


Date: February 13, 2026

To: Representative Spencer Igo, Co-Chair, Housing Finance and Policy
Representative Michael Howard, Co-Chair, Housing Finance and Policy
Representative Paul Torkelson, Co-Chair, Ways and Means
Representative Cedrick Frazier, Co-Chair, Ways and Means
Senator Lindsey Port, Chair, Housing and Homelessness Prevention
Senator John Marty, Chair Senate Finance

From: Jennifer Leimaile Ho, Commissioner, Minnesota Housing 

Subject: 2026 Operating Costs Report

Pursuant to Minnesota Statutes § 462A.20, subd. 4, I am submitting the Agency's Operating Costs Report for FY 2025 and Budget Plan for FY 2026.

Our FY 2025 operating budget was \$54.9 million and we estimate our operating budget will be \$59.2 million for FY 2026. This increase is driven both by increased costs associated with existing employees as well as the addition of new employees necessary to implement the historic state housing resources and the doubling of agency programs last biennium. Total assistance provided in FY 2025 was \$1.802 billion and our ratio of operating expenses to assistance provided was 3.04%.

Also enclosed is the Agency's FY 2025 Financial Report, which includes the audited financial statements for all of the Agency's funds. An independent certified public accounting firm audits the Agency's financial statements every year. The procedures used to audit the Agency's administrative expenses are primarily analytical in nature. For the larger individual amounts included in the salaries and benefits and other general operating expense lines, comparisons are made to the prior year. Large fluctuations, if any, are identified, reviewed and assessed for reasonableness. The FY2025 Financial Report fulfills the statutory requirement that the financial statement include information on expenditures and receipts relating to debt issuance and administration, and loan origination and administration.

If you have any questions, please contact me at (651) 296-5738 or Jennifer.Ho@state.mn.us or Ryan Baumtrog at (651) 296-9820 or ryan.baumtrog@state.mn.us



**Operating Costs Report for FY 2025 and Budget for FY 2026
Submitted Pursuant to M.S. 462A.20, Subd. 4**

\$ in thousands	FY 2025		FY 2026				Estimated Yr over Yr Increase (Decrease) in Spending
	Budgeted Spending	Actual Spending	Budgeted Spending	Actual Spending through 12/31/2025	Estimated Spending for the Full Year	Under (Over) Budget	
<u>Operating Costs</u>							
Salaries and Benefits (NOTE A)	48,165	44,654	50,220	21,695	48,433	1,787	3,779
Rents and Utilities	1,770	1,715	2,013	901	1,919	94	204
Repairs, Alterations, Maintenance	141	103	150	25	98	52	(5)
Printing and Advertising	149	80	201	34	116	85	36
Professional/Technical Services	6,812	4,183	6,355	1,410	4,188	2,167	5
Computer and Systems Services	2,214	1,800	2,276	1,023	1,844	432	44
Communications	113	97	117	52	111	6	14
Travel and Subsistence, Instate	277	159	242	85	203	39	44
Travel and Subsistence, Out of State	389	181	326	71	271	55	90
Supplies	203	155	181	66	154	27	(1)
Equipment	512	74	360	80	257	103	183
Employee Development	565	298	502	124	377	125	79
Other Operating Costs	640	482	748	196	413	335	(69)
State Indirect Cost Billings	740	740	642	321	642	0	(98)
Attorney General Costs	225	137	264	60	192	72	55
Total, Agency Operating Costs	62,915	54,858	64,597	26,143	59,218	5,379	4,360

<u>Assistance Provided</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Total Assistance Provided by the Agency (NOTE B)	1,117,548	1,266,939	1,353,737	1,599,546	1,919,613	2,178,282	1,846,050	1,962,226	1,802,041
Operating Costs as a % of Assistance Provided	3.19%	2.84%	2.58%	2.32%	1.99%	1.80%	2.28%	2.45%	3.04%

NOTE A, Salaries and Benefits. The increase in Salaries is due mainly to a 1.5% Cost of Living increase and progression increases for those eligible, as well as an increase in FTE's hired to help deliver the many new state appropriated programs received last biennium.

NOTE B, Assistance Provided. The assistance provided figures are from the Agency's annual Program Assessment Report that is submitted to the Legislature each year. The assistance figures are for a federal fiscal year ended September 30.