordable housing and homeownership and decreases homelessness and overcrowding

while decreasing unemployment. It involves long-term systems-level changes that will address housing needs, provide economic opportunities, and improve community social problems.

Lutheran Social Service of Minnesota to strengthen capacity for community engagement and beyond. Lutheran Social Service of Minnesota (LSS) will create a training curriculum for faith-based communities. They will partner with congregations via training designed to decrease stigma around homelessness and build greater community engagement around housing solutions across the state. Their training will address homelessness across many levels, including building awareness of the homeless response system, education around direct services and volunteer opportunities, networking with other communities interested in this work, and options for advocacy and policy responses.

North Star Neighbors, a new community land trust (CLT) covering the expansive northwest Minnesota region of approximately 12,000 square miles. With populations of all but one city in the region under 10,000, local capacity is limited, and communities' needs are deeply unique. North Star Neighbors seeks Capacity Building support as they take an innovative, region-wide approach to the long-standing and successful CLT model.

Action: Monitor any proposed regulatory changes regarding source of income protections.

Minnesota Housing is evaluating source of income protection work at the City of Minneapolis and other local jurisdictions through policy and community development efforts.

Minnesota Housing and the Department of Human Rights (MDHR) also had a state level proposal recommended by the Governor each legislative session since 2021 on this topic, but the Legislature did not act. MDHR will be asking the Governor to recommend the policy again for the 2026 legislative session.

Challenge 2.c. | Challenges accessing economic and other opportunities

Racially segregated communities have experienced disinvestment and continue to experience disinvestment that reduces economic opportunities in these communities. Accessing opportunities disproportionately impacts persons with Limited English Proficiency

Action: Promote contracting opportunities for women and Black, Indigenous, and People of Color-owned business entities in all programs.

Minnesota Housing promotes contracting opportunities for Black, Indigenous People of Color-owned Business Enterprises, and Women-Owned Business Enterprises through its multifamily and single-family programs.

For single family programs, the Impact Fund development program provides an incentive for applicants led by BIPOC and women.

For multifamily programs, Minnesota Housing's Qualified Allocation Plan (QAP) is the principal document that guides the housing priorities of Housing Tax Credits and other deferred Multifamily funding resources. This plan also incorporates elements of Minnesota Housing's broader Strategic Plan which aims to create an inclusive and equitable housing system, preserve existing affordable housing, and strengthen disinvested communities.

Creating an inclusive and equitable housing system includes diversifying the development partners we work with and promoting opportunities for Black, Indigenous, People of Color-owned Business Enterprises, and women-owned Business Enterprises. We continue to utilize additional points added to the 2026-2027 QAP for BIPOC and Women Owned Business Enterprises and for development teams that partner with BIPOC and Women Owned Business Enterprises to build their capacity to develop, manage, construct, design, or own affordable housing. We added processing agents to the approved list of Development Team members recognizing the role that processing teams have in the development process. We also modified the Capacity Building Partnership selection criterion, adding points and clarifying that the goal is to build capacity of Black-, Indigenous-, People of Color-owned Business Enterprises, and women-owned Business Enterprises.

Minnesota Housing also has contracting goals for BIPOC and Women Owned Business Enterprises that apply to all projects receiving Agency deferred loan funding, including federal and non-federal sources. These goals are designed to achieve certain contracting thresholds for BIPOC and Women Owned Business Enterprises at the project and subcontractor level and represent the percentage of a project's overall construction contract amount that is awarded to these businesses. Minnesota Housing staff is currently in the process of updating these percentage goals to reflect current BIPOC and Women Owned Business Enterprise ownership data. During the FY 2025 reporting period, Minnesota Housing projects met the statewide percentage goal for Women Owned Business Enterprises (6%) by awarding 14.2% of the amount of contracts to

these businesses but did not meet the Twin Cities metro area or Greater Minnesota percentage goals for BIPOC Owned Business Enterprises, 13% and 4% respectively. These Minnesota Housing projects awarded 8.7% to these businesses in the Twin Cities metro area and 2.3% in Greater Minnesota.

Minnesota Housing administers HOME and NHTF funding from HUD that triggers Section 3. During the FY 2025 reporting period, six projects received over \$200,000 in HUD funding that triggered Section 3 requirements. Across these six projects, 8.7% of the total labor hours worked were worked by Section 3 Workers and 1.8% were worked by Targeted Section 3 Workers. While these numbers fell short of the HUD benchmarks of 25% for Section 3 Worker labor hours and 5% for Targeted Section 3 Worker labor hours, there was improved performance with these benchmarks in FY 2025 when compared to the two previous years, most notably for labor hours worked by Section 3 Workers.

Minnesota Housing continued to be a member of the Twin Cities Section 3 Collaborative and collaborated with Twin Cities Section 3 Collaborative staff to notify currently certified Section 3 Businesses of upcoming contracting opportunities on its Section 3 projects and to identify and certify more Section 3 Businesses and Workers. Minnesota Housing's other activities consisted of directing general contractors to existing resources to identify existing Section 3 Businesses to outreach to when bidding out a project, providing examples of qualitative efforts that can be used, and working with general contractors to identify and certify Section 3 Workers and Businesses already working on its Section 3 projects. Minnesota Housing also worked on providing more project-specific resources to help general contractors and subcontractors more effectively implement HUD's suggested qualitative efforts. This included forwarding invitations from Goodwill-Easter Seals and the Summit Academy OIC for their hiring fairs and mock interview events to the general contractors for all current Section 3 projects.

Action: Continue to support the preservation of affordable housing opportunities as a strategy for community investment.

Minnesota Housing continues to be involved in a rural preservation workgroup. USDA Rural Development 515 properties have unique preservation challenges, and Minnesota Housing includes a set aside in the Low-Income Housing Tax Credit program to support USDA-RD properties and has partnered with USDA RD to create a specific initiative under the Rental Rehabilitation Deferred Loan program for 515 properties.

Minnesota Housing is also the contract administrator for the Performance Based and Traditional Contract administration programs for project-based Section 8 properties in

Minnesota. This administrative work with these properties allows the state to better understand and address the preservation needs of these properties.

Minnesota Housing staff, continue to lead the Interagency Stabilization Group (ISG) that includes state, federal and local funders that get together to discuss various preservation issues and the preservation needs of specific developments. This group meets regularly throughout the year.

We also made updates to the QAP to help preservation projects be more competitive and remove barriers at application of the Consolidated RFP.

- Added language for the Risk of Loss Due to Critical Physical Needs threshold that modifies how distressed properties with negative cash flow will be analyzed. This will assist distressed properties by allowing negative cash flow to offset reserves in the calculation of physical needs. This will expand eligibility and increase the number of projects that can meet threshold.
- Modified the pointing options for Tier 1 – Existing Federal Assistance. This change simplifies the scoring for the criterion and reduces the number of existing federally assisted units necessary to receive points, which will result in higher scores for Tier 1 projects.
- Added a Tier and points to provide additional points based upon the severity of the Critical Physical Needs of the property. Projects with Critical Physical Needs greater than \$15,000 or \$25,000 per unit can receive additional points. This will increase the total points available to 45.

Goal 3: Expand Access to Housing for Persons with Disabilities

The State of Minnesota seeks to identify collaborative and programmatic funding responses to rehabilitate and create new accessible affordable housing options, support accessibility improvements in single units, and help people with disabilities transition into independent living settings.

Challenge 3.a. | Shortage of affordable, accessible housing

For people with disabilities, simply acquiring housing and remaining housed are significant challenges. Wait lists for affordable, accessible housing are years long in many rural areas.

