

Contributing to Housing for the Mission (And a Tax Credit)

Minnesota Housing
Special Achievement

HFA Staff Contact

Tenzin Nordon

tenzin.nordon@state.mn.us



Contributing to Housing for the Mission (and a Tax Credit)

Minnesota's State Housing Tax Credit (SHTC) and Contribution Fund gives individuals and businesses a way to contribute their own funds to rental and homeownership developments of their choice and receive an 85% credit to offset their Minnesota taxes. The contribution program has grown in popularity after three (partial) years in operation, fully meeting the program's cap of \$11.6 million in contributions (and \$9.9 million in tax credits) in 2024. The 2025 program is already full.

Rewarding generosity

The [State Housing Tax Credit \(SHTC\) program and Contribution Fund](#) is a new way to help finance 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 can annually contribute at least \$1,000 but not more than \$2 million to the Contribution Fund. The funds can be used for a variety of activities including new construction, rehabilitation, permanent financing and stabilization. In return for the contribution, the taxpayer receives a state tax credit certificate that equals 85% of the contribution, which the taxpayer may use to reduce their state tax obligation. The maximum aggregate amount of tax credits available to issue is \$9.9 million annually.

Individual impacts

The program, with its significant tax benefit, enables individual donors to contribute far more than they normally would have without the program. For instance, a donor who typically makes a \$1,000 contribution to a nonprofit of their choice would spend just that, \$1,000. A donor to the Contribution Fund, however, could donate about \$6,700 and, with their tax credit, would take about \$5,700 off their tax bill. Their out-of-pocket cost would still be \$1,000. The tax benefit creates an attractive incentive for contributors.

Donor's choice: Donate by project or pool

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 led by Minnesota

Housing. In 2024, there was about \$2 million available through this process. Minnesota Housing received funding requests from developers for \$3.8 million of the SHTC funds, and Minnesota Housing was able to provide about \$2 million in total for rental and homeownership projects that came through our RFP process.

The majority of contributors prefer to select specific project(s) with their donations. Take, for example, [Opportunity Crossing](#) in Minneapolis, a new rental development coming to the heart of south Minneapolis. As the developer explains in their project description, “The Wells Fargo bank branch at this location was seriously damaged during the May 2020 unrest following the murder of George Floyd and required its demolition. Wells Fargo selected Project for Pride in Living (PPL) to redevelop the site and create affordable housing and commercial spaces rooted in and with the surrounding community. As a BIPOC-led nonprofit developer, equitable development is a core value of PPL, which establishes that a development is undertaken in partnership with the community.”

In 2023, PPL was able to promote the availability of the SHTC Contribution Fund to its donors and point them toward their project description to drum up donor interest in participating. Facing a funding gap due to rising interest rates and construction costs, PPL let donors know they were seeking deferred financing in order to start construction the first quarter of 2024. In total, 47 individual donors contributed over \$400,000 to Opportunity Crossing.

Program demand exceeds available credits

This program was first introduced to donors in October 2023. With only two months in which to market the program, contributions reached \$6.9 million for calendar year 2023, leaving room for improvement in the following years.

2024 was an exciting year for the SHTC Program and Contribution Fund, marking the first full year of operation. During this time, we issued the first SHTC Program RFP and fully subscribed the \$9.9 million available in state housing tax credits. In fact, we received more requests for State Housing Tax Credit Certificates than were available to issue. Thanks to the generosity of individuals and corporate donors, Minnesota Housing received 532 contributions from taxpayers totaling over \$11.6 million, resulting in \$9.9 million in state tax credits.

By March 31 of this year, the program was fully subscribed for 2025, eight months earlier than 2024. Clearly word has gotten out about the opportunity to contribute to affordable housing coming soon to one’s own community, or to a contribution pool, and receive 85 cents on the dollar in offsetting one’s state taxes.

