



Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program

Request for Proposals (RFP) Application Instructions

Grant Performance Period: 2026 –2030

Application Deadline: **January 23, 2026, 5 p.m. Central time**

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Overview

These Application Instructions contain information for applicants and prospective applicants to Minnesota Housing's Greater Minnesota Small Cities (Tier II Cities) Housing Aid Grant Program (the "Program"). Additional information about the Program, including definitions of terms capitalized in these Application Instructions, can be found in the [Program Guide](#) on the [Local Government Housing Programs webpage](#).

This Program is established under [Minnesota Statutes Chapter 477A.36, subdivision 3](#). Minnesota Housing is authorized to award grants of Statewide Local Housing Aid funds, also referred to as Statewide Affordable Housing Aid (SAHA) funds, to Tier II Cities to develop and preserve affordable housing and, under certain conditions, market-rate housing. The Minnesota Legislature first authorized and appropriated funds for this Program in 2023.

How to Apply

Complete the [Application in Cvent](#) and upload all required Application Checklist items including the pre-award risk assessment documents before the Application Deadline of **January 23, 2026, 5 p.m. Central time**.

Available Funding

Up to \$1,125,000 of state appropriations is available through this RFP. Grant award amounts for this RFP are fixed at \$75,000. If selected for funding, applicants will receive \$75,000 in state appropriations.

Minnesota Housing will review each application according to the [Review Criteria](#) described in these Application Instructions. All applications that pass threshold may be eligible for, but are not guaranteed, funding.

Eligible Applicants

Only Tier II Cities, also referred to as Greater Minnesota Small Cities, are eligible. A Greater Minnesota Small City:

- Has a population below 10,000, and
- Is located in Minnesota *outside* the seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties).

If your city has approximately 10,000 residents or is located in more than one county, please see Population Details below.

Population Details

Any city certified to receive either [Local Affordable Housing Aid \(LAHA\)](#) or SAHA funds [directly from the Department of Revenue as a Tier I city in the Most Recent Aid Year](#) is considered to have more than 10,000 residents and is not eligible for funding through this RFP.

Any city not certified to receive LAHA or SAHA funds as described above is considered to have fewer than 10,000 residents and may be eligible for funding through this RFP if it is wholly or partially located in Greater Minnesota.

Eligible Uses

Funds must be used only for one or more Qualifying Projects as defined in the [Program Guide](#). Qualifying Projects include:

- Emergency rental assistance for households earning less than 80% of the area median income as determined by the United States Department of Housing and Urban Development (HUD).
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable, and supportive housing in Minnesota.
- In limited circumstances, development of Market Rate Residential Rental Properties subject to the requirements of Section 2.04 of the Program Guide.
- Affordable Housing Development and Financing, which means the construction, acquisition, rehabilitation (including rehabilitation of occupied housing), demolition or removal of existing structures, construction financing, permanent financing (which may include downpayment assistance), interest rate reduction, refinancing, and Gap Financing of housing to provide affordable housing to households that have incomes which do not exceed:
 - For homeownership projects, 115% of state or area median income (as determined by HUD), whichever is greater;

- For rental housing projects, 80% of state or area median income (as determined by HUD), whichever is greater; or
- Lower limits if set by the Grantee in its discretion to ensure the housing is affordable to the local workforce.
- Operations and management of financially distressed residential properties.
- Supportive services or staff of supportive services providers for supportive housing as defined in section [462A.37, subdivision 1](#). Financial support to nonprofit housing providers to finance supportive housing operations may be awarded as a capitalized reserve or as an award of ongoing funding.
- Operating emergency shelter facilities, including the costs of providing services.
- Other projects specifically approved in writing by Minnesota Housing staff.

Ineligible Uses

The following expenditures are *ineligible*:

- Expenditures that supplant existing locally funded housing expenditures;
- Staffing or administrative expenses not specifically identified in Qualifying Projects (Section 2.02) or Eligible Expenses (Section 2.05) of the [Program Guide](#), or in [Minn. Stat. 477A.36, subd. 4](#);
- Housing or shelter located outside of Minnesota;
- Demolition or removal of existing structures, including temporary structures, unless the cleared land is to be used for the construction of housing under an Affordable Housing Development and Financing project; and
- Any other expense determined by Minnesota Housing to be ineligible.