Action: Evaluate and enhance existing funding resources to provide preference in housing developments for persons with disabilities, including preference points in the Low-income Housing Tax Credit Qualified Allocation Plan and other competitive capital funding resources.

Multifamily Consolidated Request for Proposals and Low-Income Housing Tax Credit Allocation:

Minnesota Housing recognizes the need to improve the housing system. This includes supporting people with disabilities. We continue to incentivize the development of affordable rental housing serving people with disabilities in two ways: awarding points in our QAP for units set aside for people with disabilities at 30% MTSP Income limits, as well as a threshold area pertaining to housing persons with disabilities. We continue to see most developers include units for people with disabilities in their project proposals.

Publicly Owned Housing Program:

Out of the 2025 POHP projects (which were approved in August 2025 and are just getting underway), most often included upgrades were to outdated electrical systems, plumbing upgrades or replacements, replacement of windows, elevator upgrades/replacements, fire systems and fire doors. One project included door closures to make them ADA compliant and one a sidewalk improvement to allow for accessibility. POHP program staff will continue to prioritize projects that improve life safety and accessibility in upcoming RFPs.

Rental Rehabilitation Deferred Loan Program (RRDL):

The most recent RRDL funding round took place in 2023. There are plans for an additional RRDL funding process in 2026 or early 2027.

Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund² program.

In 2023 the Minnesota legislature approved up to \$1M in Family Homeless Prevention and Assistance Program (FHPAP) to create or expand risk mitigation programs for

² Minnesota Housing stakeholders have indicated that the term “landlord” is problematic, and the agency has since transitioned to the term property owner. The development of the pilot occurred prior to this change. This document uses “the pilot” to refer to the Landlord Risk Mitigation Fund rather than its name.

improving housing opportunities to homeless and at-risk households with rental barriers.

In fall of 2025 the new Property Owner Risk Mitigation Fund (RMF) RFP was launched and will build upon the success and learnings of the pilot in addition to feedback from partners and stakeholders. Grant funds are used to create or expand risk mitigation programs to recruit and engage property owners, reimburse property owners for damages or other eligible financial losses, link property owners and renter households to tenancy support services, and establish other strategies to support property owners serving eligible households.

Households served by property owners under this Program must be eligible under the FHPAP guidelines outlined in the FHPAP Program Guide. While Grant Proceeds will be directed only to services, activities, and reimbursements for property owners, Grant outcomes will be tracked for both property owners and renters. It's anticipated that funds will be committed in spring/summer of 2026.

Challenge 3.b. | Shortage of resources to make accessibility improvements

If a voucher holder requires a reasonable accommodation, PHAs may not have the resources available to assist with the accommodation. There are also not resources to assist non voucher holders in accessibility improvements more broadly.

Action: Provide education and outreach of existing homeownership programs to make accessibility improvements, including streamlining Minnesota Housing's Rehab Loan Program to make program more accessible to lenders, and promote to seniors and persons with disabilities, evaluating the Impact Fund projects for accessibility improvements, continuing to promote Minnesota Housing's Fix Up Fund for persons with disabilities, and continuing to provide priorities for down payment assistance.

Fix Up loan Program:

During FFY 2025, Minnesota Housing provided Fix Up loans to at least 11 households with a disability. The Accessibility Loan option offers a lower interest rate than the standard Fix Up options to make accessibility improvements more affordable, though accessibility improvements are also allowed under other Fix Up loan options (maximum loan amount of \$75,000).

Rehabilitation Loan Program/Emergency & Accessibility Loan Program (RLP/ELP):

In FFY 2025, 57% of the households served by the income targeted RLP/ELP (an income at or below 30% area median income) had at least one household member with a disability.

Homeownership Programs:

In FFY 2025, Minnesota Housing provided affordable first mortgage loans to at least 51 households with disabilities, 50 of whom also received a Minnesota Housing down payment and closing cost loan.

Impact Fund Program:

In FFY 2025, 19% of the households served under the Impact Fund program had a household member with a disability.

In FFY 2025, 71% of the new construction homes developed using Minnesota Housing Impact Fund dollars were fully visitable meaning the homes included no step entrances, 32-inch doorways, and a bathroom on the main level.

In FFY 2023, Minnesota Housing awarded Impact Fund dollars in the amount of \$448,700 to Impact Fund Program Administrators to make accessibility improvements for homeowners.

Challenge 3.c. | Shortage of resources to transition to independent living settings

There is a shortage of workers to help transition to and support independent living, and processes to apply for supports are complex and onerous.

Action: Collaborate with housing and supports activities in the state’s Olmstead Plan and initiatives that increase the number of people with disabilities who live in the most integrated housing of their choice.

There are several key activities in the [Olmstead workplan](#) related to housing and services in partnership with Minnesota Housing. These include:

The Bridges program (described below)

The Section 811 program (described below)

Ensuring HousingLink’s products and services serve people with disabilities.

Minnesota Housing and other state agencies are currently working on updating the Olmstead Plan.

Action: Minnesota Housing will continue to provide rental assistance to persons with disabilities and/or mental illness and evaluate program effectiveness.

Minnesota Housing was awarded a fourth round of Section 811 funding bringing an additional \$7,986,651 to the state to assist transitioning people from institutions and homelessness into independent living settings. The contract was received in September 2025 and 106 units are anticipated to be assisted with these funds after final selections of the 2025 Consolidated RFP.

The Bridges Program (rental assistance to people with a mental illness) recently received an increase of \$2 million in base funding bringing the biennial total to \$13,060,000.

Bridges served 544 households, and Section 811 served 181 households and will serve an additional 53 households over the next 2 years with Round 3 and an additional 281 units with Round 4 over the next 7-10 years.

Action: Minnesota Housing and DHS will continue implementation of the Section 811 rental assistance

Under the HUD Section 811 PRA Supportive Housing Program (811 PRA), HUD has awarded Minnesota four rounds of funding for a total of 403 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. These units will serve people who are long-term homeless or leaving institutions of care. The 811 program households have average incomes less than \$11,500 annually and are receiving, on average, monthly assistance of about \$773. All households include an individual with a disability and half of households identify as a person of color or from Indigenous communities.

Minnesota Housing is implementing this program in collaboration with the Minnesota Department of Human Services (DHS). DHS coordinates outreach and referrals for 811 applicants and ensures that tenants are connected to service providers. The 811 PRA program is an important tool to support the goals of the state's Olmstead Plan to provide integrated housing options for people with disabilities. Minnesota Housing has awarded contracts to property owners for 181 units at 337 properties, and there are currently 181 households living in Section 811 PRA units. Round Three funding has been used in the 2021, 2022, 2023, and 2024, 2025 RFPs, producing 75 units with 22 units in service. The round four award produced 33 units in the 2025 RFP. The pipeline application for existing units has been postponed until spring, 2026

Minnesota Housing made changes to the QAP to incentivize more use of 811 PRA, increasing the points and lowering the unit threshold in order to qualify for points. We

are already seeing more applicants claim points for this selection criteria in the Consolidated RFP.

Action: Other programmatic action to provide resources to transition into independent living settings, Housing Infrastructure Bonds

Minnesota Housing continues to make advancements in addressing statewide housing needs for people with disabilities. Providing pointing incentives for many types of multifamily developments to include units for persons with disabilities has been an Agency priority for over a decade. Project selections continue to advance the objectives of Minnesota’s Olmstead Plan, and in the 2024 Request for Proposal funding round, Minnesota Housing created or preserved 86 units specifically set-aside to serve people with disabilities. This includes 6 units that will also receive HUD Section 811 Project-based Rental Assistance. This was a new pointing incentive added to the 2022-2023 QAP to encourage projects to incorporate this federal subsidy.