Model for other states

In the 18 months since the program began accepting contributions, taxpayers have contributed \$30 million through approximately 1,100 separate contributions, supporting more than 70 projects across Minnesota. The cost to the state is uncaptured revenue, not new money spent. The Minnesota legislature authorized the program through 2028, so it is similar to a pilot project because it was put in place for only a few years. The strong and rising participation in the program may encourage legislators to extend the program.

Flexibility has been a crucial factor in the program's success. It supports a wide range of activities and provides funding for both multifamily and single-family developments. This approach could serve as a strong model for other states, encouraging individuals, businesses and communities to invest in local housing efforts or contribute to a statewide housing fund.

As Cristen Incitti, president and CEO of Habitat for Humanity Minnesota, said, "The program is a game-changer. It's not just about providing funding, it's about inspiring a culture of community investment in affordable housing. From new donors stepping forward to long-term partnerships being formed, this program is creating a lasting, statewide impact that ensures more families have access to safe, stable and affordable homes."



Summary of the Impact of the Minnesota State Housing Tax Credit Program on Habitat for Humanity Affiliates

The Minnesota State Housing Tax Credit (SHTC) program has proven to be a crucial tool for supporting affordable housing initiatives across the state, empowering local Habitat for Humanity affiliates to build homes and strengthen communities. Two standout examples of this transformative impact come from Lakes Area Habitat for Humanity and Habitat for Humanity of Morrison County, showcasing how the program has fostered new partnerships, increased community support, and ensured continued progress on affordable housing projects.

At **Lakes Area Habitat for Humanity**, the SHTC program sparked a powerful chain reaction. An educational session on the program introduced a community member to the tax credit's benefits, leading to an unexpected \$100,000 donation toward the organization's Women Build project. This initial donation snowballed into more support, with the donor advocating for the program within his network, driving additional contributions that funded materials and labor for the Women Build home. This story underscores the SHTC program's ability to not only attract new financial support but also inspire sustained community engagement in affordable housing efforts.



For **Habitat for Humanity of Morrison County**, the SHTC program has played a pivotal role in overcoming rising construction costs in a small, rural community. Farmers & Merchants Bank, long-time supporters of the organization, became the first contributor to Morrison County's affordable housing project through the program, donating \$20,000 in 2024. In



2025, as funding caps neared, they donated another \$40,000, helping to keep housing affordable despite increasing costs. Moreover, the SHTC program opened doors for a deeper partnership with the bank, which is now exploring additional financial support and long-term strategies to ensure sustainable, affordable housing in the region. These contributions have enabled the continuation of critical housing projects, making a lasting impact on both the bank and the community.

In the last two years of the program, Habitat for Humanity offices have received over \$3 million. Cristen Incitti, President and CEO of Habitat for Humanity of Minnesota, said, "The program is a game-changer. It's not just about providing funding, it's about inspiring a culture of community investment in affordable housing. From new donors stepping forward to long-term partnerships being formed, this program is creating a lasting, statewide impact that ensures more families have access to safe, stable, and affordable homes".

Related visuals:

- Douglas County Habitat for Humanity tax credit program promotional reel: <https://youtube.com/shorts/bGwCcHjJAhE?si=QLy-QcnWfNUZ07ro>
- Douglas County Habitat for Humanity Summer Meadows development preview: [Summer Meadows Development](#)

MINNESOTA STATE HOUSING TAX CREDIT PROGRAM AND CONTRIBUTION FUND

MEDIA CONTACT

Ella Carlsson, Red Mood Marketing
ella@redmoodmktg.com | 612.805.0572 (cell)

AN OVERVIEW

The Minnesota State Housing Tax Credit (SHTC) Program and Contribution Fund, administered by Minnesota Housing, is an innovative way for taxpayers to help finance affordable housing throughout the state. Since its start in October 2023, eligible Minnesota individuals, corporations, businesses, organizations — any one who pays taxes — can contribute to the SHTC Program Fund, and in return receive a substantial credit to offset their Minnesota taxes.

6-year Tax Credit Program

2023 – 2028

Administered by



Facilitated by



HOW IT WORKS

For Contributors

\$11.6M



MN Housing can accept total contributions **up to \$11.6M**.