Program Expectations

Among other requirements, Grantees must prioritize projects that provide Affordable Housing to Low-Income Households. Low-Income Households have incomes that do not exceed:

- For homeownership projects, 80% of state or area median income (as determined by HUD), whichever is greater; and,
- For rental housing projects, 50% of state or area median income (as determined by HUD), whichever is greater.

Payments will be made on a reimbursement basis unless otherwise specified in the Grant Contract Agreement.

As a condition of receiving Program funds, the Grantee must commit to using money to supplement, not supplant, existing locally funded housing expenditures, so that the Grantee is using the funds to create new, or to expand, existing housing programs.

See Chapter 2 of the [Program Guide](#) on Minnesota Housing's website for all program requirements.

Workplan and Budget

Selected Grantees will be required to submit a workplan and finalized budget at the time of grant contracting. These documents will be reviewed by Minnesota Housing and incorporated into the Grant Contract Agreement between Minnesota Housing and the selected Grantee. The Grantee's workplan should describe the Grantee's program outcomes, the assigned staff, how outcomes will be monitored and assessed, and the proposed timeline for each activity. The Grantee's budget will be updated based upon contract negotiations around the agreed-upon planned uses of grant funds.

Reporting and Monitoring

All Grantees are required to meet the following:

1. Annual reporting requirements
 - a. Grantees must submit a progress report, financial report, and other documentation as requested in a format required by Minnesota Housing. Reports must be submitted annually as outlined in the Grant Contract Agreement until all grant funds have been expended. Grantees must also submit a final report outlining proposed and achieved outcomes and complete expenditures.

2. Monitoring requirements

- a. Minnesota Housing will review Grantee's financial reports and progress reports, which must be provided according to the timeline outlined in the Grant Contract Agreement. Minnesota Housing may request additional documentation such as, but not limited to, invoices, employee payroll reports and/or timecards, and receipts to verify the information provided in the financial report.
- b. For Grantees with Grant Contract Agreements of \$50,000 or greater, Minnesota Housing will conduct at least one monitoring visit of Grantee's program or project during the grant period and complete a financial reconciliation of Grantee's expenditures to verify adherence to Grant Contract Agreement and program requirements. The monitoring visit consists of an administrative review of the Grantee's policies, procedures, and governance, and a program review of the grant activities, staffing, and Grantee's evaluation of the grant.

Any unspent funds or funds spent on ineligible activities must be repaid by the grantee.

Equity

Minnesota thrives because of its diversity of race, ethnicity, sexual orientation, gender identity, (dis)abilities, ages, families, and geographies. Discrimination and lack of access to resources and other barriers have led to disparities that inhibit Minnesotans from achieving their fullest potential.

Required prioritization of Affordable Housing for Low-Income Households (see [Program Expectations](#)) and competitive criteria require and incentivize Grantees to serve communities that are most impacted by housing challenges and disparities (Communities Most Impacted). These communities, as defined in Minnesota Housing's [Strategic Plan](#), are the people more likely to be impacted by housing instability, including: lowest income, people of color, Indigenous individuals, LGBTQIA+, people experiencing homelessness, people with disabilities, immigrants, large families, seniors, and children. This also includes people facing barriers and/or limited choices due to: poor credit, limited savings, criminal history, prior evictions, and transitioning out of foster care, prison, or other systems.

This Program RFP is designed to prioritize projects that center on Communities Most Impacted. It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation.

Review Criteria

This is a competitive application process. Applications will be reviewed and scored by a review committee comprising Minnesota Housing staff and subject matter experts. Recommendations will be presented to Minnesota Housing's board for approval. Minnesota Housing's board decisions are final and not subject to appeal.

Threshold Criteria

Threshold criteria are the **basic requirements an application must meet to be considered for funding**. The threshold criteria for this RFP are:

- The Applicant must be eligible. (See the [Eligible Applicants](#) section of these Instructions.)
- The application must include all required Application Checklist items.
- The application must be properly completed and submitted:
 - Via the specified method (refer to the [Submission Instructions](#) section of this document); and,
 - By the Application Deadline of **Friday, January 23, 2026, at 5 p.m. Central time**.

Competitive Criteria

Minnesota Housing will review all applications that meet threshold criteria according to the **competitive application criteria**, also referred to as application scoring criteria, summarized in Table 1 below.