Minnesota Housing also prioritizes the creation of units to prevent and end homelessness. Data from supportive housing providers, service providers, and local HUD Continuum of Care point-in-time counts and Coordinated Entry lists provide evidence that many individuals who experience homelessness may also have Behavioral Health needs (people with mental illness or substance use disorders). Thus, the new permanent supportive housing units created via Minnesota Housing’s funding resources provide independent-living housing for these populations.

Goal 4: Address Limited Knowledge of Fair Housing Laws Through Education, Outreach, and Developing Tools and Resources

The State of Minnesota will engage in collaborative approaches to expand education efforts by partnering with the Department of Human Rights, participation in conferences, and sustaining and improving tools like the Affirmative Fair Housing Marketing Toolkit.

Challenge 4.a. | Limited knowledge of fair housing laws and resources

A perennial fair housing issue is lack of knowledge. Tenants, landlords, lenders, and borrowers do not always know their rights or responsibilities. In addition, we need to strengthen relationships with other Fair Housing entities and partners.

Action: Support efforts to maintain and promote the FairHousingMN.org website and online tool to develop Affirmative Fair Housing Marketing Plans and expand education and oversight of AFHMPs in Minnesota Housing's portfolios

Reviews of AFHMP's are included with all physical inspections conducted by compliance officers on properties financed with Housing Tax Credits, HOME, National Housing Trust, and/or agency deferred loans. The task was added to each physical inspection to track these reviews in Minnesota Housing's system. The AFHMP review task is considered completed after the review or the compliance officer determines that the review is not applicable because the property is not required to have an AFHMP or the AFHMP is already reviewed by another staff person or entity.

As of October 13, 2025, of the 232 inspections due in CY 2025, 100 AFHMPs have been successfully reviewed, 57 were not applicable, and the remaining inspections are still in process.

Minnesota Housing provided an operations grant of \$225,000 to the HousingLink to maintain updated affordable housing listings, Affirmative Fair Housing Marketing Toolkit, research and housing supply data and other efforts to support housing choice and stability. The HousingLink reported that in 2023, 394 companies used Affirmative Fair Housing Marketing Toolkit to create their Affirmative Fair Housing Marketing Plans. This resulted in 533 users and 2,628 projects created using the toolkit.

Action: Work with Minnesota Department of Human Rights, Minnesota NAHRO, Minnesota Multi Housing Association and similar organizations to provide education regarding housing discrimination laws through their annual conferences.

Minnesota Housing staff continues to meet with industry partners to explore the possibilities of training multifamily property owners, managers and service providers on fair housing. Meetings are conducted with Minnesota Multi Housing Association, Minnesota NAHRO and HUD to brainstorm and develop trainings on current issues to draw attendees in and educate them in fair housing.

Training session topics are developed by reaching out to MMHA members, as well as our staff and customers, to determine where gaps in knowledge exist and further training is desired.

The 2025 Working Together Conference was publicized by Minnesota Housing on our website. Minnesota Multi Housing Association and Minnesota NAHRO sent multiple email blasts as well as hard copy mailings. 2025 Working Together Conference sessions included:

- Ask the Attorney: Fair Housing & Landlord Tenant Law
- Hot Topics in Fair Housing
- Fair Housing Toolbox for Maintenance

Action: Continue to support educational opportunities and outreach efforts with suburban community elected and appointed officials to understand the important and effectively plan for a full range of housing choices.

Minnesota Housing regularly participates in the annual policy making processes of Metro Cities, League of Minnesota Cities, and the Municipal Legislative Commission to understand their housing policies and priorities, as well as to receive feedback on the agency's programs.

Various Minnesota Housing's staff has spoken to these groups and staff have on-going relationships with the group's staff and members regarding the importance of housing that is affordable and equitable. Staff have also historically participated in the Regional Council of Mayor's meetings.

Action: Distribute fair housing educational materials at annual conferences, public venues, and other opportunities.

Documents about fair housing were available at the 2025 Working Together Conference and as mentioned above, there were three sessions about this topic.

Minnesota Housing's internal cultural competency committee hosts monthly events that are often directly related to fair housing issues.

Action: Each State CDBG Grantee must complete at least one fair housing activity each year.

Each State CDBG grantee developed and adopted a Fair Housing Plan and affirmatively furthered their Fair Housing plan by completing at least one unique fair housing activity each year the grant remains open. Activities are reported in the State's annual report each year.

DEED Small Cities Development Program (SCDP) staff carries out education efforts for grantees and potential grantees on fair housing and equal opportunity topics during SCDP implementation training workshops and application webinar trainings.

DEED staff distributed Fair Housing and Equal Opportunity brochures and posters (multiple languages) to attendees during events focused on engagement and outreach efforts and during individual technical assistance with grantees throughout the year.

Action: Build relationships and internal capacity for Fair Housing related work.

The agency continued to work with HUD to monitor Fair Housing work. Staff coordinate with HUD and the Minnesota Department of Human Rights where we identify a list of properties and management companies that have been found to be in violation with Minnesota Housing's Fair Housing policy. This information is then used to report any Fair Housing violation to the IRS through the 8823 process for LIHTC projects and is used to determine applicable penalties associated with any new applicants for LIHTC funding as outlined in the paragraph below.

Goal 5: Decrease the Loss of Housing Through Displacement and Eviction

To move towards this goal, the State of Minnesota will identify opportunities to support preservation of Naturally Occurring Affordable Housing (NOAH) and other ways to mitigate the effects of displacement or evictions.

Challenge 5.a. | Redevelopment displacing current renters of Naturally Occurring Affordable Housing (NOAH)

NOAH properties reflect a large stock of homes that are affordable to lower income households and are without subsidy. Redevelopment of NOAH properties is displacing current residents and is predominantly occurring in the Twin Cities Region. It is estimated that Minnesota is losing 2,000 units every year.

Action: Continue support of the NOAH Impact Fund and partner with the Greater Minnesota Housing Fund to evaluate the effectiveness of the fund.

Naturally occurring affordable housing (NOAH) is unsubsidized housing without income or rent restrictions that is affordable to moderate- and low-income renters. A substantial number of naturally affordable rental developments are being converted to higher-market rents or are simply operated under poor management and in disrepair. These conditions threaten the stability of families and communities, and these impacts disproportionately impact persons of color and persons with disabilities.

Minnesota Housing continues to work with the Greater Minnesota Housing Fund to invest in the NOAH Impact Fund to finance the acquisition and preservation of naturally affordable class B and Class C rental housing in partnership with high performing owner-operators with the shared social goal of preserving affordability for the long term.

Related, in 2023, the Governor requested funding, and the Minnesota legislature approved \$90 million in one-time funding resources to preserve and improve existing housing stock, commonly referred to as NOAH. In 2024, this program was modified by the Legislature providing \$41.750 million for multifamily rental and \$10 million for single family ownership. Minnesota Housing released a Request for Proposals and accepted applications in July 2025. Those applications are currently under review.

Action: Monitor state legislation regarding right of first refusal and opportunity to purchase measures for manufactured home parks (tenant purchase rights) and consider the next steps for Minnesota Housing related to the preservation of manufactured home parks to address critical infrastructure issues that limit preservation opportunities or offset/replace opportunities that are no longer available.

Minnesota Housing staff is in regular conversations with key stakeholders on this issue including North Country Foundation, All Parks Alliance for Change/Housing Justice Center and the Manufactured and Modular Home Association.

Challenge 5.b. | Eviction filings negatively impact renters regardless of outcome

Evictions disproportionately impact households of color and Indigenous communities and even an eviction filing will raise ongoing barriers to accessing housing.

