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Date: January 14, 2022

To: Representative Hausman, Chair, Housing Finance and Policy
Representative Theis, Ranking Minority Lead, Housing Finance and Policy
Representative Marquart, Chair, Taxes
Representative Davids, Ranking Minority Lead, Taxes
Senator Draheim, Chair, Housing Finance and Policy
Senator Dziedizic, Ranking Minority Lead, Housing Finance and Policy
Senator Nelson, Chair, Taxes
Senator Rest, Ranking Minority Lead, Taxes

From: Jennifer Leimaile Ho, Commissioner, Minnesota Housing

A handwritten signature in blue ink, appearing to read 'Jennifer Ho'.

Subject: Workforce Housing Development Program Report

Pursuant to Minnesota Statutes 462A.39, Subdivision 6, Minnesota Housing is required to report on the projects that receive grants or deferred loans under the Workforce Housing Development Program.

Summary of Program

This program awards funds to small and mid-sized Greater Minnesota communities with workforce market rate rental housing needs. Applicants request funds in the form of a grant or a deferred loan. Among other considerations the program's statute requires vacancy rates to be five percent or less for at least the prior two-year period, one or more businesses to indicate that the lack of available rental housing has impeded their ability to recruit and hire employees, and local match. The current biennial budget for the program is \$4 million.

2021 RFP Update

The application for 2021 funds was released on October 12, 2021. Applications were due back on January 11, 2022. Applications are currently undergoing an internal review process and selections are anticipated to be made at Minnesota Housing's Board of Directors meeting in April. Based on initial review, this RFP received significantly more requests for funding compared to previous years.

Summary of Funding Selections

To date, the program has deployed \$8,544,281 in resources and will add 412 new market rate rental units to communities across Greater Minnesota, inclusive of units available for occupancy and units in the development pipeline. 80% of the developments selected are in cities and towns with populations

less than 5,000, which is a policy priority for the program. The program also prioritizes smaller size developments.

| RFP Year | City | Award Amount | Number of Units |
|-------------------------|----------------|----------------------|-----------------|
| 2020 | Granite Falls* | \$99,500 | 3 |
| 2020 | Roseau | \$1,582,571 | 37 |
| 2020 | Eden Valley | \$329,000 | 20 |
| | | \$1,911,571 | 57 |
| 2019 | Blue Earth | \$400,000 | 14 |
| 2019 | Watkins | \$417,400 | 20 |
| 2019 | Park Rapids | \$650,000 | 28 |
| 2019 | Redwood Falls* | \$770,000 | 30 |
| 2019 | Long Prairie | \$1,338,310 | 37 |
| | | \$2,805,710 | 99 |
| 2018 | Alexandria | \$1,000,000 | 37 |
| 2018 | Park Rapids | \$550,000 | 28 |
| | | \$1,550,000 | 65 |
| 2017 | Albert Lea | \$150,000 | 12 |
| 2017 | Baudette | \$500,000 | 24 |
| 2017 | Duluth | \$180,000 | 96 |
| 2017 | Luverne | \$680,000 | 27 |
| 2017 | Pelican Rapids | \$767,000 | 32 |
| | | \$2,277,000 | 191 |
| Program Totals** | | \$8,544,281 | 412 |

*The funding for these selections were subsequently rescinded.

**Totals do not include rescinded projects.

Program Resources and Outreach

Several program resources are available on the Workforce Housing Development Program [webpage](#), including:

- [Program Guide](#)
- [Frequently Asked Questions \(FAQs\)](#)

- [Application Checklist](#) that includes help text with guidance on individual application items

Minnesota Housing provided several outreach opportunities in the past year leading up to the RFP, including:

- Partnered with the League of Minnesota Cities to market the program to interested communities.
- Provided project-specific technical assistance to interested applicants
- Co-hosted virtual regional housing meetings in Southeast and Southwest Minnesota in April and Central Minnesota in November to market the Workforce Housing development program and other affordable housing resources and programs.
- Presented information on the program at Minnesota Housing Partnerships Housing Institutes in July and October.
- Hosted a webinar in October to give an overview of the program and share important information on the upcoming request for proposal.

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