Table 1: Competitive Scoring Criteria Summary

Category	Criteria	Maximum Score
Commitments to Affordable and Workforce Housing	<p>Commitment to use Program funds for Affordable Housing for Low-Income Households (15 points)</p> <p>Local policy actions to encourage Affordable Housing, workforce housing, and market-rate housing (10 points)</p>	25 Points
Project and Program Readiness	Proposal creates new or expands existing programs or projects within a reasonable timeline that meets statutory requirements (15 points)	15 Points
Community Need	<p>Number of low-income households as a share of all households (15 points)</p> <p>Number of cost-burdened households as a share of all households (15 points)</p> <p>Applicant has not previously received a Greater Minnesota Small Cities (Tier II Cities) Housing Aid grant award (10 points)</p>	40 Points
Community Impact	<p>Applicant demonstrates an understanding of the communities of focus identified in the proposal and their opportunities, needs, and challenges. The communities of focus include people from Communities Most Impacted by Housing Instability. (7 points)</p> <p>The needs of the identified communities of focus will be prioritized in the applicant's qualifying projects, such as through program or housing design, or through affirmative marketing. (8 points)</p>	15 Points
Collaboration	Collaboration with local government entities, Tribal Nations, and cross-sector collaboration. (5 Points)	5 Points
	Total:	100 Points

Final Scores and Funding Recommendations

After the grant review committee has met and scores have been finalized, Minnesota Housing staff will incorporate the scores into final funding recommendations. In addition to application scores, funding recommendations will consider geographic distribution, applicants' history as state Grantees, and their capacity to perform the work. Funding recommendations will also incorporate the results of the Pre-Award Risk Assessment. Funding amounts for this RFP are fixed at \$75,000 per applicant.

All funding decisions are at Minnesota Housing's sole discretion and are not subject to appeal. Additionally, Minnesota Housing reserves the right to request proposal revisions during the due diligence phase, which is after Minnesota Housing board approval but before the Grant Contract Agreement is executed.

Pre-Award Risk Assessment

Per [Minn. Stat. 16B.981](#), Minnesota Housing is required to conduct a pre-award risk assessment of each potential Grantee before awarding them \$50,000 or more. The information potential Grantees submit will be used to assess the risk that a potential Grantee cannot or would not perform the required duties of the grant. Minnesota Housing will review the potential Grantee's past performance, organizational capabilities and capacity, suspension and debarment status, and Principals (see definition of "Principal" below).

Minnesota Housing will determine whether:

- The potential Grantee would likely be able to perform the duties of the grant without additional conditions;
- The potential Grantee would likely be able to perform the duties of the grant with additional technical assistance or conditions placed on the potential Grantee; or,
- There is a substantial risk that the potential Grantee cannot or would not perform the required duties of the grant.

The pre-award risk assessment will include the following components:

1. The [Pre-Award Risk Assessment Form](#) with questions to be completed as part of the application (see the [Application Checklist](#)).
2. A list of all Principals and certification that those Principals have no convictions of felony financial crimes within the last 10 years. ("Principal" means a public official, board member, or staff [paid or volunteer] with authority to access funds or determine how funds are used.)

To complete this assessment, Minnesota Housing may request additional information from the potential Grantee. Minnesota Housing will notify a potential Grantee if it is unable to satisfy its

concerns that the potential Grantee cannot or would not perform the required duties of the grant. This notification will include information on the decision and options to contest the decision.

The submission of inaccurate or misleading information may be grounds for disqualification from a grant award and may subject an organization to suspension or debarment proceedings, as well as other remedies available to Minnesota Housing by law.

The results of this pre-award risk assessment will not impact scoring of an organization's competitive application for grant funds.

Application Timeline

Table 2: Application Timeline

Date	Activity
Monday, December 15, 2025	RFP posted via the Minnesota Housing website, eNews and State Register. Application webpage opens. (See Application in Cvent.)
Wednesday, December 17, 2025, 10:30 a.m. - noon Central time	Minnesota Housing holds a virtual RFP Application Information and Technical Assistance Session. Register here.
Monday, December 22, 2025, 1:30 - 3 p.m. Central time	Minnesota Housing holds a second virtual RFP Application Information and Technical Assistance Session. Register here.
Friday, January 2, 2026, 5 p.m. Central time	Final call for questions. Submit questions by 5 p.m. Central time to Tier2cities.mhfa@state.mn.us .
On or around Friday, January 9, 2026	Minnesota Housing posts final FAQ document in response to RFP questions received on its Local Government Housing Programs webpage .
Friday, January 23, 2026, 5 p.m. Central time	Applications due by 5 p.m. Central time. (Refer to the Submission Instructions below.) Late or incomplete applications cannot be accepted.
April 23, 2026	Minnesota Housing staff recommends selected applicants and grant funding amounts to Minnesota Housing's board of directors.
May 2026	Minnesota Housing notifies all applicants of selection decisions; Minnesota Housing and awardees complete Due Diligence Requirements .
Summer 2026	Minnesota Housing and Grantees execute Grant Contract Agreements; Grant Contract Agreement period begins.
December 1, 2026	First annual report due to Minnesota Housing.
4 Years after Contract Date	Grant Contract Agreement term ends.

