



Agency Budget and Program Implementation

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Sources and Uses of Agency Funds

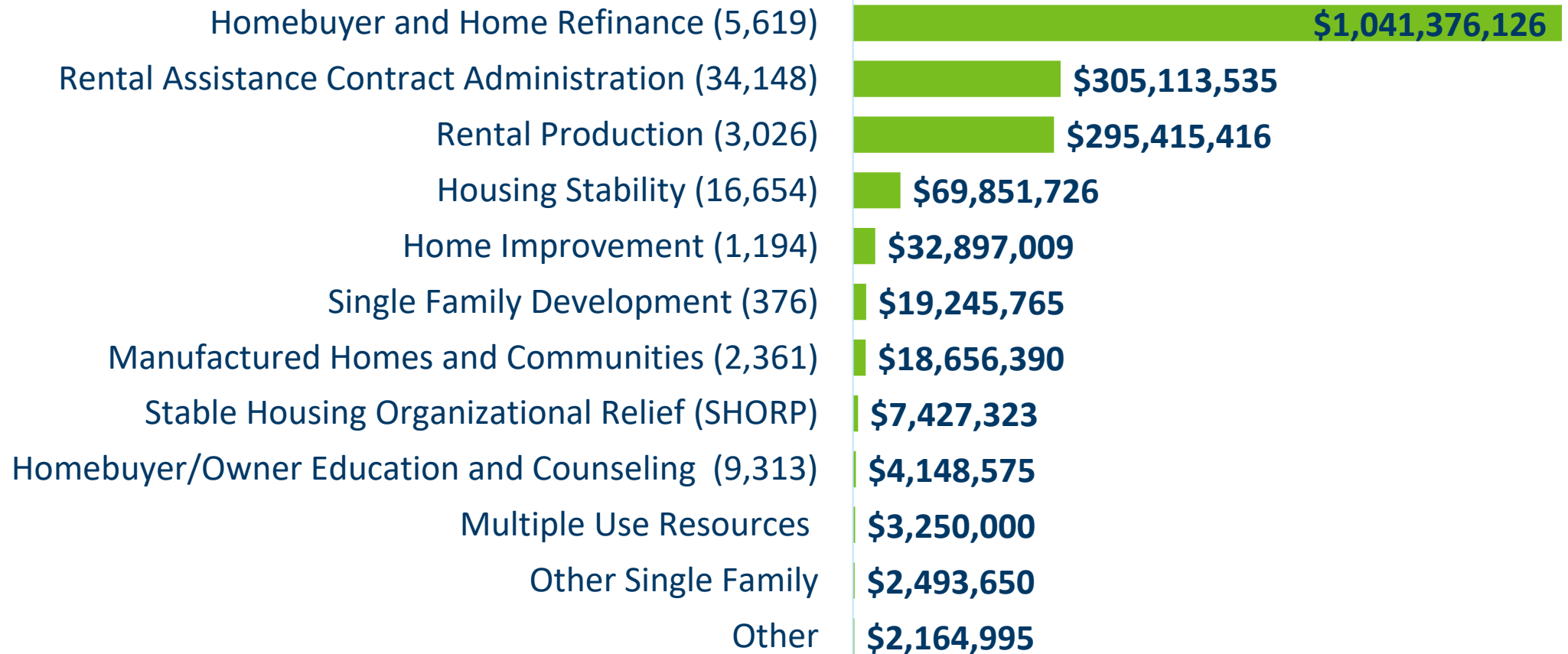
Agency Budget Overview

- Top Sources of Agency Funds:
 - Federal Grants
 - Proceeds from Agency Bond Issuance (not Housing Infrastructure Bonds or GO)
 - Repayment of loans and interest earnings
 - State Appropriations and Housing Infrastructure and GO Bond Proceeds
- Top Uses of Agency Funds:
 - Homeownership Lending
 - Federal Rental Assistance (Section 8 Project-Based)
 - Capital for Housing Construction and Preservation

Program Expenditures, FFY 2025

72,947 households served

\$1.8 billion in expenditures



Program Delivery via Partnerships

Minnesota Housing

Lenders

Developers

Service
Providers

Community
Organizations

Tribal and
Local
Governments

Minnesotans

How Resources Reach Communities

Lending

- Mortgages
- Down payment

Competitive RFP

- Existing programs
- New programs

Legislatively Named Grantees

- Within existing programs
- New uses



Program Integrity and Compliance

Grants Management Requirements: Key Provisions

- The Department of Administration must develop policies and procedures for grants management, which executive agencies are required to follow. (*Minn. Stat. 16B.97*)
- Legislatively-named grants are managed with the same compliance and monitoring oversight as competitive grants (*OGM Policy 8-11; Minn. Stat. 16.98*)
- Pre-Award Risk Assessment for awards of \$50,000 or more (*Minn. Stat. 16B.981*)
- Maximum contract duration of five years (*Minn. Stat. 16B.98, subdiv. 5*)
- Agency and grantees agree to specific outcomes and timelines (*OGM Policy 08-04*)
- Funds are disbursed by agency to grantees on reimbursement basis after verification of previous expenses (*OGM Policy 08-08*)
 - Advanced disbursement requires written justification and agency approval*
- Grants over \$50,000, at least one monitoring visit during the life of the grant; over \$250,000, required annual monitoring. (*OGM Policy 08-10*)
- At least one financial reconciliation must be conducted prior to final payment being made (*OGM Policy 08-10*)
- All agency staff assigned grants management responsibilities must complete grants management training annually (*Minn. Stat. 16B.98, subdiv. 6a*)

Pre-Award Stage and Activities



Pre-Award:

- Grant program development
- Developing grant application review criteria,
- Publishing Request for Proposal (RFP)
- Accepting grantee applications,
- Grant application scoring and community review, and grantee selection,
- Pre-award risk assessment and financial review
- Encumbrance of grant funds
- Negotiate and execute grant contract agreements

Source: Department of Administration, Intro to Grants Management

Active Award Stage and Activities



Active Award

- Grantee performs grant-funded activities
- Payments made in accordance with contract and approved budget
- Grant monitoring activities
- Financial reconciliation
- Amendments (if needed)
- Grantee progress reports and final reports
- Technical assistance (TA)

Source: Department of Administration, Intro to Grants Management

Post-Award Stage and Activities



Post Award

- Conduct grant closeout activities and reporting
- Complete evaluation of the grantee's performance
- Utilize data and information from the other grant award stages in preparation of another round of funding opportunities.