Action: Monitor work to define and limit predatory rental practices, including questionable eviction practices and poor conditions of rental units.

During the 2025 legislative session, several policy bills were passed related to landlord/tenant law. These policy changes include but are not limited to:

- Disclosure in leases that fees relating to service and support animals are prohibited.
- Requirement for landlords to give prospective tenants the option of using an ITIN on an application, and prohibition of denying tenant solely based on ITIN use.
- Clarification of alternative housing requirements for the landlord and tenants in the case of new construction delays
- Prohibition of rental applications based on pending evictions
- Prohibition of landlord retaliation for tenants who organize.

Action: Eviction Prevention Programming Activities

The Family Homeless Prevention and Assistance Program (FHPAP) provides financial assistance to households at risk of losing their housing.

FHPAP funds are used for supportive services and direct financial assistance to prevent homelessness or re-house homeless households as quickly as possible. Services include housing navigation and case management to find and keep housing. Direct financial assistance includes payments for rental assistance, security deposits, mortgage assistance, and utility assistance. The program is typically operated by more than 20 administrators including counties, Tribal Nations and Community Action Programs and several other non-profit organizations. The FHPAP program has demonstrated consistent outcomes including 94% of households receiving assistance to prevent housing loss exiting with stable housing as well as 84% of households experiencing homelessness exiting to stable housing.

For the 2026-27 biennium, we received \$28.9 million, \$8.4 million above base budget funding level. Those resources have been allocated across the state. Compared to Minnesota Housing's other state appropriated programs, FHPAP received the largest one-time increase.

Emergency Response Programs

In August 2023 Minnesota Housing launched RentHelpMN – Targeted Assistance utilizing funding from Treasury's Emergency Rental Assistance Program (ERA). This program is a federally funded, referral-based program providing direct assistance for renters who have experienced or are at risk of financial hardship due to the COVID-19 pandemic. It's designed to help prevent homelessness and maintain housing stability. RentHelpMN – Targeted Assistance provides renter households access to referral-based direct assistance through Housing Stability Services (HSS) providers.

Minnesota Housing partnered with service providers across the state to administer the program. Service providers worked within their communities to identify eligible renters and help them apply for the program through referrals.

Rent Help – Targeted Assistance closed for new referrals on August 31, 2024. This program served approximately 6,000 households with \$39 million in emergency rental assistance. Funding remaining from the ERA Program was used to aid in the development of 9 affordable housing properties, producing a total of 481 units. As of September 30, 2025, the ERA Program has ended and the agency has begun the closeout process.

Housing Stability Services

Supported by federal funds, Minnesota Housing established the Housing Stability Services program. By contracting with 18 local service providers across the state of

Minnesota, people experiencing a housing emergency received either eviction prevention services and/or housing navigation services under this program.

CR-40 - Monitoring 91.220 and 91.230

Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

For DEED's Small Cities Development Program (SCDP), grantees are monitored through desk, on-site, and/or remote monitoring. Desk monitoring is conducted on an ongoing basis and includes review of startup documents, policies and procedures, environmental review documents, ongoing project activities, disbursement requests, labor standards compliance, annual reports and performance measurements, audits, final reporting, and closeouts reporting. On-Site monitoring or remote monitoring is conducted at least once during the term of the grant agreement. The State determines whether on-site or remote monitoring is appropriate based on a cost and time evaluation. HUD's Personally Identifiable Information (PII) policy has been fully maintained.

Attached in IDIS is the SCDP Internal Monitoring Procedures.

Internal SCDP Monitoring Procedures

All grants will be monitored to ensure that grant activities comply with the following: national objective, eligible activities, grant and financial management requirements, and progress on both activity specific and overall grant goals.

There are three types of monitoring conducted:

1. On-site Monitoring
2. On-going Desk Monitoring
3. Remote Monitoring - Case by case basis

On-site monitoring will be conducted at least once during the grant period. The goal is to monitor each grantee early enough to prevent potential issues, while allowing sufficient time to assess grantee performance and progress. DEED has developed a checklist to guide monitoring in key areas, including grant management, fair housing and equal employment opportunity, Davis Bacon Prevailing Wages Labor Standards, inspections, bidding, and contractor payments. Activities are reviewed to ensure eligibility, compliance with federal objectives, and satisfactory progress within the timeframe specified in the funding agreement. The checklist is used during the site visit, with any concerns or findings documented as applicable. Upon completion of monitoring, staff will record the results in the monitoring spreadsheet.

The following is the onsite monitoring process:

1. Notification of visit: The grantee and administrator will be contacted via email or phone to schedule the monitoring appointment and provided with the monitoring checklist for preparation.
2. Entrance meeting: An on-site (describing the process) will occur between the state, grantee, and administrator.
3. Monitoring review: The State conducts the monitoring using the monitoring checklist, reviewing the specific areas outlined in next section.
4. Exit Meeting: Positive feedback is provided, and any findings or concerns are discussed with the grantee.
5. Report preparation: A cover letter and monitoring report written are drafted and approved by the director before delivery.
6. Notification of results: The cover letter and report are sent to the mayor and administrator.
7. Follow up: Grantees are expected to address and resolve findings within 60 days of the report date, whenever possible.

During the COVID-19 pandemic and Stay Home Order, SCDP staff continued monitoring activities through desk reviews, utilizing available technologies to conduct remote meetings and receive documents electronically. This approach proved to be effective. To accommodate grantees with limited technological capabilities, alternative communication methods such as telephone calls, and US mail were used to exchange necessary monitoring documents. All electronic transmissions adhere to HUD's Personally Identifiable Information (PII) handling policies and procedures. Monitoring of economic development projects followed the same processes established under the State of Minnesota's CDBG competitive program.

The SCDP unit has since incorporated remote monitoring as an option on a case-by-case basis, particularly in response to potential infectious disease outbreaks.

Areas reviewed will consist of:

1. Activity Eligibility and National Objective
2. Grant and Financial Management
3. General areas of review: environmental, fair housing, labor standards- if applicable, grant progress, policies/procedures, and individual case files

Desk monitoring consists of DEED reviewing the items below at any time during the grant period:

1. Annual Reports/Performance Measurements
2. Disbursement Requests
3. Labor Standards-Notice of Contract Awards and Final Reports
4. Policies and procedures
5. Environmental
6. Requested information

For ESG, DHS program staff review all ESG grantees using a risk analysis tool created with technical assistance from HUD. The tool has four broad areas of analysis: 1) General agency information, e.g., previous monitoring results, 2) program operations, e.g., compliance and reporting issues, 3) fiscal operations, and 4) organization Board of Directors/Executive Management.

The tool allows DHS staff to determine if a grantee needs immediate attention or can receive a visit as part of regular monitoring. A regular monitoring rotation ensures grantees are monitored at least once every two years, with most receiving annual monitoring visits. Staff review a random selection of files for specific documentation of homelessness, disability status, target population, on-going assessment, follow-up, and supportive services. Staff verify the full number of participants being served, timeliness and eligibility of grant expenditures, and eligibility of matching fund expenditures.

For HOME, Minnesota Housing monitors HOME rental properties for compliance, requiring owners to submit tenant income and rent information for review annually. Requirements include: 1) owners' annual submission of a Deferred Loan Owner Certification and report of unit events, including income and rent certifications, in the Property Online Reporting Tool; and 2) property inspections at least as frequently as required by 24 CFR §92.504(d) for compliance with property standards and to verify the accuracy of information owners submitted.