NOTE: All dates and times are subject to change at the sole discretion of Minnesota Housing.

Minnesota Housing will hold two RFP Information/Technical Assistance Webinars:

- **Wednesday, December 17, 2025, 10:30 a.m. - noon Central time** via Microsoft Teams webinar. [Register here.](#)
- **Monday, December 22, 2025, 1:30 - 3 p.m. Central time** via Microsoft Teams webinar. [Register here.](#)

Each information session will provide an overview of RFP content and allow time for questions. One session will be recorded and made available to prospective applicants.

All questions must be submitted on or before **Friday, January 2, 2026, at 5 p.m. Central time.** Minnesota Housing will post a **final FAQ on or around Friday, January 9, 2026.**

Application Checklist

Applicants must use the required Application in Cvent and include all required information and documentation. Please be clear and concise and submit only requested materials.

All the following checklist items must be completed properly and submitted for an application to meet the threshold criteria and be considered for funding:

1. ☐ [Application in Cvent](#)
2. ☐ [Application Signature Page](#) (see Upload Instructions below)
3. ☐ [Pre-Award Risk Assessment Form](#) and accompanying documents (see Upload Instructions below)
 - a. Risk Assessment Form for Political Subdivisions
 - b. List of Organization Principals. A principal is defined as a public official, board member, or staff (paid or volunteer) with authority to access funds or determine how funds are used.

Please use the following file-naming convention when submitting documents: Applicant name_Name of Document. Example: "Pinewood City_Tier II Application Signature Page.xls"

NOTE: Applications that do not contain all required components (completed and submitted properly) are incomplete and will not be eligible for further review or scoring. Minnesota Housing is unable to provide notice of incomplete applications prior to the application deadline.

If you have questions about any of the above Application Checklist items, message the designated contact for this RFP found at the end of this document. Allow enough time for staff to respond and help resolve issues so that a complete application can be submitted prior to the application submission deadline. Also note that technical assistance does not guarantee that a complete application will be submitted.

Submission Instructions

To be considered for funding, you must submit an Application via Cvent by **5 p.m. Friday, January 23, 2026**, along with the Application Signature Page and pre-award risk assessment documents.

Submit RFP Application via Cvent

Complete the [RFP Application through Cvent](#) and submit no later than 5 p.m. Central time on Friday, January 23, 2026:

1. Complete all responses to application questions. Please note there are character limits on narrative questions. **Applicants are strongly encouraged to draft answers outside of the Cvent webpage in a separate document and copy and paste into the website to not lose work.**
2. Upload supporting application documents (Application Signature Page and optional supporting documents) into Cvent where prompted.
3. Upload the pre-award risk assessment documents required for government entities into Cvent where prompted.
 - a. Pre-Award Risk Assessment Form for Political Subdivisions
 - b. List of Organization Principals

If you have questions regarding the checklist items, please email Tier2cities.mhfa@state.mn.us.

NOTE: Submitted applications are final. Late and incomplete applications will not be considered. Minnesota Housing may request additional information or clarification. Applicants are responsible for all costs incurred applying for this RFP. Award decisions are final and not subject to appeal.

Per the [Minnesota Government Data Practices Act](#), responses submitted by an applicant are private or nonpublic until the responses are opened. Once the responses are opened, the name and address of the applicant and the amount requested is public. All other data in a response is private or nonpublic data until completion of the evaluation process, which for the purposes of this grant is when all grant agreements have been fully executed. After a granting agency has completed the evaluation process, all remaining data in the responses is public with the exception of trade secret data as defined and classified in [Section 13.37 of the Minnesota Governmental Data Practices Act](#). A statement by an applicant that the response is copyrighted or otherwise protected does not prevent public access to the response.

