

Meeting the Unique Needs of Local Government

Minnesota Housing

Management Innovation: Internal Operations

HFA Staff Contact

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Meeting the Unique Needs of Local Government

Minnesota Housing, the state's housing finance agency, works to provide access to safe, stable and accessible housing Minnesotans can afford in a community of their choice. In 2024, we distributed \$1.96 billion in resources and served 73,650 households. The mission of Minnesota Housing is housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable. The housing needs in various regions of Minnesota vary significantly based on the unique aspects of each individual community. To address these unique needs, Minnesota Housing created a new department for Local Government Housing Programs.

Responding to Management Opportunity

The Local Government Housing Programs (LGHP) department was created in November 2023 to develop and manage several new programs that came out of the 2023 legislative session that were geared towards local units of government. The team supports cities, counties and Tribal Nations as they develop new affordable rental and single-family housing and provide rental assistance and other housing needs.

Four new programs have launched in 2025: The Local Housing Trust Fund Grants Program, Greater Minnesota Housing Infrastructure Grants, Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grants, and Bring It Home Rental Assistance. The LGHP also manages the Local Affordable Housing Aid and Statewide Affordable Housing Aid program, created in 2023.

To effectively engage with communities, a director leads the team, and two managers supervise the work. The programs are supported by four program staff, a data analyst and an administrative assistant. In 2025, the team will expand to include a financial disbursement analyst and a grants monitoring specialist (See Organization Chart in the Appendix).

An Innovative Response

The new programs of the Local Government Housing Programs team are targeted to cities, counties and Tribal Nations and designed to be flexible to meet the unique needs of different communities are the state. The funds are available through competitive Request for Proposal processes that are designed to be easy to apply for and administer, so that even a small city run by a single staff person can access the programs. Scoring and selection criteria elevate communities who have not had the opportunity to access other programs from Minnesota

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Housing. The team works closely with local governments to provide technical assistance and outreach to communities, create awareness of funding opportunities, foster collaboration between communities and encourage local governments to apply for programs that would benefit their unique needs. The new programs are described below.

Local Housing Trust Fund Grants Program - \$5.8 million

This program encourages local governments to create or fund local housing trust funds, using state funding to match a portion of new housing trust fund dollars to encourage local investment in affordable housing across Minnesota. Funds may come from any source other than the state or federal government. The grant funds must be used for households at or below 115% of state median income and may be used for a variety of activities like development, downpayment assistance; rental assistance; and homebuyer counseling services.

Greater Minnesota Housing Infrastructure Grants - \$8 million

Funds allocated to this program support cities, counties and Tribal Nations to create sites for workforce and affordable housing in Greater Minnesota. Grant funds can cover up to 50% of capital costs of physical public infrastructure necessary to support a qualifying housing development. This may include projects like sewers or utility extensions necessary to support single-family, multifamily, homeownership and rental housing development.

Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grants - \$4.5 million

This program aids smaller Greater Minnesota cities to develop and preserve affordable and workforce housing. Only city governments representing cities of fewer than 10,000 residents outside the seven-county Twin Cities metro are eligible. Funds can be used for a variety of Qualifying Projects identified in statute, including things like emergency rental assistance; financial support to nonprofit affordable housing providers; construction, acquisition, rehabilitation; construction financing, interest rate reduction; and housing stability initiatives.

Bring It Home Rental Assistance - \$60 million

Modeled after the Housing Choice Voucher program, Bring it Home provides rental assistance for low-income families across Minnesota. Funded by state appropriations and a new metro sales tax for housing, the program will provide grants to eligible Program Administrators who will administer the program as direct tenant and/or project based rental assistance for cost burdened households at 50% area median income (AMI) or less. Priority for rental assistance shall be given to households earning under 30% AMI that include children.

Local Affordable Housing Aid and Statewide Affordable Housing Aid

Created in 2023, this program provides funds to all 87 counties, all cities in Minnesota with a population over 10,000 and Tribal Nations from the Department of Revenue. Recipients can use

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the funding to address the specific needs within their communities. The LGHF team provides technical assistance to local governments receiving this aid and manages the reporting process of these funds.

Replicable Results

Creating a department to support Local Government Housing Programs is a concept that can be replicated by other HFAs around the country. By focusing on communities who typically experience barriers to funding housing opportunities and creating programs that are accessible and flexible in their uses, Minnesota Housing has created a simple framework that could benefit many other states.

