



REQUEST FOR ACTION

Minnesota Housing Finance Agency Housing Tax Credit Administration Joint Powers Agreement 2027

MEETING DATE:

April 20, 2026

ORIGINATING DEPT:

Community Development

AGENDA SECTION:

Consent Agenda

PRESENTER:

Brent Svenby

Action Requested:

Authorizing execution of the 2027 Joint Powers Agreement with the Minnesota Housing Finance Agency (MHFA) for Housing Tax Credit administration.

Report Narrative:

Through the authority specified in Minnesota Statutes sections 462A.222 and 462A.223, the City is authorized to administer a portion of the federal 9% housing tax credits (HTC) allocation as a sub-allocator. In past years, the City has entered into a Joint Powers Agreement with the Minnesota Housing Finance Agency (MHFA) to administer the 9% federal Housing Tax Credit program. If the City administered its allocation of HTCs, additional teammates would need to be added to process applications and administer the program.

Under a Joint Powers Agreement, the MHFA reviews and scores applications for HTCs based on the MHFA's Qualified Allocation Plan. Any proposed tax credit development project proposed in Rochester would compete directly with other projects seeking HTCs in Greater Minnesota. If a project scores competitively, it could be awarded HTCs, with the awarding occurring in December. MHFA will be responsible for compliance monitoring and tax credit reporting for any project that receives an award of credits.

The reason for this agreement is to provide greater efficiency by having the applicants work directly with MHFA staff, rather than through the sub-allocators (such as the City) for application for tax credits and the day-to-day program administration. This arrangement has worked out well in the past, and the team is seeking Council approval to enter into a Joint Powers Agreement for the 2027 9% housing tax credits.

It should be noted that housing tax credit projects proposed in Rochester are generally very competitive with other greater Minnesota tax credit proposals, based on Rochester's growth and economy.

Affordable housing projects recently awarded 9% housing tax credits:

2018 - Harvestview Place (\$928,906)

2019 - Harvestview Place II (\$1,110,562) and Jeremiah (\$1,382,793)

2020 - Century Heights (\$1,116,460)

2021 - Manor Hills (\$201,224) and Northern Heights (\$1,220,393)

2022 - Manor Hills (\$1,049,461)

2023 - Valleyhigh Flats II (\$1,570,342)

2024 - Restoration Glen (\$1,870,000)

2026 - Kendall Pointe (\$1,850,000)

Based on preliminary estimates, Rochester would have \$585,789 in Housing Tax Credits available for the 2027 credit program year. As you can see, previously awarded projects have received more than what the City would have if we were to allocate the credits ourselves.

Priorities & Foundational Principles:

Housing Access

Policy Considerations & DEI Impact:

The City strives to promote and provide residents with diverse and affordable housing options. Housing projects receiving low-income housing tax credits require that the units remain affordable through the end of the extended use period as defined under the Internal Revenue Code Section 42. Projects receiving tax credits are mostly restricted to individuals making at or less than 60% of the area median income, with some projects even having units that are restricted to individuals at 30 and 50% of the area median income levels.

Prior Legislative Actions & Community Engagement:

The City has been entering into a Joint Powers Agreement annually with the Minnesota Housing Finance Agency regarding housing tax credit administration since the early 2000s.

Fiscal & Resource Impact:

This agreement has no impact on the City's budget. Affordable housing project receiving housing tax credits will likely seek tax increment financing from the City to help fill any remaining financial gap in the project.

Alternative Action(s):

No alternative action is suggested at this time.

Prepared By:

Brent Svenby

Attachments:

[Cover Page](#)

[Agreement - 2027 Joint Powers Agreement with Minnesota Housing Finance Agency](#)