Due Diligence Requirements

Due diligence refers to the documents that organizations must submit or actions that must be completed prior to contracting with Minnesota Housing.

If an applicant is selected for funding, Minnesota Housing may require the applicant to submit due diligence items. Minnesota Housing will specify a due date approximately 90 days from the date of award notification, subject to extension in Minnesota Housing's sole discretion. Due diligence items may include, but are not limited to:

- **City Council Resolution:** A signed original, or signed and certified copy, which designates authorized signatories and authority to enter into a contract.
- [W-9](#) and [SWIFT vendor number](#) for a new potential Grantee that has been selected, or if the current information on file with Minnesota Housing needs to be updated.
- **Final, approved Work Plan:** The selected potential Grantee will be required to complete and submit a Work Plan on a template provided by and subject to approval of Minnesota Housing. The purpose of the Work Plan is to describe changes since application submittal and as a result of the final award amount and requirements.
- **Final, approved Budget:** A final Budget, subject to approval by Minnesota Housing, reflecting the awarded amount and any allocation or amount changes to Grantee.

Minnesota Housing will initiate the execution of the Grant Contract Agreement once it receives and approves all due diligence documents. The Grant Contract Agreement must be fully executed, including both the Grantee's and Minnesota Housing's signatures, before costs can be incurred and reimbursed or grant funds can be expended. Minnesota Housing will not reimburse costs incurred prior to the execution of the Grant Contract Agreement.

Contractual Requirements

Grantees awarded funding must:

- Complete, execute and comply with a Grant Contract Agreement with Minnesota Housing;
- Comply with the [Program Guide](#);
- Submit a report each year by December 1 containing the information requested by Minnesota Housing;
- Agree to clearly post on the Grantee's website the names of, and contact information for, the organization's leadership and the employee or other person who directly manages and oversees the grant for the Grantee per [Minn. Stat. 16B.98](#).
- Acknowledge that Minnesota Housing will complete a Grantee Performance Evaluation at the end of the grant term, which will be saved to the Grantee's file. For all contracts over \$25,000, Evaluation information will be submitted to the Office of Grants Management and made available [publicly online](#).
- Maintain financial records documenting the use of all grant funds for a minimum of six years after the Grant Contract Agreement has ended. Minnesota Housing, at its sole

discretion, may request to review the accounting and documentation of such records at site visits or at other times;

- Comply with monitoring and financial reconciliation reviews, including site visits;
- Participate in evaluation and reporting required by Minnesota Housing;
- Have a conflict of interest policy and take necessary steps to prevent individual and organizational conflicts of interest. All suspected, disclosed or discovered conflicts of interest must be [reported to Minnesota Housing](#) in a timely manner;
- Have a Certificate of Worker's Compensation Insurance as specified in the Grant Contract Agreement; and
- Comply with [Minn. Stat. 201.162](#) by providing voter registration services for their employees and for the public served by the Grantee.

NOTE: This is not an exhaustive list. All contractual requirements will be outlined in the Grant Contract Agreement.

Definitions

Term	Definition
Communities Most Impacted	The people more likely to be impacted by housing instability, including: lowest Income, people of color, Indigenous individuals, LGBTQIA+, people experiencing homelessness, people with disabilities, immigrants, large families, seniors, and children. This also includes people facing barriers and/or limited choices due to: poor credit, limited savings, criminal history, prior evictions, and transitioning out of foster care, prison, or other systems.
Gap Financing	Either: (1) The difference between the costs of property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or (2) The difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.
Most Recent Aid Year	For purposes of this RFP, this means the 2025 calendar year.
Principal	A public official, board member or staff (paid or volunteer) with authority to access funds or determine how funds are used.
Qualifying Project	A project that meets the requirements of the Program Guide and Minn. Stat. 477A.36, subd. 4 .
Tier II City	A Tier II City as defined in the Eligible Applicants section of these Application Instructions. Also referred to as a Greater Minnesota Small City.

Questions

Please direct questions to the designated contact for this RFP: Colleen Meier, Program Manager, Local Government Housing Programs, via the Program's dedicated email address: Tier2cities.mhfa@state.mn.us.

No other staff are authorized to respond to questions from potential applicants related to this RFP. All questions and answers will be posted to Minnesota Housing's [Local Government Housing Programs webpage](#).

For updates about this RFP, [sign up to receive Local Government Housing Programs eNews](#).