Measurable Improvements

The Local Government Housing Programs team tracks every community outreach and engagement opportunity to measure their contact with various communities around the state. The team can use these metrics to identify gaps in outreach and respond accordingly. The team will also maintain a dashboard of program performance to track which communities receive funding through these programs, which program activities benefit the various regions of the state, and grantee performance and fund balances. These metrics can be used to ensure that communities with the greatest needs are benefiting from the available resources available.

Benefits Outweigh Costs & Resources are Used Effectively

The funding allocated by the legislature to support the new programs implemented through the Local Government Housing Programs team allow Minnesota Housing to retain up to 10% in administrative costs from the state funding to support the staff working these programs. The programs will deliver millions of dollars to communities around the state, and the costs are supported by program funds (See Program Funding Allocation and Grants and a map of Local Government Housing Program Applications in the Appendix).

Achieve Strategic Objectives

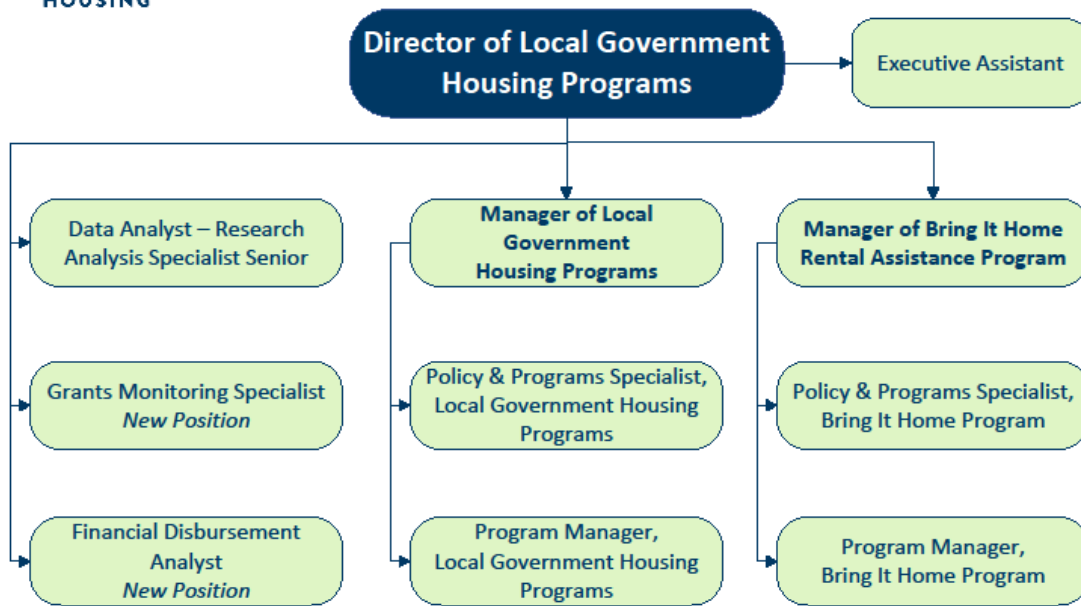
Minnesota Housing's 2024-2027 Strategic Plan includes several key areas of focus that of the Local Government Housing Programs team helps bring to every corner of the state: Improve the Housing System, Preserve and Create Housing Opportunities, Make Homeownership More Accessible, and Support People Needing Services (See Strategic Objectives in the Appendix).