On-site inspection consists of a review of administrative records as well as a physical inspection and tenant file review of 20% of the HOME-assisted units. Minnesota Housing typically inspects a minimum of four HOME units (or all HOME units if property has four HOME units or less). If a property is found to be out of compliance, the owner receives notice of noncompliance. If noncompliance is not corrected within the allotted period, usually 30 days, the owner is given a 10-day grace period in which to address issues and, if any violations remain, a failure to comply notice is sent with an additional 10-day correction period. If noncompliance remains uncorrected, possible action may be an extension of the effective period or calling the loan due.

Currently, Minnesota Housing uses HOPWA funds to provide only STRMU assistance. Minnesota Housing currently contracts with Clare Housing to implement STRMU programming and follows applicable provisions of 2 CFR 200 and State of Minnesota statute for subrecipient monitoring under the HOPWA program.

Description of the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.

The state notified the public of the availability of the draft through state social media outlets and eNews, including to organizations and partners that work directly with minorities, non-English speaking persons and persons with disabilities. Our eNews distribution includes an extensive network of providers for persons with disabilities, through the Olmstead Implementation Office currently located at Minnesota Housing. The draft CAPER for 2025 will be available for public comment for 15 days beginning November 24, 2025, through the close of the business day on December 8, 2025. Minnesota Housing and DHS posted copies of the draft CAPER on their websites, and DEED posted a link to the version on Minnesota Housing's website. Hard copies were available from Minnesota Housing, DEED, and DHS upon request.

Public input into the draft CAPER is considered in preparing the final report to HUD. Public comments are incorporated into the final submission upon close of the comment period.

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction’s program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

The state does not plan on changing its objectives. Our experiences indicate that requests for DEED’s CDBG funds are twice as much as our allocation. Therefore, we think our objectives align with the interest shown.

However, during these unprecedented times of the COVID-19 pandemic, Minnesota Department of Employment and Economic Development thru the supplemental allocation of the CARES Act have developed and funded new CDBG-CV activities based on community outreach for both entitlement and non-entitlement communities to prevent, prepare for and respond to the coronavirus/COVID19 pandemic. Projects include broadband development, public services, retrofitting buildings and commercial rehabilitation. All awarded CDBG-CV projects have been completed, except for one retrofit building project, which is in the final stages of construction. This project is expected to be completed and reported in the FY26 CAPER.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?	No
---	----

CR-50 - HOME 91.520(e)

Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations

Please list those projects that should have been inspected on-site this program year based upon the schedule in §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.

Based on the critical need to both preserve existing affordable rental housing and develop new rental housing to meet a very large gap in the availability of affordable housing, all Minnesota Housing’s HOME funds are allocated to fund rental housing activities, including rehabilitation and new construction.

Minnesota Housing conducted a remote review of administrative records and tenant files for rental properties due to be inspected in 2025 and completed the on-site habitability inspections or accepted inspections conducted by HUD's Real Estate Assessment Center (REAC). The following table lists the inspection dates and a summary of the results of these reviews.

With respect to Violence Against Women Reauthorization Act of 2013 and the reauthorization in 2022, Minnesota Housing implemented the final rule of VAWA, promulgated in 2016 and effective December 16, 2016, and has incorporated 2022 changes. For HOME (and National Housing Trust Fund) properties, this implementation included: 1) notice of occupancy rights and certification forms distributed at appropriate times, and 2) the development and adoption of an emergency transfer plan (found here: [Minnesota Housing Finance Agency Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking](#)). Policies and procedures were put in place to ensure privacy and data security for reporting of VAWA transfer requests and results. For FFY 2025, no transfer requests were received.

Inspection Date Range: 1/1/2025 to 12/31/2025

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Reason	Year onsite physical inspection due	Date of Physical Inspection	Date of File Review	Violation Summary	Compliance Officer
D0489	Yorkdale Townhomes	Edina	22	8933	11/13/2028		2025	REAC scheduled for 9/29/2025	Scheduling in process		Marisa S Myhre
D0734	Gus Johnson Plaza	Mankato	26	9345	3/16/2026						Jessica Hehling
D0854	Seward Square	Minneapolis	19	9238	4/22/2025	Compliance obligations successfully fulfilled for full term					Kate Norman
D1194	Jordan Tower II	Red Wing	86	9850	12/10/2039		2025	7/30/2025	7/25/2025	Five habitability violations were corrected. Correction in process for twenty-two units with tenant file issues related to year 6 of the affordability period.	Sue Morrison
D1552	Lewis Park Apartments	Saint Paul	63	9239	5/9/2025	Compliance obligations successfully fulfilled for full term					Sue Morrison

D1886	Northern Oaks (aka Three Rivers Duplexes)	Northfield	8		12/31/2026						Jessica Hehling
D1893	Fisher Townhomes	Fisher	10		11/21/2030		2025	9/17/2025	9/26/2025	Correction in process for one habitability violation; four habitability violations already corrected. No tenant file violations.	Kate Norman
D2391	West Birch Estates	Princeton	8		10/12/2028						Susan Bucko
D2393	Ridgeview Court Townhomes	Paynesville	8		11/1/2028						Susan Bucko
D3370	Ebenezer Tower	Minneapolis	43	9344	7/1/2031						Kate Norman
D3468	Como By The Lake	Saint Paul	24	10068	10/22/2033		2025	5/20/2025	5/28/2025	Two habitability violations were corrected. No tenant file violations.	Kate Norman
D3475	Maryland Park	Saint Paul	32	9381	1/5/2026						Sue Morrison
D3524	Morningside Terrace / Bluff View Flats	Winona	26	9709	4/5/2027						Jessica Hehling

D3787	New San Marco Apartments	Duluth	6	4944	6/4/2028		2025	Scheduled for 10/7/2025	Files received 9/26; review in process		Susan Bucko
D7586	Minneapolis Portfolio Preservation (MP3)	Minneapolis	183	9577	1/21/2027		2025	9/4/2025	Files received 9/12; review in process	Fourteen habitability violations in process of correction. Tenant file review in process.	Sue Morrison
D7713	Seward Towers East and West	Minneapolis	122	9710	8/4/2027						Marisa S Myhre
D7717	Solace Apartments	Saint Peter	16		12/6/2037						Jessica Hehling
D7718	Maplewood Apartments	Saint Peter	24	9711	5/4/2032						Jessica Hehling
D7858	Riverview Apartments & Hilltop Villas	Sebeka	23	9851	2/3/2034						Susan Bucko
D7963	Amorce II - Bridgeway and Park Acres	Robbinsdale	32	9958	4/2/2034		2025	scheduling in process	Files received 9/25; review in process		Jessica Hehling
D8108	Le Sueur Meadows II	Le Sueur	28		12/28/2042						Jessica Hehling

D8118	North Moorhead Village	Moorhead	26		3/8/2044						Marisa S Myhre
D8121	Dublin Heights	Mankato	26		6/23/2041						Sue Morrison
D8122	White Oak Estates	Baxter	8		6/29/2041						Susan Bucko
D8253	Bridgewell	Cambridge	28	10619	12/19/2044						
D8313	Restoring Waters	Saint Paul	16	10497	12/21/2053						Connie Montgomery
D8389	5240 Apts	Crystal	6		1/23/2045						Kate Norman

Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)

Minnesota Housing has provided a HOME Compliance Guide to owners and management agents of each HOME-assisted rental property. The guide covers all HOME compliance issues including leases, rents, incomes, maintaining unit mix, affirmative marketing, and property standards.

Minnesota Housing's guidance for lending or development promote and require compliance with fair housing laws and regulations. Minnesota Housing requires Affirmative Fair Housing Marketing Plans for the marketing and occupancy of assisted units in developments of five units or more. Owners are required to review Affirmative Fair Housing Marketing Plans every one to two years, and as part of its inspection procedures, Minnesota Housing will review to determine if updates are needed.

