



# State-Funded Minnesota Housing Finance Agency Programs

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The Minnesota Housing Finance Agency (MHFA) runs a variety of programs designed to promote affordable housing throughout the state. This publication summarizes the MHFA programs that are at least partially state funded.

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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 2022 to 2023 will make up about 10 percent of MHFA’s budget (6 percent from state appropriations, plus 4 percent from state bonding proceeds).<sup>1</sup> Many of the programs listed here 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:

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<sup>1</sup> These figures are current as of September 2021. “State bonding proceeds” includes \$100 million in housing infrastructure bonds, which were authorized in [Laws 2021, chapter 8](#), article 4, section 1, and are contingent upon federal action.

- 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. (See the MHFA website<sup>2</sup> for exact program details.)
- MHFA’s mission is focused on affordable housing: More than 75 percent of renters assisted by MHFA have an annual income under \$20,000, and the median annual household income of homebuyers assisted by MHFA is 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 2021, this ranged from \$104,900 for a family of four in the metro area to \$93,100 statewide, to around \$56,500 in some rural counties)
- MHI Median Household Income, as a percent of the statewide median income (around \$71,300 in 2019; 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 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, and 80 percent AMI for rentals; these are some of the most generous limits for a MHFA program.

#### EDHC FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Rentals	Assistance for 83 units, avg. assistance \$117,030 per unit	Recipient MHI: 22.2% or \$20,370	Households of color: 69.9%	FY14-15 \$28.406M FY16-17 \$25.85M FY18-19 \$25.85M FY20-21 \$30.85M FY22-23 \$28.65M

<sup>2</sup> [www.mnhousing.gov](http://www.mnhousing.gov)

## 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.

### Greater Minnesota Workforce Housing Development Program FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Rentals	Assistance for 99 households	Recipient MHI: Not reported	Households of color: Not reported	FY16-17 \$4M FY18-19 \$4M FY20-21 \$4M FY22-23 \$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. Homebuyer education, credit score, and borrower investment in the purchase are required. Maximum loan amount is \$10,000. Maximum income for 11-county metropolitan area/Dodge and Olmsted counties is \$72,000. Maximum income for all other counties is \$64,000. The maximum purchase price for the 11-county metropolitan area is \$330,100. The maximum purchase price for all other counties is \$283,300.

### HAF FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Single Family—Deferred Payment Loans	3,361 loans, avg. loan \$8,716	Recipient MHI: 58.7% or \$53,899	Households of color: 35.9%	FY14-15 \$1.66M FY16-17 \$1.77M FY18-19 \$1.77M FY20-21 \$1.77M FY22-23 \$2.77M

## Housing Trust Fund (HTF)

Also called: Supportive Housing Operating Subsidies

[Minnesota Statutes § 462A.201](#)

Grants to cover the costs of operating supportive housing.

Rental assistance features are covered in the “Rental Assistance Programs” portion of this publication below. The construction, acquisition, and rehabilitation of supportive housing is funded through housing infrastructure bonds.

### HTF FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Supportive Housing Operating Subsidies	Assistance for 644 units, avg. assistance \$1,940 per household or unit	Recipient MHI: 10.1% or \$9,252	Households of color: 59.7%	FY14-15 \$21.551M FY16-17 \$21.292M FY18-19 \$23.292M FY20-21 \$23.292M FY22-23 \$23.292M

## 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. There is no maximum loan amount.

### PARIF FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Rentals	0 loans	Recipient MHI: N/A	Households of color: N/A	FY14-15 \$8.436M FY16-17 \$8.436M FY18-19 \$8.436M FY20-21 \$8.436M FY22-23 \$8.436M

## Preservation—Publicly Owned Housing Program (POHP)

(funded via General Obligation Bonds) Also

called: Public Housing Rehabilitation

[Minnesota Statutes § 462A.202](#)

Deferred loans with or without interest to eligible local units of government to construct, acquire, or rehabilitate low-income rental housing financed by the federal government and publicly owned. Funded via state general obligation bonds, the program only pays for nonrecurring capital costs that add value or life to the buildings.

### POHP FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Rentals	Assistance for 996 units, avg. assistance \$9,695 per unit	Recipient MHI: 12.7% or \$11,676	Households of color: 24.1%	2014 Act: \$20M 2017 Act: \$10M 2018 Act: \$10M 2020 Act: \$16M

### Rehabilitation Loan Program (RLP)

Also called: Housing Rehabilitation; Single Family Rehabilitation

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

Deferred, no-interest loans of up to \$27,000 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. Income limits are adjusted by household size, ranging from \$21,000 for a single person household to \$30,000 for a four-person household. Other borrower assets cannot exceed \$25,000.

### RLP FY2020 Performance

Type	Assistance	Income	Demographics	State Funding
Single Family	Assistance for 212 households, avg. assistance \$21,994	Recipient MHI: 17% or \$15,591	Households of color: 9.4%	FY14-15 \$5.544M FY16-17 \$5.544M FY18-19 \$5.544M FY20-21 \$5.544M FY22-23 \$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 typically 20 years, with partial forgiveness possible at maturity, maximum loan is \$35,000 per unit or \$500,000 per project. Tenant income limit is 80 percent of AMI.

