



State-Funded Minnesota Housing Finance Agency Programs

January 2019

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Introduction

The Minnesota Housing Finance Agency (MHFA) runs a variety of programs designed to promote affordable housing throughout the state. These programs include: loans and grants to create and maintain affordable housing; short-term rental subsidies for at-risk populations; education and training about homeownership; and statewide coordinated services, particularly to address homelessness.

This publication summarizes the MHFA programs that receive state funding. It includes only programs and services that receive at least partial funding from state appropriations or bonding, which in 2019 will make up about 12 percent of MHFA's budget (7 percent from state appropriations, plus 5 percent from state bonding proceeds). Many of the programs listed below also receive substantial support from nonstate sources. No state money is used for agency administrative costs. MHFA's other programs, such as the administration of federal housing subsidies or the many programs funded entirely via MHFA's nonstate resources, are not covered in this publication.

It may also be of interest to note that:

- MHFA does not own or operate any housing, instead it depends primarily on private sector and nonprofit delivery partners, such as lenders, property managers, developers, and social service providers.
- Generally, MHFA's requests for proposals are published in the spring, with funding being distributed the following fall, but timelines vary. Check the MHFA website for exact program details.
- MHFA's mission is focused on affordable housing: 76 percent of renters assisted by MHFA have an annual income under \$20,000, and 53 percent of homebuyers assisted by MHFA have an annual income under \$55,000.

The following are acronyms used in this publication:

AMI	Area Median Income, as determined by the U.S. Department of Housing and Urban Development (for 2018, this ranged from \$94,300 in the metro area to \$84,200 statewide to around \$52,000 in some rural counties)
MHI	Median Household Income, as a percent of the statewide median income (around \$80,000 in 2017; this is calculated differently than AMI)
RFP	Request for Proposal, a formal application process

Grant and Loan Programs

Economic Development and Housing Challenge (EDHC)

Also called: Challenge Program

[Minnesota Statutes § 462A.33](#)

Funds the construction, purchase, financing, and redevelopment of single-family homes and multifamily rental properties with grants and deferred loans. Primary source of workforce housing and has a specific goal of enhancing economic development. Assistance given through an RFP process, with preference for projects with nonstate resources invested, and no maximum loan amount. Owner/tenant income limit is 115 percent AMI for homes, 80 percent AMI for rentals, some of the most generous limits for a MHFA program.

	FY2017 Performance			State Funding
<i>Rentals</i>	7 loans for 255 units, avg. loan \$66,185 per unit	Recipients MHI: 27% or \$21,413	Households of color: 70%	FY14-15 \$28.406M FY16-17 \$25.85M FY18-19 \$25.85M
<i>Single Family</i>	275 loans, avg. loan \$20,550	Recipient MHI: 50% or \$40,280	Households of color: 45%	

Greater Minnesota Workforce Housing Development Program

Also called: Workforce Housing

[Minnesota Statutes § 462A.39](#)

Created in 2015 and moved from the Department of Employment and Economic Development (DEED) to MHFA in 2017, the Greater Minnesota Workforce Housing Development program provides grants and deferred loans for market rate workforce housing in greater Minnesota, with a 50 percent local match requirement. Preference for communities with under 30,000 people. No tenant income limits.

	FY2017 Performance			State Funding
<i>Rentals</i>	5 loans for 191 units, avg. loan \$10,853 per unit	Recipient MHI: Not reported	Households of color: Not reported	FY16-17 \$4M FY18-19 \$4M

Homeownership Assistance Fund (HAF)

Also called: Down Payment Assistance; Deferred Payment Loans

[Minnesota Statutes § 462A.21, subd. 8](#)

Interest-free deferred loans for down payment and closing costs to income-eligible first-time homebuyers. Maximum loan is \$10,000 and homebuyer education, credit score, and borrower investment in the purchase are required. Owner income/purchase price limits are \$68,000/\$328,200 in the metro, and \$61,000/\$271,100 outstate.