\$1K - \$2M



Each taxpayer can contribute **\$1K to \$2M** to an eligible project of their choice or the General Contribution Fund.

85%



Taxpayers receive a state **tax credit certificate that equals 85%** of their total contributions.

For Developers

Developers can identify projects eligible to receive the contributions.



Homeownership Projects

Owners must not have incomes at the time of initial occupancy that exceed the greater of 115% of state or area median income.



Rental Projects

Renters must not have incomes at the time of initial occupancy that exceed 80% of the greater of state or area median income.

MINNESOTA STATE HOUSING TAX CREDIT PROGRAM AND CONTRIBUTION FUND

MEDIA CONTACT

Ella Carlsson, Red Mood Marketing
ella@redmoodmktg.com | 612.805.0572 (cell)

2023 SUCCESSES



382

Individual and Corporate Contributors



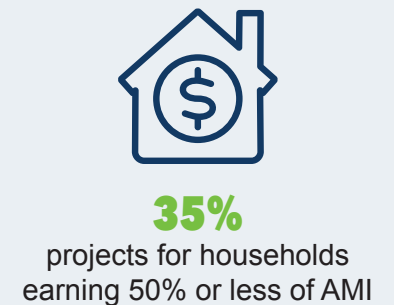
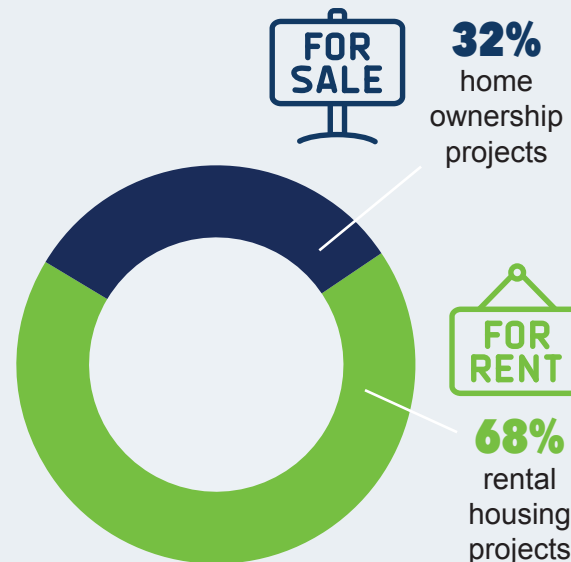
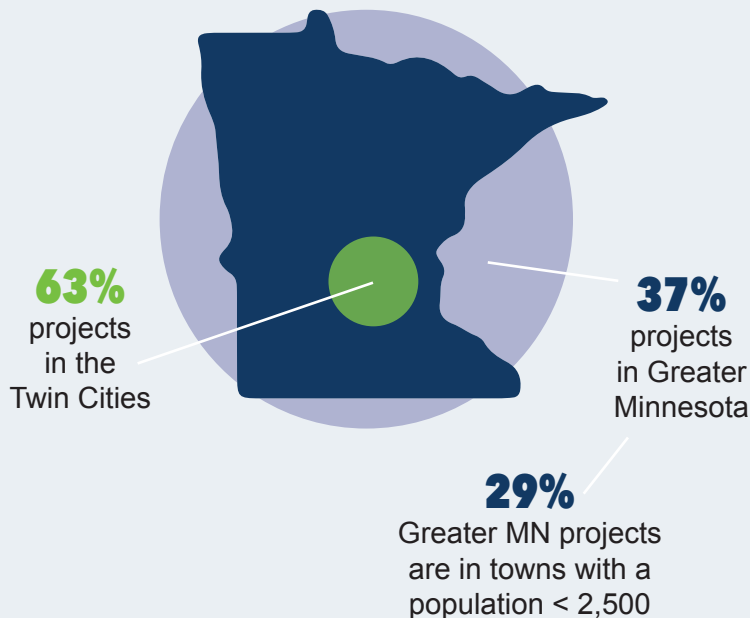
\$7M

in Taxpayers Contributions



23

Projects Received Funds



MINNESOTA STATE HOUSING TAX CREDIT PROGRAM AND CONTRIBUTION FUND

MEDIA CONTACT

Ella Carlsson, Red Mood Marketing
ella@redmoodmktg.com | 612.805.0572 (cell)