**RRDL FY2020 Performance**

Type	Assistance	Income	Demographics	State Funding
Rentals	Assistance for 86 units, avg. assistance \$15,639 per unit	Recipient MHI: 18.7% or \$17,125	Households of color: 15.4%	FY14-15 \$6.276M FY16-17 \$7.486M FY18-19 \$7.486M FY20-21 \$7.486M FY22-23 \$7.486M

**Rental Assistance Programs****Bridges**

Also called: Rental Assistance for Mentally Ill

[Minnesota Statutes § 462A.2097](#)

Rental assistance grants 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.

**Bridges FY2020 Performance**

Types	Assistance	Income	Demographics	State Funding
Rentals	755 assisted, avg. assistance \$6,911 per household	Recipient MHI: 11.3% or \$10,368	Households of color: 31.5%	FY14-15 \$5.676M FY16-17 \$8.176M FY18-19 \$8.176M FY20-21 \$8.676M FY22-23 \$8.676M

**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. Funds are distributed through an RFP process to counties and tribal nations, as well as nonprofits in greater Minnesota, with no more than 10 percent for administration, and approximately half of the rest to cash assistance, half to support services.

**FHPAP FY2020 Performance**

Type	Assistance	Income	Demographics	State Funding
Rentals	4,557 assisted, avg. assistance \$2,017 per household	Recipient MHI: 10.9% or \$9,972	Households of color: 61.8%	FY14-15 \$15.724M FY16-17 \$17.038M FY18-19 \$17.038M FY20-21 \$20.538M FY22-23 \$20.538M

**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.

**Homework Starts with Home FY2020 Performance**

Type	Assistance	Income	Demographics	State Funding
Rentals	191 assisted, avg. assistance \$5,383 per household	Recipient MHI: 8.8% or \$8,052	Households of color: 77%	FY14-15 \$2M FY16-17 \$2M FY18-19 \$2M FY20-21: \$3.5M FY22-23: \$3.5M

**Housing Trust Fund (HTF)**

[Minnesota Statutes § 462A.201](#)

Rental assistance to households with a gross annual income up to 60 percent of AMI, with priority for those at 30 percent AMI.

**HTF FY2020 Performance**

Type	Assistance	Income	Demographics	State Funding
Rental Assistance	1,464 assisted, avg. assistance \$8,638 per household	Recipient MHI: 10.5% or \$9,636	Households of color: 62.3%	FY14-15 \$21.551M FY16-17 \$21.292M FY18-19 \$23.292M FY20-21 \$23.292M FY22-23 \$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.

#### Capacity Building FY2020 Performance

Assistance	State Funding
Funds projects the usual metrics do not apply well to	FY14-15 \$750k FY16-17 \$1.04M FY18-19 \$1.29M FY20-21 \$1.29M FY22-23 \$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.

#### Enhanced Homeownership Capacity Initiative FY2020 Performance

Assistance	Income	Demographics	State Funding
1,010 assisted, avg. assistance \$1,241 per household	Recipient MHI: 45.8% or \$42,000	Households of color: 82.9%	FY18-19 \$500k FY20-21 \$500k FY22-23 \$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.

Assistance	Income	Demographics	State Funding
23,155 assisted, avg. assistance \$204 per household	Recipient MHI: 45.2% or \$41,498	Households of color: 56.4%	FY14-15 \$1.582M FY16-17 \$1.714M FY18-19 \$1.714M FY20-21 \$1.714M FY22-23 \$1.714M

## Housing Infrastructure Bonds

Also called: HIBs  
[Minnesota Statutes § 462A.37](#)

Housing infrastructure bonds (HIBs) are a type of appropriation bond issued by MHFA. Principal and interest payments on the bonds are funded through legislative appropriations from the general fund. The bond proceeds may be used to finance acquisition, rehabilitation, and construction of a variety of housing types. The amounts of housing infrastructure bonds that MHFA is authorized to issue are stated in section [462A.37](#), subdivisions 2 through 2h. More information on HIBs may be found on [MHFA's website](#).

The following table breaks down several HIB loans and grants in FY2020:

Program	Assistance	Income	Demographics
EDHC-Multifamily New Construction <sup>3</sup>	2 loans for 83 units, avg. loan \$117,030 per unit	Recipient MHI: <sup>4</sup> 22% or \$20,370	Households of color: 70%
HIB New Construction	2 loans for 72 units, avg. loan \$154,889 per unit	Recipient MHI: 7% or \$6,168	Households of color: 54%

<sup>3</sup> MHFA reported that no rehab units were funded with EDHC-MF dollars in FY2020.

<sup>4</sup> MHFA noted that tenant demographics for rental units are reported by owners of agency-funded developments being monitored for compliance with program rules. Data include characteristics of tenants occupying developments funded prior to the reporting year, and the data are proxies for the tenants most likely to move into the units. Household income only reflects tenants with income reported in the last three years.

Program	Assistance	Income	Demographics
HIB Rehab	2 loans for 69 units, avg. loan \$58,800 per unit		
Impact Fund- Community Land Trusts	33 grants for 33 homes, avg. grant \$69,541 per unit	Recipient MHI: 39% or \$35,460	Households of color: 41%

\* For questions regarding housing programs, please contact legislative analyst Justin Cope, [justin.cope@house.mn](mailto:justin.cope@house.mn).



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