Minnesota Housing Partnership

Minnesota State Housing Tax Credit Contribution Program (SHTC)

The SHTC Contribution Program is a new way to help finance affordable multifamily and single-family housing throughout the state of Minnesota. Starting this year on February 6, 2025, eligible Minnesota corporate and individual taxpayers can contribute to the SHTC Program Contribution Fund and, in return, receive a tax credit that can be used to offset their Minnesota state tax liabilities; some taxpayers may also see a reduction in their federal tax liabilities, depending on circumstances. These tax payer contributions will provide funding for loans or grants provided to developers ("Eligible Recipients") for eligible housing projects ("Qualified Projects") in communities throughout the state. The program is administered by the Minnesota Housing Finance Agency ("Minnesota Housing"). Detailed information about the program can be found at: https://www.mnhousing.gov/rental-housing/housing-development-and-capital-programs/deferred-loans-and- grant-programs/state-housing-tax-credit-(shtc).html

Eligible Contributors

Minnesota taxpayers are eligible to contribute to the fund as allowed in Minnesota Statute 290.0683. The term "taxpayer" means any person or corporation subject to a tax imposed by Minnesota Statutes Chapter 290, Income and Franchise Taxes, or any insurance company, association, surplus lines broker, or insured or any other person or entity required to pay any amount due under Minnesota Statutes Chapter 297I. **The state tax credit equals 85% of the amount the taxpayer contributed to the fund during the taxable year**. The minimum single contribution amount is $1,000 and the maximum is $2 million. The maximum aggregate amount of tax credits allowed to all eligible contributors is $9,900,000 annually, which means that taxpayers can collectively contribute as much as $11,647,000 to the Contribution Fund each year.

CONTACT US

libby.murphy@mhponline.org : : 651-649-1710 : : @followmhp
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Eligible Projects

To be eligible for funding from the Contribution Fund, **a Qualified Project must result in new housing units or fund the rehabilitation of existing housing units for persons and families of low and moderate income**.

- Funds may be used within a Qualified Project for the following **Eligible Uses**: new construction; acquisition; rehabilitation; demolition or removal of an existing structure (in conjunction with new unit development or rehabilitation); construction financing, including interim financing for single family projects; permanent financing; and affordability gap financing for single family homeownership projects

- Funds can be provided to **Eligible Recipients**, which include: a city; a federally recognized American Indian Tribe or subdivision located in Minnesota; a tribal housing corporation; a private developer; a non-profit organization; a housing and redevelopment authority; a public housing authority; an owner of the housing. Certain taxpayers that have contributed to the Fund in the current or previous tax year, and own or manage a Qualified Project, may not be eligible to receive funds.

- Qualified Projects must serve low and moderate income households, defined as those that:
    - For homeownership projects, must not have incomes at the time initial occupancy that exceed the greater of 115% of state or area median income
    - For rental projects, must not have incomes at the time of initial occupancy that exceed 80% of the greater of state or area median income

Types of Contributions

Contributors can make their contributions in two ways:

- **Contribution to the General Contribution Pool** – the contributor must provide the basic information required on the application form.
    - Funds from the General Contribution pool will be awarded to qualified projects through the usual competitive funding processes administered by Minnesota Housing.

- **Designated Contribution** – in addition to providing the basic information required for the contribution, a contributor making a Designated Contribution must provide the name of the project and the name of and contact information for the developer of the project to which the contribution is being designated.
    - Minnesota Housing will notify the developer that a designated contribution has been received and the name of the project for which the funds have been designated.

- To claim the designated contribution, the developer must provide information to Minnesota Housing that it is an eligible recipient, that the project is a qualified project, that all other funds needed to fully fund the project have been committed, and that the developer will enter into a loan agreement for the funds with Minnesota Housing within 24 months of the receipt of the designated contribution.

- If the developer is not able to claim the designated contribution within 24 months, the contribution will be moved to the General Contribution pool.

- There are restrictions on individuals and businesses in making contributions that benefit qualified projects in which they have an ownership interest or which they control; contributors with this potential relationship should carefully review the Disqualified Individual/Business guidelines before making a contribution.

Contribution Process

To make a contribution, the contributor must access the contribution application electronically at: https://www.mnhousing.gov/shtc-contribution.html to complete and submit the information.

Staff at Minnesota Housing will review the application. If the materials are complete; the contributor will receive a certification form that they will sign electronically and instructions for providing their contribution. If additional materials are needed or there are questions, staff will contact the contributor. Once the funds for the contribution have been received by Minnesota Housing they will issue a tax credit certificate and the contribution is irrevocable.

Applications will be accepted until Minnesota Housing has received contributions that will result in an aggregate amount of Tax Credit Certificates that equals $9,900,000 during the calendar year or, if fewer applications are received, until a deadline to be set in December of 2025. Applications will be reviewed in the order in which they are received. Contributions will be recorded on the date that the funds are received by Minnesota Housing. No contribution is deemed to be received until Minnesota Housing has received the actual contribution and a signed taxpayer certification form.

Following receipt of the contribution and the signed certification form, the contributor will receive a Tax Credit Certificate that they must use when they file their corporate or individual taxes for the same calendar year in which the contribution is received by Minnesota Housing. Minnesota Housing also provides a copy of the Tax Credit Certificate to the Minnesota Department of Revenue.