Source: Department of Administration, Intro to Grants Management

People Involved in Grants Administration



Program Integrity Example: FHPAP

RFP Process	Selections	Due Diligence and Contracting	Grant Monitoring and Evaluation	Ongoing Support
<ul style="list-style-type: none">• Review of eligibility• Complete Application:<ul style="list-style-type: none">• Financial documents• Evidence of good standing with SOS• Certification of no convictions or felony financial crimes	<ul style="list-style-type: none">• Threshold Review• Scoring and Funding Review• Pre-Award Risk Assessment• Final Review and Approval	<ul style="list-style-type: none">• Signed Grant Contract• Board Resolution• Certificate of Insurance• W9 and SWIFT Vendor Number• Approved Work Plan and Budget	<ul style="list-style-type: none">• Financial Reconciliation• Administrative and Program Review• Client File Review• Quarterly expenditure report reviews	<ul style="list-style-type: none">• Monthly grantee meetings• Annual gathering• Training and technical assistance• Grantees implement preventive measures

Initial Funding Selections – RFP Process

Competitive RFP and Grant Process



- Most appropriated funding is awarded through competitive requests for proposals (RFP).
- Each year, the largest amount of funding is distributed through the Consolidated RFPs.
 - One-stop shop for funding from multiple programs and sources
 - Proposals are matched to the sources that have compatible eligibility, working to maximize efficiency and utilization and leverage resources
 - Scoring criteria are regularly evaluated to adapt to changing conditions and prioritize Minnesotans with the greatest needs

Program and RFP Design

- Program guides are developed to outline the statutory program and how it will operate. Approved by Board.
- Scoring system for RFP ensures that applications are evaluated according to eligibility criteria in enabling legislation.
- May include additional factors such as geographic balance, statewide coverage, Tribal set-asides, etc.

Sec. 7. **GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT PROGRAM.**

Subdivision 1. Grant program established. The commissioner of the Minnesota Housing Finance Agency may make grants to cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible workforce housing development project. The commissioner may make a grant award only after determining that nonstate resources are committed to complete the project. The nonstate contribution may be cash, other committed grant funds, or in kind. In-kind contributions may include the value of the site, whether the site is prepared before or after the law appropriating money for the grant is enacted.

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "City" means a statutory or home rule charter city located outside the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

(c) "Housing infrastructure" means publicly owned physical infrastructure necessary to support housing development projects, including but not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Subd. 3. Eligible projects. Housing projects eligible for a grant under this section may be a single-family or multifamily housing development, and either owner-occupied or rental.

Subd. 4. Application. (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a city must include in its application a resolution of the city council certifying that the required nonstate match is available. The commissioner must evaluate complete applications for funding for eligible projects to determine that:

(1) the project is necessary to increase sites available for housing development that will provide adequate housing stock for the current or future workforce; and

(2) the increase in workforce housing will result in substantial public and private capital investment in the city in which the project would be located.

(b) The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the criteria are not subject to judicial review, except for abuse of discretion.

Subd. 5. Maximum grant amount. A city may receive no more than \$30,000 per lot for single-family, duplex, triplex, or fourplex housing developed and no more than \$180,000 per lot for multifamily housing with more than four units per building. A city may receive no more than \$500,000 in two years for one or more housing developments.

Sample Initial Selection Process for RFPs

- RFP is developed that includes scoring methodology and timelines
- RFP is published
- Staff and community members are recruited to score applications based on published criteria
- Conflict of interest disclosures
- Training, guidance on selection process
- Selections based on scores and other considerations such as geographic distribution and grantee capacity
- Pre-award Risk Assessment (PARA) and Financial Assessment
- Minnesota Housing's Grants and Programs Committee
- Board of Directors approval
- Notification of preliminary selection

Grant Process – Legislatively Named Grants

Legislatively-named Grantees

- The grantee and/or the use are selected and named by Legislature
- All grants management/compliance policies apply

Funding Agency Operations

Funding Agency Operations

- All banking activity is self-funded by the banking operations.
- Historically, the Legislature has not needed to provide separate general fund appropriations to pay for appropriated programs.
- State statute allows the agency to use interest earnings on appropriations to subsidize administrative costs for legislatively appropriated programs.
 - Prior to 2023, the agency subsidized the cost of administering state appropriations, as interest earned was insufficient to cover those expenses.
 - Between 2014 and 2023, this cost was \$51.2 million.
 - This allowed 100% of appropriations to go to programs.

Administrative Impact of 2023 Session

- From 2022 to 2023, the administrative work the agency was asked to do tripled.
- In 2023, we began using statutory authority to retain a portion of appropriations for administrative expenses.
- Over the next few years, interest earnings and fees will cover operation costs associated with program integrity aspects of disbursements, compliance and monitoring.
- Interest earnings greater than actual administrative expenses, by law, are added back to the initial program uses.
- The agency will continue to cover the cost of administration for programs like State Housing Tax Credit and LAHA/SAHA where we have statutorily required duties but do not administer the funding.

Thank You!

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