



**Housing Trust Fund Program and
Ending Long-Term Homelessness
Initiative Fund
Rental Assistance Program Guide**

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Table of Contents

Introduction	1
<i>Mission Statement</i>	<i>1</i>
<i>Background</i>	<i>1</i>
Chapter 1 – Program Purpose and Background	2
Chapter 2 – Definition of Terms	3
Chapter 3 – Administrator Eligibility Criteria	6
3.01 <i>Eligible Applicants.....</i>	<i>6</i>
3.02 <i>Eligible Uses of Funds</i>	<i>6</i>
3.03 <i>Eligible Units</i>	<i>8</i>
Chapter 4 – After Selection	9
4.01 <i>Grant Term</i>	<i>9</i>
4.02 <i>Grant Agreements</i>	<i>9</i>
Chapter 5 – Administrator Responsibilities	11
5.01 <i>Tenant Selection</i>	<i>11</i>
5.02 <i>Determination and Verification of Household Income</i>	<i>12</i>
5.03 <i>Inspection and Leasing of Units.....</i>	<i>13</i>
5.04 <i>Housing Related Expenses</i>	<i>15</i>
5.05 <i>Calculation and Payment of Rental Subsidies</i>	<i>16</i>
5.06 <i>Termination of Rental Subsidy.....</i>	<i>18</i>
Chapter 6 – Monitoring and Evaluation	20
6.01 <i>Administrator Performance.....</i>	<i>20</i>
6.02 <i>Tenant Files.....</i>	<i>20</i>
6.03 <i>Administrators’ financial records detailing</i>	<i>20</i>
Chapter 7 – Termination of Administrators.....	21
7.01 <i>Termination</i>	<i>21</i>
7.02 <i>Notification to Tenants of Termination</i>	<i>21</i>
7.03 <i>Notification to Tenants of Lack of Funding.....</i>	<i>21</i>
Chapter 8 – Fair Housing Policy.....	22
Chapter 9 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting.....	23
9.01 <i>Fraud.....</i>	<i>23</i>
9.02 <i>Misuse of Funds.....</i>	<i>23</i>

9.03	<i>Conflict of Interest</i>	23
9.04	<i>Suspension</i>	24
9.05	<i>Disclosure and Reporting</i>	24
Chapter 10 – Allocation of Funds		25
Chapter 11 – Program Contact		26

Introduction

Mission Statement

Minnesota Housing finances affordable housing opportunities for low and moderate income households while fostering strong communities.

Background

The Minnesota Housing Finance Agency (Minnesota Housing) was established by the 1971 session of the Minnesota Legislature to finance the construction and rehabilitation of housing for families of low and moderate income. In addition to providing financing for multifamily rental units, single family mortgage loans and home improvement loans and grants, Minnesota Housing participates in and administers other programs which assist in increasing or improving affordable housing for Minnesota residents.

Chapter 1 – Program Purpose and Background

The Minnesota Legislature established the Housing Trust Fund (HTF) in 1988 to support the development of affordable housing for low-income persons and families. Revenue for the HTF is generated from the interest earnings on real estate broker's trust accounts as provided under section 82.24, subdivision 8; money appropriated and transferred from other state appropriated funds; gifts, grants and donations received from the United States, private foundations, and other sources.

In 2001, the Legislature, at the request of Minnesota Housing, made substantial changes to HTF including the expansion of its funding activities. Since 2002, HTF may be used operating subsidy and rental assistance funding, in addition to the capital funding it has historically provided.

In 2005, HTF rules were modified to add a funding priority for developments and programs that serve households experiencing long-term homelessness in response to the State's Business Plan for Ending Long-term Homelessness (LTH). To begin implementation of the State's Business Plan, Minnesota Housing Board approved the amendment of the 2004-2005 Affordable Housing Plan on May 27, 2004, to establish the Ending Long-Term Homelessness Initiative Fund (ELHIF) for permanent rental housing that will serve households experiencing long-term homelessness, as defined in Section II of this manual. ELHIF will be administered using the Housing Trust Fund Program Rules.

The HTF and ELHIF Programs may be used to fund three general types of activities: capital funding, operating subsidy, and rental assistance. Minnesota Housing must allocate the overall funding among these three categories as provided in the Housing Trust Fund Program Rules.