	FY2017 Performance			State Funding
<i>Single Family</i>	2,388 loans, avg. loan \$7,344	Recipient MHI: 59% or \$47,708	Households of color: 34%	FY14-15 \$1.66M FY16-17 \$1.77M FY18-19 \$1.77M

Housing Trust Fund (HTF)

Also called: Supportive Housing (funded via Housing Infrastructure Bonds)

[Minnesota Statutes § 462A.201](#) and [§462A.37](#)

Deferred low- or no-interest loans, with no maximum loan amount, to build, purchase, or rehabilitate affordable permanent supportive housing, with a priority to serve the homeless and those with behavioral health needs. Also funds community land trusts, affordable homeownership, senior housing, improvements to manufactured home parks, and preservation of existing federally subsidized housing. Income limit is 115 percent of AMI for owner-occupied and 80 percent of AMI for rentals.

	FY2017 Performance			State Funding
<i>Supportive Housing</i>	2 loans for 103 units, avg. loan ~\$118k per unit	Recipient MHI: 12% or \$9,688	Households of color: 50%	2014 Act: \$80M 2015 Act: \$10M 2017 Act: \$20M 2018 Act: \$80M
<i>Preservation</i>	1 loan for 75 units, avg. loan \$41,784 per unit	Recipient MHI: 19% or \$15,211	Households of color: 50%	
<i>Community Land Trusts</i>	14 grants for 14 homes, avg. grant \$27,416 per unit	Recipient MHI: 48% or \$38,838	Households of color: 29%	

Preservation Affordable Rental Investment Fund (PARIF)

Also called: Affordable Rental Investment; Preservation

[Minnesota Statutes § 462A.05, subs. 3b and 39, and § 462A.21, subd. 8b](#)

Deferred loans for the repair, rehabilitation, acquisition, debt restructuring, and stabilization of federally assisted rental housing at risk of aging out of a federal program. In exchange for the loan, the owner agrees to extend the existing federal affordability protections for the maximum term permitted and to give local entities the right of first refusal to buy the property. Eighty percent of funds are distributed through an RFP process, 20 percent on a rolling basis, with no maximum loan amount.

	FY2017 Performance			State Funding
<i>Rentals</i>	11 loans for 688 units, avg. loan \$14,414 per unit	Recipient MHI: 22% or \$17,826	Households of color: 44%	FY14-15 \$8.436M FY16-17 \$8.436M FY18-19 \$8.436M

Preservation—Publicly Owned Housing Program (POHP)

(funded via General Obligation Bonds)

Also called: Public Housing Rehabilitation

[Minnesota Statutes § 462A.202](#)

Deferred, forgivable, no-interest loans to eligible public housing and redevelopment authorities to preserve or rehabilitate existing HUD housing units. Funded via state general obligation bonds, the program only pays for nonrecurring capital costs that add value or life to the buildings.

	FY2017 Performance			State Funding
<i>Rentals</i>	13 loans for 917 units, avg. loan \$5,727 per unit	Recipient MHI: 17% or \$13,700	Households of color: 21%	2014 Act: \$20M 2017 Act: \$10M 2018 Act: \$10M

Rehabilitation Loan Program (RLP)

Also called: Housing Rehabilitation; Single Family Rehabilitation

Loans [Minnesota Statutes § 462A.05, subd. 14a](#)

Deferred loans to low-income homeowners to improve safety, livability, or energy efficiency of their homes, including some emergency loans. Loan term is for 10 to 15 years, with forgiveness possible at maturity. Owner income limit is \$19,900 to \$28,300 depending on family size, cannot have other assets of more than \$25,000. Maximum loan is \$15,000 in an emergency, \$27,000 normally.

	FY2017 Performance			State Funding
<i>Single Family</i>	260 loans, avg. loan \$25,542	Recipient MHI: 18% or \$14,286	Households of color: 10%	FY14-15 \$5.544M FY16-17 \$5.544M FY18-19 \$5.544M

Rental Rehabilitation Deferred Loan (RRDL)

Also called: Housing Rehabilitation; Rental Rehabilitation

Loans [Minnesota Statutes § 462A.05, subd. 14, and § 462A.33](#)

Deferred no-interest loans to make health and safety improvements to existing affordable rental housing in greater Minnesota. Loan term is 10 to 30 years, with forgiveness possible at maturity, maximum loan is \$35,000 per unit. Tenant income limit is 80 percent of AMI.