HOW TO CONTRIBUTE



STEP 1

Eligible taxpayer completes
online application



**Check the box for
"Specific Qualified Project"
to designate your
contribution**



STEP 2

Minnesota Housing
reviews application; if
accepted, emails a form
to taxpayer



STEP 3

Taxpayer signs form and
submits funds to
Minnesota Housing



STEP 4

Minnesota Housing
issues Tax Credit
Certificate

Make a Contribution

tinyurl.com/shtc-application



Eligible Projects

tinyurl.com/shtc-projects



More Information

tinyurl.com/shtc-info



November 15, 2024

Contact:

Josh Nguyen

651.278.6725

josh.nguyen@state.mn.us

Legislators and Housing Developers Come Together to Raise Awareness of the Impact and Success of Minnesota's Unique Housing Tax Credit and Contribution Fund

Individual and corporate taxpayers have until December 6, 2024, to pledge a contribution for affordable housing in their community and receive an 85% credit on their Minnesota taxes.

PRESS CONFERENCE DETAILS:

Individual and corporate contributors, legislators, state officials and affordable housing developers will address the press regarding the [Minnesota State Housing Tax Credit \(SHTC\) and Contribution Fund](#), and the program's inaugural-year impact and success. The deadline for 2024 contributions is looming. Taxpayers have until December 6 to make their contributions and fund affordable housing projects throughout Minnesota. Press will hear from existing contributors about why they chose to participate in the SHTC program, and from homeowners and tenants about how these contributions make a difference in their lives.

Speakers include:

- Senator Carla Nelson (R-Rochester) and Representative Mike Howard (D-Richfield), authors of the SHTC legislation
- Commissioner Jennifer Ho, Minnesota Housing
- Paul Williams, president and CEO of Project for Pride in Living
- Dayna Norvold, executive director, Rice County Habitat for Humanity
- William Wernz, an individual SHTC contributor
- Mike Taylor, president of Specialty Banking, Old National Bank, a corporate contributor to three projects
- Chris Coleman, president & CEO, Twin Cities Habitat for Humanity

WHEN:

Monday, November 18, 2024: 8:30 a.m. to 10 a.m.

- Pre-conference interviews/project tours: 8:30 a.m. to 9 a.m.
- Press conference begins promptly at 9 a.m.
- Post-conference interviews/project tours: until 10:30 a.m.

WHERE:

Press Conference: Union Congregational Church, United Church of Christ, 3700 Alabama Ave. S., St. Louis Park, MN 55416. If the weather allows, we will be outside at the jobsite for the press conference. Please dress warmly.

Project Tours: Union Park Flats: 6027 37th Street W., St. Louis Park, MN 55416

Parking: The church parking lot will be closed. Park along Alabama Avenue South or Oxford Street.

About Minnesota Housing

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 2023, the Agency distributed \$1.85 billion in resources and served 69,500 households. [Visit our website to learn more.](#)



Minnesota News You Can Use

NO SECTION

Minnesotans can help affordable housing – and get a tax credit

The state's housing finance agency has launched a six-year fund to drum up donations in exchange for an 85% tax credit.

By Kelly Smith

DECEMBER 1, 2023 AT 1:28PM



Project for Pride in Living is proposing a new \$60 million development to replace a Wells Fargo that burned down off Lake Street in the civil unrest after George Floyd's murder in 2020. The project includes 110 affordable apartment units. (Rendering by Design by Melo, LLC/The Minnesota Star Tribune)

ADVERTISEMENT

[Comment](#)[Gift](#)[Share](#)[Listen](#)

Minnesota taxpayers who want to support affordable-housing projects from Hackensack to Rochester – and get a big tax credit in return – can do so now thanks to an innovative new state fund.

