



400 Wabasha Street North, Suite 400
St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | **TTY:** 651.297.2361
www.mnhousing.gov

Date: January 15, 2026

To: Representative Howard, Housing Finance and Policy
Representative Igo, Housing Finance and Policy
Representative Gomez, Taxes
Representative Davids, Taxes
Senator Port, Housing and Homelessness Prevention
Senator Lucero, Housing and Homelessness Prevention
Senator Rest, Taxes
Senator Weber, Taxes

From: Jennifer Lemaile Ho, Commissioner, Minnesota Housing 

Subject: Annual State Housing Tax Credit Program and Contribution Fund Report

Pursuant to Minnesota Statutes 462A.40, subdivision 5, Minnesota Housing is required to report on the State Housing Tax Credit Program and Contribution Fund.

National Recognition

In October 2025, the National Council of State Housing Agencies (NCSHA) presented Minnesota Housing with a Special Achievement Award. The award recognizes the State Housing Tax Credit Program and Contribution Fund as a tool for effectively addressing some of the affordable housing community's most challenging issues.

Summary of Program

The State Housing Tax Credit (SHTC) program and Contribution Fund finances rental and homeownership projects. Funding for this program is unique because the loans provided for housing development are not made from state or federal appropriations. Eligible taxpayers, as defined in Minnesota Statutes 290.01, subdivision 6, and 297I.01, subdivision 16, can annually contribute at least \$1,000 but not more than \$2 million to the Contribution Fund. In return for the contribution, the taxpayer receives a state tax credit certificate (TCC) that equals 85% of the contribution, which the taxpayer may use to reduce their state tax obligation. Contributions made to the fund are irrevocable. The maximum aggregate amount of tax credits allowed for all eligible contributions is \$9.9 million annually. More information can be found on Minnesota Housing's [website](#).

Program Requirements

Under the statute, taxpayers can choose to designate a specific qualified project to receive their contributed funds or for their contributions to go to the general contribution pool. Funds in the general contribution pool are awarded to projects through a competitive application process. Minnesota Housing may award funding to cities, federally recognized American Indian Tribes, Tribal housing corporations, private developers, nonprofit organizations, housing and redevelopment authorities, public housing authorities and the owner of the housing.

Eligible uses of contributions include gap financing as defined in Minnesota Statute 462A.33, new construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction and refinancing.

Per statute, income limits for homeownership projects at the time of initial occupancy are 115% of the greater of state or area median income, as determined by the United States Department of Housing and Urban Development (HUD). Income limits for rental housing projects at the time of initial occupancy are 80% of the greater of state or area median income, as determined by HUD.

Tax Credit Certificate Application Process

The process for a taxpayer to contribute is;

- Complete an online application available on Minnesota Housing's website
- Receive an email with documents to sign
- Submit contribution and signed documents by the deadline
- Receive a tax credit certificate

Funding Pools

Designated contributions are separate from the general contribution pool. Minnesota Housing will hold designated funds for up to 24 months to allow the designee time to complete remaining financing and schedule the project closing. The designee must submit information and documentation demonstrating that both the project and the designee are eligible under the State Housing Tax Credit (SHTC) program. Any designated contributions that are not used, or cannot be used, by the designee are allocated to the general contribution pool.

2025 Contribution Summary

By the end of March 2025, requests for state housing tax credits exceeded the \$9.9 million available. Tax credit certificates were issued on a first-come, first-served basis according to the

request date, also known as the contribution application date. Most contributions were designated for specific projects.

Table 1: 2025 Contribution Summary

Contribution Type	# of Contributions	Total Contribution Amount
General Contribution Pool	59	\$227,000
Designated Contributions	189	\$11,420,058
Total	248	\$11,647,058

Table 2: 2025 State Housing Tax Credit Contributions by Amount

Contribution Amount	# Contributions	Percent of Contributions #	Total \$	% of \$
0-\$2500	123	49.60%	\$ 158,500	1.36%
\$2501-\$5000	41	16.53%	\$ 186,000	1.60%
\$5001-\$10,000	21	8.47%	\$ 193,500	1.66%
\$10,001-\$20,000	35	14.11%	\$ 644,500	5.53%
\$20,001-\$50,000	12	4.84%	\$ 434,000	3.73%
\$50,001-\$100,000	1	0.40%	\$ 100,000	0.86%
\$100,001-\$500,000	8	3.23%	\$ 1,980,558	17.00%
\$500,001-\$1,000,000	4	1.61%	\$ 3,250,000	27.90%
\$1,000,001-\$1,500,000	2	0.81%	\$ 2,700,000	23.18%
\$1,500,001-\$2,000,000	1	0.40%	\$ 2,000,000	17.18%
Total	248	100.0%	\$ 11,647,058	100.0%