Note that HOME funds historically were available primarily in non-entitlement areas, which are less diverse and may have limited previous opportunity for HOME-funded projects to serve a higher percentage of people of color or Hispanic ethnicity.

Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics

Minnesota Housing does not separately track activities (or parts of activities) that are funded with program income, which the agency uses in accordance with grant specific accounting, and which may be used simultaneously with new grant funds. Tracking project, owner, and/or tenant characteristics separately is impossible; however, since program income is not used for purposes different from entitlement funds, characteristics presumably would be the same as entitlement-funded activities.

Describe other actions taken to foster and maintain affordable housing. 91.220(k) (STATES ONLY: Including the coordination of LIHTC with the development of affordable housing). 91.320(j)

Minnesota Housing requests funding proposals from housing sponsors under a consolidated application process. The agency combines tax credits with amortizing mortgages and deferred loans using state appropriations, agency resources, and contributions from funding partners to make tax credit developments more affordable to lower income households.

Based on an assessment of local housing needs, Minnesota Housing has developed and updated a tax credit allocation plan that gives preference to certain types of development, e.g., those that serve the lowest income households and/or high-priority homeless, preserve

federally assisted housing, and/or provide increased geographic choice. The state’s most recent Qualified Allocation Plan and priorities for housing tax credit allocation may be viewed at: [Tax Credits](#)

CR-55 - HOPWA 91.520(e)

Identify the number of individuals assisted and the types of assistance provided

Table for report on the one-year goals for the number of households provided housing using HOPWA activities for: short-term rent, mortgage, and utility assistance payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities developed, leased, or operated with HOPWA funds.

Table 7 – HOPWA Number of Households Served

Number of Households Served Through:	One-Year Goal	Actual
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	190	228
Tenant-based rental assistance		
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds		
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds		

Narrative

The state provided housing assistance to 228 households using HOPWA funds for short-term rent, mortgage, and utility (STRMU) assistance payments to prevent homelessness for a low-income individual or family living with HIV/AIDS. The five-year plan projected 190 households be served with HOPWA funds in 2024. Across the five years of the plan, the goal for HOPWA is to serve 1,100 households and is based upon HUD projections for Minnesota through formula modernization, which will be phased in over a five-year period.

Since 1999, Minnesota Housing has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Twin Cities metro area (which is served through a grant to the City of Minneapolis). Minnesota Housing and the Department of Human Services collaborate to undertake outreach efforts to help meet the needs of people with HIV/AIDS living in Greater Minnesota. This collaboration allows for greater coordination in the implementation of HIV/AIDS related projects.

In 2023, Minnesota Housing put out a Request for Proposals for new Project Sponsors to provide STRMU assistance to eligible individuals and families. This RFP resulted in \$188,619 committed to Rainbow Health and \$340,000 to Clare Housing in FY22 and FY23 HOPWA entitlement funds. Both project sponsors have established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. The project sponsors' programs have worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic's HIV Clinic and Social Services, the Rural AIDS Action Network, and Rainbow Health's own case management program in Duluth.

In July 2024, Rainbow Health Minnesota dissolved. Minnesota's Department of Human Services worked with regional service providers to ensure continued housing stability to all existing households. Minnesota Housing, Rainbow Health, and Clare Housing collaborated to assign Rainbow Health's remaining \$111,336 HOPWA funds to Clare Housing, effective June 2025. Clare Housing has leveraged their own network as well as the above-mentioned HIV service providers to continue service to eligible households while expanding service to newly referred households.

Using HOPWA assistance, Rainbow Health and Clare Housing provided (STRMU) assistance to prevent the homelessness of eligible individuals or families.

CR-56 – HTF SECTION

Describe the extent to which the grantee complied with its approved HTF allocation plan and the requirements of 24 CFR part 93.

Table 15 - CR-56 HTF Units in HTF activities completed during the period

Tenure Type	0 – 30% AMI	0% of 30+ to poverty line (when poverty line is higher than 30% AMI)	% of the higher of 30+ AMI or poverty line to 50% AMI	Total Occupied Units	Units Completed, Not Occupied	Total Completed Units
Rental	27	0	0	27	0	27
Homebuyer	0	0	0	0	0	0

Narrative

One NHTF project was completed in FFY 2025: Restoring Waters, with 27 HTF assisted units. Restoring Waters is a new construction permanent supportive housing project in St. Paul, Minnesota, focused on serving individuals and small families with a history of homelessness.

CR-58 – Section 3

Table 16 – CR-58 Total Labor Hours

	CDBG	HOME	ESG	HOPWA	HTF
Total Number of Activities	229	4	0	0	3
Total Labor Hours	232,758	68,372.19	0	0	111,261.05
Total Section 3 Worker Hours	2,316	12,307.74	0	0	2,339.25
Total Targeted Section 3 Worker Hours	0	2,661.69	0	0	0

Table 17 – CR-58 Qualitative Efforts – Number of Activities by Program

	CDBG	HOME	ESG	HOPWA	HTF
Outreach efforts to generate job applicants who are Public Housing Targeted Workers	4	3	0	0	2
Outreach efforts to generate job applicants who are Other Funding Targeted Workers	4	3	0	0	2
Direct, on-the-job training (including apprenticeships)	5	2	0	0	1
Indirect training such as arranging for, contracting for, or paying tuition for, off-site training	0	0	0	0	0
Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)	0	2	0	0	1
Outreach efforts to identify and secure bids from Section 3 business concerns	5	4	0	0	2
Technical assistance to help Section 3 business concerns understand and bid on contracts	0	2	0	0	1

	CDBG	HOME	ESG	HOPWA	HTF
Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns	2	3	0	0	1
Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding job opportunities, connecting residents to job placement services	3	0	0	0	0
Held one or more job fairs	2	2	0	0	1
Provided or connected residents with supportive services that can provide direct services or referrals	3	1	0	0	0
Provided or connected residents with supportive services that provide one or more of the following” work readiness health screenings, interview clothing, uniforms, test fees, transportation	2	0	0	0	0
Assisted residents with finding childcare	1	0	0	0	0
Assisted residents to apply for, or attend community college or a four year educational institution	1	0	0	0	0
Assisted residents to apply for, or attend vocational/technical training	1	0	0	0	0
Assisted residents to obtain financial literacy training and/or coaching	0	0	0	0	0
Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns	0	2	0	0	1
Provided or connected residents with training on computer use or online technologies	0	0	0	0	0
Promoting the use of a business registry designed to create opportunities for disadvantaged and small businesses	0	0	0	0	0
Outreach, engagement, or referrals with the state one-stop system, as designed in Section 121(e)(2) of the Workforce Innovation and Opportunity Act	0	0	0	0	0

	CDBG	HOME	ESG	HOPWA	HTF
Other	0	0	0	0	0

Narrative

The SCDP grant reported on Section 3 activities. The public facility infrastructure projects did not meet the benchmark requirements for either Section 3 Worker hours and Targeted Section 3 Worker hours. Despite these shortfalls, all three public facility infrastructure projects completed qualitative efforts to advance Section 3 objectives.

Since Minnesota's ESG funds did not fund housing rehabilitation, housing construction, or other public construction projects, Section 3 is not applicable to Minnesota's ESG-funded projects.

Since Minnesota's HOPWA funds did not fund housing rehabilitation, housing construction, or other public construction projects, Section 3 is not applicable to Minnesota's application of STRMU programming under HOPWA.