Minnesota Housing, the state's housing finance agency, has launched a new six-year fund to drum up donations from businesses and individuals in exchange for an 85% tax credit. To get the tax credit this year, the deadline to donate is Dec. 13.

"In the housing space, this is really special," said Jennifer Ho, who leads the agency. "For people who are trying to figure out how to help, this is the way to help."

Since starting in October, the [State Housing Tax Credit Program and Contribution Fund](#) has collected \$3.5 million from individuals as well as \$1 million from Securian Financial in St. Paul, the largest one-time gift so far. Donors can contribute \$1,000 to \$2 million to

[specific affordable-housing projects](#) or to the general fund, and receive almost all of that back in the form of a tax credit when they file taxes next spring.

The fund is limited to receiving up to \$11.6 million in contributions a year.

Most of Minnesota Housing's grants and loans come from state coffers so it's rare for a government fund, especially at the housing agency, to accept private donations. The Legislature approved the creation of the fund in 2021 and it got bipartisan support.

"It was very clear that the affordable housing issue was bigger than government. Government could not solve it all," said Sen. Carla Nelson, R-Rochester, chief author of the Senate bill, adding that the fund is revolutionary because it brings in "private investment and to allow all Minnesotans who choose to participate to be part of the solution."

While the Legislature this year approved a historic \$1 billion housing bill, more aid is needed as evictions rise and Minnesota faces a persistent shortage of affordable housing, said Rep. Mike Howard, DFL-Richfield, chief author of the 2021 House bill.

While individual donors and businesses can also donate directly to affordable-housing nonprofits to get a federal tax deduction, the state tax credit incentive is available to those who take the standard deduction, a majority of taxpayers.

Mary Tingerthal, former commissioner of Minnesota Housing, said the idea for the fund came years ago from a similar one established in North Dakota to bolster affordable housing in the western oil fields.

Now, she's one of the first taxpayers to donate to the fund, and she said the philanthropy can have an immediate impact both for taxpayers and for projects statewide, from St. Cloud to St. Paul. (To contribute or for more details, go to [mnhousing.gov/shhc-contribution.html](#).)

In Minneapolis, Project for Pride in Living is redeveloping a site where a Wells Fargo bank on Lake Street burned in the civil unrest after George Floyd's murder, [adding businesses and 110 affordable apartments](#). Costs for the \$60 million project have risen as interest rates and construction expenses spiked, so donations will help fill the final funding gaps, said Paul Williams, CEO of Project for Pride in Living.

"This is an all hands on deck situation that we're facing," he said. "It's these final [financial] gaps that are so challenging to fill, and this is the kind of tool that could really help out."

Share

Comment

✦ ABOUT THE WRITER

Kelly Smith
NEWS TEAM LEADER

Kelly Smith is a news editor, supervising a team of reporters covering Minnesota social services, transportation issues and higher education. She previously worked as a news reporter for 16 years.

See More >

More from No Section

See More >

NO SECTION

Test of iframe

Minnesota News You Can Use

NEWS & POLITICS

A lack of affordable housing plagues Minnesota. Now you can do something about it.

Deadline to apply for innovative tax credit program that funds affordable housing is Dec. 6.

By Reid Forgrave

The Minnesota Star Tribune

NOVEMBER 18, 2024 AT 11:28PM



Paul Williams, president and CEO of the Project for Pride in Living, far right, shows Minnesota Housing Commissioner Jennifer Ho, far left, a nearly completed affordable housing project in St. Louis Park that utilized the new state housing tax credit program. (Reid Forgrave/The Minnesota Star Tribune)

ADVERTISEMENT

[Comment](#)[Gift](#)[Share](#)[Listen](#)

Bill Wernz has contributed to an affordable housing nonprofit for decades, but when Canadian wildfires darkened the skies around his St. Paul senior apartment complex last summer, the 80-year-old semi-retired attorney felt called to do something about climate change as well.