	FY2017 Performance			State Funding
<i>Rentals</i>	2 loans for 48 units, avg. loan \$11,969 per unit	Recipient MHI: 24% or \$19,028	Households of color: 20%	FY14-15 \$6.276M FY16-17 \$7.486M FY18-19 \$7.486M

Rental Assistance Programs

Bridges

Also called: Rental Assistance for Mentally Ill

[Minnesota Statutes § 462A.2097](#)

Rental assistance for people with serious mental illnesses and their families, allowing them to live in an integrated community setting until permanent housing becomes available. Program is administered by local housing organizations. Recipients pay 30 percent of their income for rent while on the waiting list for a permanent housing subsidy. Tenant income limit is 50 percent of AMI.

	FY2017 Performance			State Funding
<i>Rentals</i>	882 assisted, avg. cost \$6,271 per household	Recipient MHI: 12% or \$9,644	Households of color: 31%	FY14-15 \$5.676M FY16-17 \$8.176M FY18-19 \$8.176M

Family Homeless Prevention and Assistance Program (FHPAP)

[Minnesota Statutes § 462A.204](#)

Short-term assistance to families and individuals at risk of homelessness in the form of rent or mortgage assistance (usually three months or less), case management, and support services. Goal is to keep people in their current housing and data indicates the program is very effective at keeping people out of shelters, with only 6 percent returning within a year and 80 percent stably housed at program exit. Funds are distributed through an RFP process to counties, as well as nonprofits in greater Minnesota, with 8 percent for administration, and half of the rest to cash assistance, half to support services.

	FY2017 Performance			State Funding
<i>Rentals</i>	6,914 assisted, avg. cost \$1,254 per household	Recipient MHI: 15% or \$12,000	Households of color: 59%	FY14-15 \$15.724M FY16-17 \$17.038M FY18-19 \$17.038M

Homework Starts with Home

Also called: Highly Mobile Students

[Minnesota Statutes § 462A.201, subd. 2, and § 462A.204, subd. 8](#)

A hybrid program combining FHPAP case management and support services with Housing Trust Fund rental assistance to target families with school-age children who are at risk of homelessness. Goal of enhancing school performance by supporting family stability.

	FY2017 Performance			State Funding
<i>Rentals</i>	76 assisted, avg. cost \$9,019 per household	Recipient MHI: 16% or \$13,042	Households of color: 88%	FY14-15 \$2M FY16-17 \$2M FY18-19 \$2M

Housing Trust Fund (HTF)

(funded via state appropriations, not bonds)

[Minnesota Statutes § 462A.201](#)

Rental assistance and operating subsidies targeting low-income individuals and families at risk of homelessness. Tenant income limit is 60 percent of AMI, with a preference for 30 percent AMI.

	FY2017 Performance			State Funding
<i>Rentals</i>	1,674 assisted, avg. cost \$7,402 per household	Recipient MHI: 11% or \$9,186	Households of color: 65%	FY14-15 \$21.551M FY16-17 \$21.292M FY18-19 \$23.292M

Other Programs

Capacity Building

Also called: Technical Assistance and Operating Support

[Minnesota Statutes § 462A.07, subd. 6, and § 462A.21, subd. 3b](#)

Funds special projects, critical support services, infrastructure and capacity building, including the homelessness survey, the federally required Homeless Management Information System (HMIS), and regional coordination and planning for housing.

	FY2017 Performance	State Funding
	Funds projects the usual metrics do not apply well to.	FY14-15 \$750k FY16-17 \$1.04M FY18-19 \$1.29M

Enhanced Homeownership Capacity Initiative

Also called: Homeownership Capacity

[Minnesota Statutes § 462A.209](#)

Pilot program to address racial disparities in homeownership through intensive education, training, and case management that prepares low-income families for success. Funds distributed through an RFP process to existing organizations that provide this support.

	FY2017 Performance			State Funding
	868 assisted, avg. cost \$1,277 per household	Recipient MHI: 43% or \$34,158	Households of color: 84%	FY18-19 \$500k (direct appropriation to a specific provider)

Homeownership Education, Counseling, and Training (HECAT)

Also called: Enhanced Homebuyer Counseling

[Minnesota Statutes § 462A.209](#)

Provides training, counseling, and education to new homebuyers, those considering refinancing, and those at risk of foreclosure. Funds distributed through an RFP process to organizations providing these services.

	FY2017 Performance			State Funding
	17,224 assisted, avg. cost \$188 per household	Recipient MHI: 45% or \$36,000	Households of color: 47%	FY14-15 \$1.582M FY16-17 \$1.714M FY18-19 \$1.714M



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