During the FY 2025 reporting period, there were six projects that received over \$200,000 in HUD funding from Minnesota Housing under construction. From these projects, there was a combined \$15,019,263 in HOME funding and \$22,890,005 in NHTF funding, with a total HUD funding of \$37,909,268, and a combined Total Development Cost, or business opportunity, of \$137,020,785.

For the FY 2025 reporting period, Minnesota Housing fell short of the Section 3 Worker labor hour benchmark of 25% and the Targeted Section 3 Worker labor hour benchmark of 5%. Across the four active projects receiving HOME funds, 18% of the total labor hours worked were worked by Section 3 Workers, and 3.89% were worked by Targeted Section 3 Workers. For the three active projects receiving NHTF funds, 2.10% of the total labor hours worked were worked by Section 3 Workers and 0% were worked by Targeted Section 3 Workers.

Across the six active projects, a combined 93 contractors and subcontractors performed work during the reporting period. Out of these, 2 certified Section 3 Businesses performed work.

During the FY 2025 reporting period, Minnesota Housing continued to be a member of the Twin Cities Section 3 Collaborative. Minnesota Housing most notably collaborated with Twin Cities Section 3 Collaborative staff to notify currently certified Section 3 Businesses of upcoming contracting opportunities on its Section 3 projects and to identify and certify more Section 3 Businesses and Workers. While still falling short of HUD's Section 3 benchmarks, this work resulted in improved performance with these benchmarks overall during the FY 2025 reporting period when compared to the two previous years, most notably for labor hours worked by Section 3 Workers.

Minnesota Housing's other activities during the FY 2024 reporting year consisted of directing general contractors to existing resources to identify existing Section 3 Businesses to outreach to when bidding out a project, providing examples of qualitative efforts that can be used, and working with general contractors and subcontractors to identify and certify Section 3 Workers and Businesses already working on its Section 3 projects. Minnesota Housing also worked on providing more project-specific resources to help general contractors more effectively implement HUD's suggested qualitative efforts. This included forwarding invitations from Goodwill-Easter Seals and the Summit Academy OIC for their hiring fairs and mock interview events to the general contractors for all current Section 3 projects.

During this reporting period, the City of St. Paul, which leads the Twin Cities Section 3 Collaborative, engaged in seven local and regional events and workshops where they shared Section 3 contracting opportunities, Section 3 certifications, career/occupational training opportunities, project fairs/open houses, and other technical assistance with potential and current Section 3 Businesses, Workers, and Targeted Workers. In addition, the City of St. Paul partnered with the MN Trades Academy/Construction Careers Foundation on two occasions to build capacity to train with local small, small minority-owned, small woman-owned, and Section 3 Businesses, as well as train local job seekers (Section 3 Workers and Targeted Workers).

CR-60 - ESG 91.520(g) (ESG Recipients only)

ESG Supplement to the CAPER in e-snaps

For Paperwork Reduction Act

1. Recipient Information—All Recipients Complete

Basic Grant Information

Recipient Name	MINNESOTA
Organizational DUNS Number	804832640
UEI	KGAPBAMK58L3
EIN/TIN Number	411599130
Identify the Field Office	MINNEAPOLIS
Identify CoC(s) in which the recipient or subrecipient(s) will provide ESG assistance	Minneapolis/Hennepin County CoC

ESG Contact Name

Prefix	Mr
First Name	ISAAC
Middle Name	D
Last Name	WENGERD
Suffix	
Title	Agency Policy Specialist

ESG Contact Address

Street Address 1	MN Dept Human Services
Street Address 2	444 Lafayette St.
City	St. Paul
State	MN
ZIP Code	55164-
Phone Number	6514313815
Extension	
Fax Number	6514317309
Email Address	ISAAC.WENGERD@STATE.MN.US

ESG Secondary Contact

Prefix	
First Name	Annie
Last Name	Wells
Suffix	
Title	Homeless Assistance Grant Manager
Phone Number	6517282196
Extension	
Email Address	annie.wells@state.mn.us

2. Reporting Period—All Recipients Complete

Program Year Start Date	10/01/2022
Program Year End Date	09/30/2023

3. Subrecipient Form – Complete one form for each subrecipient

Subrecipient or Contractor Name: Alexandra House

City: Blaine

State: MN

Zip Code: 55434, 1534

DUNS Number: 926939539

UEI: NLU1HMKVKS7Q9

Is subrecipient a victim services provider: Y

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 175,000

Subrecipient or Contractor Name: BI-COUNTY COMMUNITY ACTION PROGRAM, INC

City: Bemidji

State: MN

Zip Code: 56619, 0579

DUNS Number:

UEI: TJGDRBE72B3

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 53,000

Subrecipient or Contractor Name: Grace House of Itasca County

City: Grand Rapids

State: MN

Zip Code: 55744, 3982

DUNS Number: 799149344

UEI:

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 125,000

Subrecipient or Contractor Name: KOOTASCA COMMUNITY ACTION, INC.

City: Grand Rapids

State: MN

Zip Code: 55744, 3982

DUNS Number:

UEI: GNR2RU9M8WN4

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 114,500

Subrecipient or Contractor Name: LAKES AND PRAIRIES COMMUNITY ACTION PARTNERSHIPS

City: Moorhead

State: MN

Zip Code: 56560, 2083

DUNS Number: 039375647

UEI: S21TNXM8THK9

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 158,000

Subrecipient or Contractor Name: Partners for Affordable Housing

City: Mankato

State: MN

Zip Code: 56001, 4430

DUNS Number: 015129260

UEI: HJJKEGCH1JD8

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 555,000

Subrecipient or Contractor Name: SALVATION ARMY St. Cloud

City: Mankato

State: MN

Zip Code: 56304

DUNS Number: 002805922

UEI: VU22A5YJSLJ3

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Faith-Based Organization
ESG Subgrant or Contract Award Amount: 177,546

Subrecipient or Contractor Name: Sanford Health of Northern Minnesota
City: Bemidji
State: MN
Zip Code: 56601-6151
DUNS Number: 036909278
UEI:

Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 125,000

Subrecipient or Contractor Name: Servants of Shelter of Koochiching County
City: International Falls
State: MN
Zip Code: 56649 - 2241
DUNS Number: 079386356
UEI:

Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 154,000

Subrecipient or Contractor Name: Stepping Stone
City: Anoka
State: MN
Zip Code: 55303-1161
DUNS Number: 362238870
UEI:

Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 184,500

Subrecipient or Contractor Name: United Community Action Program
City: Willmar
State: MN
Zip Code: 56201, 3304
DUNS Number: 037473485
UEI: PEZYQ4FPLLC7

Is subrecipient a victim services provider: N
Subrecipient Organization Type: Other Non-Profit Organization
ESG Subgrant or Contract Award Amount: 201,777

CR-65 - Persons Assisted

HUD has transitioned ESG Persons Assisted reporting from CR-65 (embedded within the CAPER report) to the Sage Repository for HUD reporting. As a result, beginning in 2021 this section will no longer be completed. An ESG CAPER statewide report with similar data (downloaded from the Sage system) will be an included attachment to the state's overall published CAPER.

CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes

8. Shelter Utilization

Table 8 – Shelter Capacity

Number of New Units — Rehabbed	0
Number of New Units — Conversion	0
Total Number of bed-nights available	301,028
Total Number of bed-nights provided	258,465
Capacity Utilization	86%

9. Project Outcomes Data measured under the performance standards developed in consultation with the CoC(s)

SHELTER GOAL

GOAL: 3,750 individuals in households receiving safe, adequate emergency shelter.

OUTCOME: 3,989. The goal of sheltering 3,750 individuals was achieved this year.

