

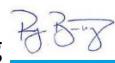
Date: January 15, 2026

To: Senator Pappas, Chair, Capital Investment Committee
Senator Housley, Ranking Minority Member, Capital Investment Committee

Senator Port, Chair, Housing Finance Committee
Senator Lucero, Ranking Minority Member, Housing Finance Committee

Representative Lee, Co-Chair, Capital Investment Committee
Representative Franson, Co-Chair, Capital Investment Committee

Representative Howard, Co-Chair, Housing Finance and Policy Committee
Representative Igo, Co-Chair, Housing Finance and Policy Committee

From: Ryan Baumtrog, Assistant Commissioner, Minnesota Housing 

Subject: Report on Local Public Housing Program

In the 2025 legislative session, Minnesota Statutes § 462A.44 was enacted, establishing a new, local public housing program within Minnesota Housing. This new program was funded in the legislative session with a \$2.4 million general fund appropriation.

Program Summary

- Program established** — A statewide program is created for the agency to award funding to eligible public entities so they can develop or acquire housing they will own.
- Funding accounts** — Two program accounts will be set up: one in the housing development fund and one in the bond proceeds fund. These accounts receive appropriated dollars, transferred funds, interest/earnings, and loan repayments and are used to award money for housing projects.
- Eligible recipients** — Cities or counties may receive grants or loans from either account; federally recognized American Indian tribes or their Tribally Designated Housing Entities are eligible for loans from the housing development fund account.
- Use of funds** — Funds must be used for qualifying capital costs (pre-design, design, property acquisition, construction, furnishing, and equipping) for housing, and recipients must maintain ownership for at least 50 years. Multifamily properties must

reserve at least 30 % of units at $\leq 50\%$ of area median income (AMI) and 30 % at $\leq 100\%$ AMI.

5. **Operation and administration** — Recipients may use leased or managed housing revenue for additional affordable housing in their jurisdiction. The agency must aim for balanced funding between metro and non-metro areas, include accessible units, and provide technical assistance. Bond-funded awards must be grants; development fund awards must be loans operated as a revolving fund.
6. **Reports** — Beginning January 15, 2026, the commissioner must annually report on projects funded in the prior fiscal year to relevant legislative committees.

Program Development and Request for Proposals (RFP)

In 2026, Minnesota Housing will undertake development of the Local Public Housing Program. In doing so, the agency will engage relevant stakeholders—including local governments, tribal housing entities, community organizations, housing developers, and stakeholders—to inform program guidelines, eligible uses, scoring criteria, and related processes.

During 2026, the agency intends to issue a Request for Proposals (RFP) for the \$2.4 million. The RFP may be structured to incorporate any new funding appropriated by the 2026 legislature. The agency will publish the RFP and related materials on its website and will provide a webinar and technical assistance. These efforts and others will be taken to provide broad notice of the funding and to provide several opportunities for potential applicants to learn more about the program.

Summary of Other Capital Resources Appropriated in 2025

In addition to the \$2.4 million for the Local Public Housing program, the Legislature also authorized \$50 million in Housing Infrastructure Bonds (HIB) and \$26 million in State General Obligation Bonds for public housing rehabilitation (POHP). Those resources were committed to specific housing developments across the state by Minnesota Housing's board of directors in 2025.