



## **GAIN 2026 notice of funding opportunity (NOFO): Single-family affordable for-sale housing Growing Affordable Inclusive Neighborhoods (GAIN)**

**Issued by:** Olmsted County Housing and Redevelopment Authority (OCHRA)  
**Address:** 2117 Campus Drive SE, Rochester, MN 55904 | **Phone:** 507-328-7150

### **1) Program Overview and Public Purpose**

The Growing Affordable Inclusive Neighborhoods (GAIN) program provides incentives to develop smaller, lower-priced owner-occupied homes including single-family homes, townhomes, and condominiums.

The program aims to:

- Increase the stock of modest/starter homes.
- Encourage sale prices at or below \$350,000.
- Improve builder capacity and reduce development risk.
- Operate as a revolving fund to support the ongoing development of affordable for-sale homes.

This NOFO is competitive. Proposals are evaluated for alignment with program priorities. Awards may be negotiated.

### **2) Available Funding and Timeline**

- Total available funding: \$3,000,000. Awards may be made to one or multiple projects, and final funding amounts may be adjusted during negotiations
- Application window: through June 15, 2026.
- Approved proposals proceed to negotiations and a Development Agreement.

### **3) Eligible Applicants and Projects**

- Eligible applicants include public, private, and nonprofit development teams.
- Home types include single-family homes, townhomes, and condominiums intended for owner-occupancy.



## 4) Funding Priorities

The Olmsted County Housing and Redevelopment Authority will prioritize proposals that:

- Maximize total homes delivered.
- Shortest timeline from construction start to for-sale readiness.
- Owner-occupancy for at least 5 years.
- Priority for households at 80%–115% AMI.
- Use of infill sites.
- Home Sale prices are below \$350,000.
- Assistance limited to home construction costs.

## 5) Eligible Uses of Funds

OCHRA may provide development incentives, including:

- Below-market construction loans.
- Financial assistance for land acquisition.
- Other case-by-case assistance.

Funding is intended to operate as a revolving fund, supporting homes today and in the future.

## 6) Application Requirements

Submit a concise, complete application organized in the following sections:

- Project Overview & Team
  - Owner/Applicant name and contacts information.
  - Project Team narrative (roles, qualifications).
  - Project Location.
  - Project narrative (goals, housing type, and public benefits).
- Financial Information
  - Land acquisition cost.
  - Site development cost. (lot creation)
  - Home construction cost pro forma (line – item detail of major categories).
  - Owner/Builder/Developer profit and contingency.
  - Other funding sources.



- Alignment with Priorities
  - Explain how the proposal meets the Funding Priorities and the program’s public purpose.
- Production & Timeline
  - Number of homes to be developed.
  - Development and construction schedule (from start to ready-for-sale)
- Assistance Request
  - Specify the assistance option(s) requested and justify the amount based on the financials above.
- Construction Package Summary

## **7) Minimum Home Standards & Construction Specifications**

All homes must meet the following **minimum standards**. Final specifications will be incorporated into the **Development Agreement**.

### **Minimum Program Standards**

- At least 2 finished bedrooms and 1 finished full bathroom.
- Building plans should indicate whether future phases could accommodate additional bedrooms or bathrooms.

### **Included Costs/Items (as applicable to the package)**

- Permits and inspection fees; impact fees; parkland dedication fees; utility connection fees.
- Survey, seller closing costs, owner’s title insurance, and condition of title.
- Appliances: refrigerator, stove/oven, microwave, washing machine, dryer, Air Conditioner; ensure proper connections.
- Driveway, walkways, and sidewalks.

### **Warranties (Minnesota Statutory Requirements)**

- One-year: work must meet Minnesota State Building Code “building standards.”
- Two-year: plumbing, electrical, heating, and cooling systems free from defects caused by faulty installation (per code standards at time of work).
- Ten-year: home free from “major construction defects” affecting the load-bearing portion of the home.  
These statutory warranties apply in addition to any other warranties and must be included in the contractor’s written contract. (Minnesota Statutes Chapter 327A).