PREVENTION/RAPID RE-HOUSING GOALS

GOAL: 150 persons received tenant-based rental assistance/rapid rehousing.

OUTCOME: The goal of 150 persons receiving tenant-based rental assistance/rapid rehousing was not achieved, as 126 households achieved this outcome this year.

GOAL: 70 persons are assisted with homelessness prevention services.

OUTCOME: The goal of 70 persons assisted with homelessness prevention services was achieved as 125 persons were assisted with homelessness prevention services.

CR-75 – Expenditures

Expenditure Data for CR-75 is included in the Complete CAPER attached to the state's larger CAPER submission.

Public Comments and State Responses

1. Comment from Resident

I'm a tenant of one of the on the housing project that the state funded. Thank you for helping families like me have roof over my kids and I, I'm grateful. However, if these projects are funded by the state to assist low-income facility and family who are not well, and family are going through crisis, why do these properties increased rent every year if it's low income or income-based housing? I'm not sure if this is a comment, but it's the burning question I've had since moving into one of these funded housing. Thank you.

State Response: *Thank you for your comment. We recognize that rent increases can and do lead to cost burden for residents, and regulations surrounding rent for federal and state funded units can be confusing and difficult to navigate. For people residing in HOME or NHTF assisted units, rent is only income-based if the unit has a project- or tenant-based rental assistance subsidy. If a household in those units does not have some sort of rental assistance, HUD only requires that landlords and owners follow the HOME or NHTF's program rent limits, which are tied to Area Median Income (AMI). You can read more about what these limits are [here](#). An increase in AMI does not mean that everyone's income in the area has risen at the same rate – especially for those on fixed incomes. While these units do have regulations that limit the maximum amount of rent that can be charged, the rents may be higher than what the household can afford. Additionally, it varies by property management/owners how they adjust rent units. Minnesota Housing encourages owners to increase rents no more than what is needed to keep pace with rising costs, requires 60-day notices for rent increases under 5%, and 120-days written notice for increases of greater than 5%. We recognize the challenges that increases in rents place on renters and know that more funding for rental assistance is needed across the board to keep affordable units affordable for all. We continue to advocate for this at both the State and Federal level.*

2. Comment from Resident

I am a Minnesota resident and the father and primary caregiver of my son, a child with disabilities (autism and PTSD). I am writing to submit a public comment on the State of Minnesota's 2025 CAPER and Performance Evaluation Report (PER).

First, thank you for providing an opportunity for families like mine to share our experiences. Safe, stable, and fair housing is not just a financial issue for us; it is directly connected to my son's emotional and behavioral health. When housing is unstable, unsafe, or when tenants feel

intimidated or mistreated by property management, my son's anxiety, PTSD symptoms, and regression increase significantly.

I respectfully ask that, in reviewing and reporting on the use of federal funds such as HOME, NHTF, HOPWA, ESG, and CDBG, the State of Minnesota:

- Clearly recognize how housing conditions and management practices affect children with disabilities and their caregivers.
- Strengthen the connection between housing programs and disability-related supports, so families with children who have autism, PTSD, or other disabilities can access safe and stable housing without fear of retaliation or unfair treatment.
- Continue to invest CDBG, ESG, and other HUD resources in ways that support:
 - Rehabilitation and maintenance of safe, healthy housing;
 - Protection of tenant rights and fair housing enforcement;
 - Services and outreach specifically directed to families with disabled children.

I also encourage Minnesota Housing to work closely with disability advocates and family-support organizations to make sure that the voices of families like mine are reflected in future planning and evaluations. Even though the CAPER is a backward-looking document, our current lived experiences help evaluate whether previous investments are truly reaching the households who need them the most.

Thank you for considering my comments and for the work you do for Minnesotans. Please feel free to contact me if you need any additional information.

State Response: *Thank you very much for your comment. The State of Minnesota is dedicated to ensuring that persons with disabilities and their families/households have access to safe and stable housing. Minnesota Housing prioritizes the development and rehabilitation of housing for persons with disabilities by including additional points for developers applying to our Consolidated RFP, and for our HOME and NHTF programs specifically, we include a preference for funding projects focused on housing persons with disabilities. Every five years, HUD requires us to develop a "Consolidated Plan" that details how the State will commit to spending its federal housing resources, in which we extensively consult with the public as well as a wide variety of different advocacy and community organizations to ensure that the funding is going where it is most needed. We will certainly be consulting with community members and agencies that work on the issues important to you, and we highly encourage you to look for notices in the new year to learn more about how you can be involved. We also have yearly planning processes in which we hold public meetings to determine if there are new priorities or needs that would*

require a change to our Consolidated Plan. These happen every year around May and public notices go up well in advance. We appreciate your willingness to advocate for your son and other Minnesotans with similar experiences. Additionally, Minnesota Housing is working closely with the State’s Olmstead Implementation Office and other state agencies, including the Department of Human Services, to update the State’s Olmstead Plan. More information can be found [here](#). We know more affordable and accessible housing is needed all across the State.

3. Comment from Resident

I am submitting this comment for the State of Minnesota’s 2025 CAPER and Performance Evaluation Report. I am a 62-year-old disabled woman living alone on a fixed income. I live in a **Section 42 building**, and my apartment is a **HOME-designated unit**. I moved here because I believed this would be stable, sustainable affordable housing. Instead, it has become increasingly unstable and unaffordable due to repeated, oversized rent increases.

These are the increases I have faced:

- **2023:** 13.5%
- **2024:** 4.5%
- **2025:** Management told residents to expect a 2.5% increase. They later attempted to raise my rent **6%**, which I had to dispute. After pushing back, it was reduced to 3.5%, but I was **threatened** with a “significant” increase at the next renewal.

My Social Security Disability income increases by **COLA**, which has been nowhere near the size of these rent hikes. I cannot understand how any government-subsidized housing program—especially HOME and Section 42—can justify rent increases far above the COLA increases the program’s target population relies on. It makes the idea of “affordable housing” meaningless.

At this point, **my rent consumes over 60% of my total monthly income**. No one living on SSDI can survive like this. And because voucher lists are closed or frozen, I have no alternative housing options. If these increases continue, I will not be able to remain in my home past the next lease renewal.

This is not just my situation—it reflects a much larger crisis. Minnesota has a rapidly aging population, and millions of us are heading toward old age with fixed incomes, disabilities, or both. When “affordable” units jack up rents well above COLA and threaten tenants with future increases, more and more seniors are pushed toward homelessness. Once older renters fall out of the housing market, they often never get back in.

Meanwhile, the only people benefiting from these kinds of rent practices are **corporate landlords and management companies**. They are extracting profits from publicly subsidized housing while the people these programs were designed to protect are left terrified, destabilized, and hanging on by a thread.

The State must acknowledge that the current system is not functioning as intended. If Section 42 and HOME units can raise rents by double digits while tenants on fixed incomes face displacement, then something is structurally wrong. This is not affordability—it is vulnerability.

Please include this testimony in the CAPER/PER record. Minnesota needs to confront the reality that many subsidized units are not operating in alignment with HUD’s stated goals of stability, accessibility, and long-term affordability.

Thank you for your attention to this matter.

State Response: Thank you so much for your comment. Please see the response to the question above for a more technical response. We recognize there are gaps in federal regulation and in the HOME and NHTF statutes that allow property managers of affordable units to increase rent beyond what is affordable for the people who reside in them, and we agree that this leads to ongoing housing instability for some of Minnesota’s most vulnerable. We can and do continue to advocate for further federal and state resources to bridge this rental affordability gap. In addition, Minnesota Housing encourages property managers and owners to keep rents affordable and to limit yearly increases as best we can.