Turning his thermostat to 56 degrees at night could only accomplish so much, so Wernz researched a way to marry his two charitable interests. He found the new Minnesota State Housing Tax Credit Program and Contribution Fund, which began late last year after bipartisan support in the Legislature.

The program, administered by Minnesota Housing, the state's housing finance agency, allows individual taxpayers and businesses to make donations to finance affordable housing projects throughout the state. Contributors who donate between \$1,000 and \$2 million for either an eligible affordable housing project or a general fund receive an 85% tax credit for their contribution.

Wernz cajoled fellow seniors at Marvella assisted living community in St. Paul to donate \$165,000 to the program. Their money was used to install solar panels on two new affordable housing projects, one in St. Louis Park and the other in their Highland Park neighborhood.

"I know this is too big of a problem to make a big dent, but I wanted to do my bit," Wernz said. "Here's a carbon offset that's right there – you can see it."

The deadline to [apply for this year's](#) tax credit is Dec. 6. Contributions provide funding for loans for eligible housing projects, and the loans are funded entirely by taxpayer contributions, not state appropriations or other funding sources.

[It's rare](#) for a government fund to accept private donations. Minnesota is one of the first states in the country to begin a program like this one, which is modeled off a North Dakota housing tax credit program. Lawmakers have called the legislation revolutionary because it brings private investment to bear on an issue that cannot be solved by government.

"This is one of the most amazing pieces of legislation we've seen in a long time," said Chris Coleman, president and CEO of Twin Cities Habitat for Humanity and former mayor of St. Paul. "It's kind of mind-boggling because of the simplicity of it. This is a way to do good and help your tax burden as well. That's quite a two-fer."

Affordable housing is as big of an issue in the Twin Cities, where housing and rental costs have increased dramatically in the past decade, as in greater Minnesota, where limited availability of affordable housing is considered a central obstacle to economic development.

Minneapolis has [one of the worst housing shortages](#) in the country, according to a Zillow report earlier this year. And among economic development experts in greater Minnesota, it's almost become a cliché: The problem isn't a lack of rural or small-town jobs. It's a lack of places for workers to live.

"It doesn't matter where I travel in the state of Minnesota," said Minnesota Housing Commissioner Jennifer Ho. "Everyone everywhere is talking about the fact that housing is a challenge. And this [tax credit program] is a really concrete way for people to participate in investing in more homes. This is a way for those who are saying 'what can I do to help?' to have a really significant and tangible way to invest."

After it was passed by the Legislature, the six-year program launched in October 2023. Taxpayers contributed some \$7 million last year, which went to 23 projects statewide. More than a third of the projects were in greater Minnesota, and the vast majority of those were in towns with fewer than 2,500 people.

Statewide, there's [a shortage of more than 100,000 rental homes](#) available for extremely low income renters, according to the National Low Income Housing Coalition. And a report by the [Minnesota Housing Partnership](#) indicated housing is unaffordable to half of the state's renters, the worst rate in the past decade.

After a press conference Monday, Paul Williams, the president and CEO of Project for Pride in Living, led a tour of a 60-unit affordable housing complex, mostly workforce housing, in St. Louis Park that will open next month. It's one of the two projects Wernz had raised \$165,000 for to purchase solar panels through the tax credit program.

“This has a really tangible impact in a way that multiplies,” Williams said. “We all deserve dignity, and housing stability translates into dignity.”

Share

Comment

✦ ABOUT THE WRITER

Reid Forgrave
STATE/REGIONAL REPORTER

Reid Forgrave covers Minnesota and the Upper Midwest for the Star Tribune, particularly focused on long-form storytelling, controversial social and cultural issues, and the shifting politics around the Upper Midwest. He started at the paper in 2019.

See More >

More from News & Politics

See More >

MINNEAPOLIS

Murder charge: Driver purposely hit 4 in Minneapolis crosswalks, with one dragged and killed



The most severely injured in the back-to-back incidents died two days later, the charges read.