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Attachments



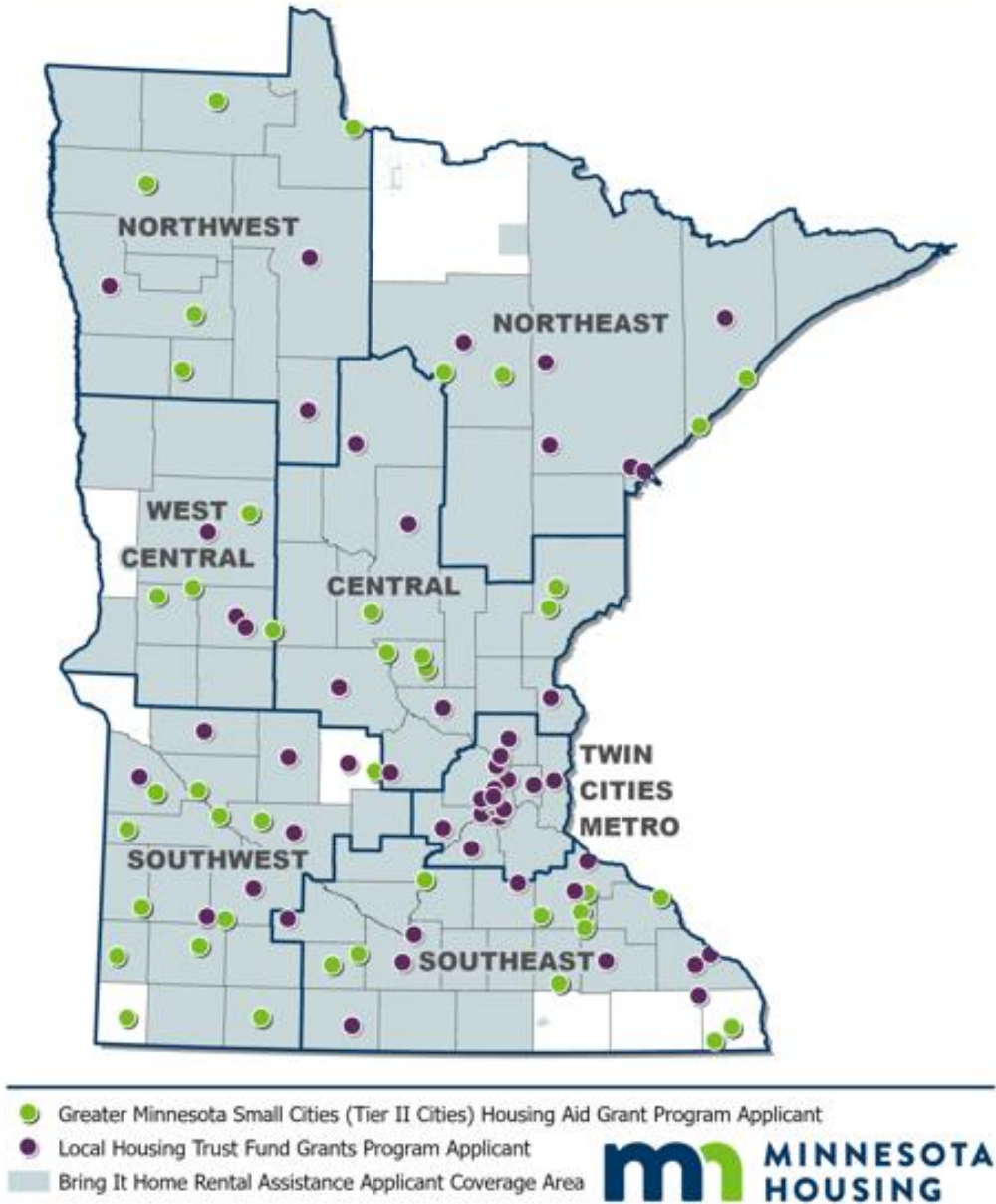
Local Government Housing Programs Team



Program Name	Allocated Funding	Estimated Number of Grants in 2025
Local Housing Trust Fund Grants Program	\$5.8 million	36
Greater Minnesota Housing Infrastructure Grant Program	\$8 million	20
Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program	\$4.5 million	25
Bring It Home Rental Assistance Program	\$60 million	50

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Local Government Housing Programs Applications



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FOCUS AREA	STRATEGIC OBJECTIVES
Improve the Housing System	<ul style="list-style-type: none"> Create a more inclusive, equitable and just housing system Focus on the people and places most impacted by housing instability Make housing programs more accessible and easier to use
Strengthen Communities	<ul style="list-style-type: none"> Pursue equitable community development and investment Support Tribal Nations and Indigenous communities
Preserve and Create Housing Opportunities	<ul style="list-style-type: none"> Preserve and improve the condition and affordability of existing housing Increase the development of new housing that is affordable Develop green, energy-efficient, climate-resilient, sustainable housing Increase access to rental assistance Support and preserve manufactured homes and communities
Make Homeownership More Accessible	<ul style="list-style-type: none"> Address homeownership barriers and reduce disparities
Support People Needing Services	<ul style="list-style-type: none"> Prevent and end homelessness Support people with disabilities to live full, independent and integrated lives in the community Support older adults and create age-friendly communities