Table 3: 2025 State Housing Tax Credit Contributions by Contributor Location

Contributor Region	Total Contribution \$	% of Total	# of Contributions
7-County Metro	\$7,155,558	61.44%	119
Central	\$330,000	2.83%	23
Northeast	\$33,100	0.28%	13
Northwest	\$1,500,000	12.88%	1
Out of State	\$2,001,000	17.18%	4
Southeast	\$337,000	2.89%	22
Southwest	\$3,000	0.03%	2
West Central	\$287,400	2.47%	64
Total	\$11,647,058	100%	248

Requests for Proposals (RFP)

Funds in the General Contribution Pool are awarded through a competitive process. In January 2025 the Minnesota Housing board of directors approved funding for the projects in Table 4 through the 2024 State Housing Tax Credit Multifamily RFP.

Table 4: 2024 State Housing Tax Credit Multifamily Awards

Project	City	Sponsor	Amount Awarded
South Point Affordable Senior Housing	New York Mills	Otter Tail County Housing and Redevelopment Authority	\$330,300
Little Mod Co Living	Saint Paul	GRO Holdings, LLC	\$205,000
Countryside Way	Kenyon	Southwest Minnesota Housing Partnership	\$249,500
Westbrook Apartments	Westbrook	Southwest Minnesota Housing Partnership, Inc	\$649,846

A State Housing Tax Credit Program Multifamily RFP was not held in 2025 due to the low amount of contributions to the General Contribution Pool. A portion of the funds in the General Contribution Pool, \$275,000, was awarded through the 2025 Community Initiatives Impact Fund RFP for homeownership projects. There is currently ~\$826,000 remaining in the General Contribution Pool that has not been awarded. These funds will be deployed in the next RFP along with General Contribution Pool received in 2026.

Table 5: 2025 State Housing Tax Credit funds awarded through Community Initiatives Impact Fund RFP

Applicant	Project Name	Activity	Amount Awarded
One Roof Community Housing	Duluth/Small Communities	Acquisition/Rehab/Resale	\$72,931
North Star Neighbors	CLT Development, Bemidji and Warren	New Construction	\$58,345
Otter Tail Housing and Redevelopment Authority	New York Mills Country View	New Construction	\$23,241
Otter Tail Housing and Redevelopment Authority	Parkers Prairie Oakwood Estates	New Construction	\$68,847

Otter Tail Housing and Redevelopment Authority	Pelican Rapids Pinewood Estates	New Construction	\$51,636
---	------------------------------------	------------------	----------

Project Information

Each project has 24 months from notification of Minnesota Housing's receipt of the first designated contribution to request the funds and enter into a loan agreement. Many projects are using the SHTC program as an ongoing fundraising tool and we expect there may be 12-24 months between receipt of the first contribution and the loan closing. Some of the loan closings in 2025 were funded by designated contributions received in 2023 and 2024. In 2025, 34 projects closed with State Housing Tax Credit program funding, and Minnesota Housing received new designated contributions for 42 projects.

Table 6: 2025 Designated Contributions by Project Type

Contribution Type	# Projects	\$ Contributions	# Contributions
Homeownership	29	\$1,384,500	130
Rental	13	\$10,035,558	59
Total	42	\$11,420,058	189

Table 7: 2025 State Housing Tax Credit Designated Contributions by Region and Project Type

Region	# Homeownership Project	\$ Homeownership Contributions	# Rental Projects	\$ Rental Project Contributions
Metro	4	\$410,000	10	\$7,097,911
Central	5	\$130,000	1	\$1,087,647
Northeast	2	\$33,100	0	\$0
Northwest	0	0	2	\$1,850,000
Southeast	9	\$368,000	0	\$0
Southwest	1	\$43,000	0	\$0
West Central	8	\$400,400	0	\$0
Total	29	\$1,384,500	13	\$10,035,558

Table 8: 2025 State Housing Tax Credit Loan Closings by Region

Region	Closed Loan Amount	Closed Loan #	% of Total
7-County Metro	\$10,134,532	9	73.61%
Central	\$2,791,266	9	20.28%
Northeast	\$28,500	1	0.21%
Northwest	\$10,000	1	0.07%

Southeast	\$114,200	5	0.83%
Southwest	\$89,000	2	0.65%
West Central	\$598,650	7	4.35%
Total	\$13,766,148	34	100.00%

Outreach and Technical Assistance

In 2025, program staff held over twenty technical assistance meetings with various stakeholders and developers and presented at multiple stakeholder groups. Receiving frequent feedback from stakeholders allowed Minnesota Housing to make process improvements throughout the year resulting in easier program administration. In 2026, staff will continue meeting with stakeholders to receive feedback and make improvements.

If you have any questions, please contact Ryan Baumtrog, Assistant Commissioner for Policy and Community Development at 651-296-9820 or ryan.baumtrog@state.mn.us