## **Building Components & Performance**

- 30-year (or equivalent) architectural asphalt shingle roof.
- Soffits, fascia, gutters, and downspouts installed.
- Quality, functional exterior and interior finishes.
- Energy-efficient windows (vinyl or fiberglass) meeting Energy Star performance values.
- Adequate insulation in ceilings and attic.
- 200-amp electrical panel.
- Ducted, gas, forced-air central or electric heating system, 92% efficiency rating or higher.

## **Energy Efficiency Documentation (at completion)**

Builders must implement Energy Star 3.2 (Revision 14) and meet all applicable codes. If standards conflict, the stricter requirement applies. Provide:

- Energy Star Certificate.
- Energy Star Certified New Construction Report.
- Home Energy Rating (HERS) Certificate with final index rating and annual savings.

## **8) Development Agreement**

Once selected the owner/developer/builder and the HRA will enter into a development agreement. The agreement will outline the development / construction process and the responsibilities of both the builder and the HRA. The information contained in the Development Agreement may be unique to each proposal / project, the structure will include the following elements:

- Project Goals and Benefits
- Project Overview
  - Developer
  - Location
  - Property Ownership
- Loan / Assistance Structure
  - The HRA holds first priority status on any mortgage, loan or assistance for repayment.



- Assistance / loan amounts are disbursed through draw request for completed work, based on HRA Staff verification of completed work.
- Developer shall repay the assistance / loaned amounts when the home construction has been completed and when closing occurs and a qualifying buyer purchases the property.
- OCHRA will place a mortgage on each of the lots to provide collateral for the loan. A release of the mortgage will be issued and recorded when each newly constructed home is sold.
- In the event the loan is unpaid on or before Mortgage Repayment Date, OCHRA may initiate mortgage foreclosure proceedings to acquire title to the parcel and the improvements.
- Taxes and Special Assessments - owner/developer/builder shall pay all taxes and special assessments which may be assessed against the development in a timely manner so that the first priority status of the OCHRA's mortgage loan lien is not impaired. If this does not occur, the OCHRA shall be authorized to pay the taxes or special assessments and add these sums to the loan amount to be collected from the developer.
- Overview of the Home Styles and Cost
- Project Timeline
  - Start Date
    - The start of construction may not occur until
      - HRA has confirmed marketable title exists for all lots
      - Loan documents have been approved by all parties
      - All applicable documents have been recorded
  - Loan / Assistance Repayment Date
- Sales and Real Estate Fee Restrictions Payable at Closing
  - Maximum Overall Commission
  - Maximum Commission for Buyer's Agent
  - Maximum Administrative/Seller's Agent Fee
  - MLS Listing requirements
- Specifications and Documentation
  - Building Plans and Specifications
  - General Cost Breakdown
  - Buyers Sales Eligibility
  - Fee Reimbursement documentation (if applicable)
- Performance requirements
- Indemnification



## 9) Buyer Eligibility

Homes must be sold to eligible buyers consistent with program priorities (e.g., income targets, owner-occupancy for at least five years). Detailed buyer eligibility will be finalized in the Development Agreement and closing instructions.

## 10) How to Apply

The Olmsted County HRA will accept completed developer/owner proposals for consideration under the 2026 Notice of Funding Opportunity for Single Family Affordable For Sale Housing until June 15, 2026.

If a project is selected for consideration, it may proceed to formal discussions and negotiations, which can result in presentations and approval by the Olmsted County HRA Board and a finalized Development Agreement between the owner/developer/builder and the Olmsted County Housing and Redevelopment Authority.

Please submit materials to Olmsted County Housing Department  
2117 Campus Drive SE  
Rochester, MN 55904  
Attention: Mark Engel  
E-mail: [mark.engel@olmstedcounty.gov](mailto:mark.engel@olmstedcounty.gov)

Questions may be directed to Housing Project Manager Mark Engel at 507-328-7127 or [mark.engel@olmstedcounty.gov](mailto:mark.engel@olmstedcounty.gov).

## Notes on Program Administration

- OCHRA reserves the right to adjust requested assistance amounts during negotiations.
- The program operates as a revolving fund to support ongoing development of affordable for-sale homes.