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## MEMORANDUM

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**TO:** EDA MEMBERS  
**CC:** JOSHUA M. TETZLAFF, CITY ADMINISTRATOR  
**FROM:** KEN ONDICH – PLANNING / COMMUNITY DEVELOPMENT DIRECTOR  
**SUBJECT:** MINNESOTA HOUSING FINANCE AGENCY (MHFA) 2026 MINNESOTA CITY PARTICIPATION PROGRAM (MCP)  
**DATE:** NOVEMBER 13, 2025

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As the EDA will recall, this year (for the fourth straight year) the EDA passed a motion to participate in the MCP Program (see the attached documents about the program) for the Le Sueur County side of the City (as it was noted that the Scott County CDA already covered the Scott County side of the City through the program).

Our four years participating in the program have been a great success with demand outpacing the allotment we were initially provided (in 2025 we were allotted one loan for \$156,057, but ended up being provided \$450,250 with two loans committed for a 289% utilization rate – far exceeding the 50% utilization rate required to participate again in 2026).

Once again there is not a required local commitment fee to participate in the program so there would be no cost to the EDA to apply to participate in the program once again and all loans are administered by banks so there is no additional work for city staff.

In order to once again join the program, the EDA would need to sign the attached application and agreement forms which must then be submitted between January 2nd and January 15<sup>th</sup>.

The exact amount allotted for the LeSueur County side of the city would not be determined until February 2026.

### **Staff Recommendation**

Staff recommends that the EDA authorize application to the 2026 Minnesota City Participation Program.

## **2026 Minnesota City Participation Program (MCP) Background and Summary Information**

Minnesota Housing manages the Minnesota City Participation Program (MCP), which uses the Tax Exempt Bond Housing Pool Allocation authorized by the Office of Minnesota Management and Budget (MMB) to enable communities throughout the state to efficiently provide first-time homebuyer loans in their community without the administrative burden of running their own bond program. The first-time homebuyers access the program through their local lenders and have access to downpayment and closing cost assistance if needed.

Self-issuance of bonds may not be economically feasible for some communities, given economies of scale necessary for successful self-issuance. Under the MCP Program, Minnesota Housing can sell bonds on behalf of local governments to assist them in meeting local housing goals pursuant to Minnesota Statutes Section 474A.061, subdivision 2a.

Minnesota's statute 474A.061, Manufacturing, Housing and Public Facilities Pools (aka the "Housing Pool"), allows Minnesota Housing to access additional bonding authority through an application process administered by Minnesota Housing from January 2 through January 15 annually. Historically, Minnesota Housing competed for the 31% of the available "Housing Pool" with other self-issuers such as the Dakota County CDA, the Southeast Multi-County HRA, Washington County, and the City of St. Cloud.

In accordance with that statute, cities (or counties or multi-county organizations) apply to Minnesota Housing annually for such authority. Funding allocations are allocated to participating cities on a per capita basis, with each applicant allocated a minimum of \$100,000.

Participants will not be responsible for paying the application deposit or processing fee this year. This is subject to change; however, Minnesota Housing will provide notification in advance of future program years if there is a deposit or processing fee. There will be a minimum usage requirement of 50% of the allocation in order to participate the following year.