

Minnesota Affordable Housing Tax Credit (AHTC)

In 2021, the Minnesota Legislature established the AHTC (290.0683) and the Housing Tax Credit Contribution Account (HTCCA) (462A.40). The contribution account is a flexible fund that provides loans and grants to developers and is capitalized by contributions from taxpayers. In exchange for contributions to affordable housing, participating taxpayers receive a \$0.85 credit for every dollar contributed. Starting in 2023 and for the next six years, \$9.9 million in tax credits will be available each year. If the contribution account is fully capitalized, it will provide over \$11.6 million in loans and grants to eligible housing projects.

Eligible Uses

- Multifamily units for households with incomes at or below the greater of 80% AMI or SMI
- Single-family homes for households with incomes at or below the greater of 115% AMI or SMI
- Gap financing; new construction; acquisition; rehabilitation; demolition or removal of existing structure; construction financing; permanent financing; interest rate reduction; and refinancing

Eligible Fund Awardees

- City; federally recognized American Indian tribe or subdivision; Tribal housing corporation; private developer; non-profit organization; housing and redevelopment authority; public housing authority or agency; owner of the housing.

Set asides

- 35% of the funds support the development of housing for persons at or below 50%AMI
- 25% of the funds support the development of single-family homes
- 10% of the funds support housing units located in areas with a population of 2,500 or less that is located outside of the seven-county metro.

After September 1 of each year, any remaining financing available may be awarded to **any** eligible project.

How it works for project applicants

- Apply for a loan or grant with or without pre-committed donations
- Receive a conditional approval of a loan or grant

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