For capital funding, Minnesota Housing will provide construction and permanent financing for rental housing.

For operating subsidy funding, Minnesota Housing may provide an operating subsidy for rental housing for which Minnesota Housing has provided capital funding. The operating subsidy will be available in two forms:

1. **Operating Subsidy – Unique costs:** For those unique costs associated with operating low-income rental or supportive housing.
2. **Operating Subsidy – Revenue shortfall:** To cover revenue shortfalls caused by differences between operating costs of the housing development and rents paid by eligible tenants.

For rental assistance funding, two options are available: tenant-based and sponsor-based rental assistance. HTF and/or ELHIF rental assistance is intended to be temporary in nature, and is provided through an administrator to an individual household.

Rental Assistance administrators are responsible for creating and maintaining their program policies and procedures using this Housing Trust Fund Program and Ending Long-Term Homelessness Initiative Fund Rental Assistance Program Guide as a basis for creation. Administrators' responsibilities include activities such as marketing the program, establishing tenant selection criteria, ensuring transition plan goals are being followed, communicating and coordinating work with program service providers, determining gross household income, paying rental subsidies to landlords on behalf of tenants, conducting property inspections, creating program forms in addition to Minnesota Housing provided forms, and complying with Minnesota Housing's reporting requirements.

This guide outlines the mandatory requirements of the Housing Trust Fund Program and Ending Long-Term Homelessness Initiative Fund Rental Assistance program and clarifies questions that arise during program operation.

Chapter 2 – Definition of Terms

Administrative Fee: A fee paid to an administrator by Minnesota Housing for administering its local program. The administrator of a tenant or sponsor based program may be eligible to request a monthly administrative fee for each month in which an eligible household resides in a rental housing unit. Minnesota Housing approves the applicant's administrative fee, based on the applicant's proposed budget, not to exceed the administrative fee schedule listed in Chapter 3.

Administrator: An entity that has applied for and has been awarded funds from the Housing Trust Fund and/or the Ending Long-Term Homelessness Program for Rental Assistance.

Area of Operation: The geographic area in which an administrator will operate its Local Program.

Continuum of Care and Plans to End Homelessness: A Continuum of Care and/or Heading Home plan is a comprehensive plan describing a community's strategy for developing and using resources to stabilize the lives of people experiencing homelessness. A Continuum of Care plan is required by HUD for eligibility for McKinney Homeless assistance Funds. The plan helps organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency and includes action steps to end homelessness and prevent a return to homelessness.

Minnesota is moving forward with initiatives to end homelessness; all under the umbrella of Heading Home Minnesota. The statewide strategy includes Minnesota's Business Plan to End Long-Term Homelessness and regional/local *Heading Home* Initiatives. These initiatives represent partnerships with support of the public, business, nonprofit and philanthropic sectors and the faith community.

Data Practices Act Statement: A form required by the Minnesota Government Data Practices Act and provided by Minnesota Housing will be required for each household that occupies an assisted unit. This information is necessary for the administrators and management of state or federal programs that provide housing for low and moderate income families.

Ending Long-Term Homelessness Initiative: The Minnesota Housing Board approved the amendment of the 2004-2005 Affordable Housing Plan to establish the Ending Long-Term Homelessness Initiative Fund (ELHIF). Funds awarded from ELHIF and run through the Housing Trust Fund (HTF) Program rules can be used for rental assistance, operating subsidies, construction, acquisition, preservation and rehabilitation of permanent supportive housing.

Exception Payment Standard: Rent paid for a unit under the HUD Housing Choice voucher program that is higher than the Payment Standard and that is established by a public housing authority by requesting a waiver from HUD.

Grant Agreement: The agreement between Minnesota Housing and the administrator that governs the administrator's use of the HTF/ELHIF Program Rental Assistance funds.

Gross Annual Household Income: The total annual household income received by all household members age 18 and older from all sources, including but not limited to wages, salaries, tips, interest, dividends, self-employment; and subject to exclusions as approved by Minnesota Housing board members and available to applicants in writing.

Gross Rent: The sum of the rent paid to the landlord for an eligible unit under the HTF/ELHIF Program by the administrator, the tenant, and any other source, plus the utilities for which the tenant is responsible.

Households Experiencing Long-Term Homelessness: Households experiencing long-term homelessness (LTH) means individuals, unaccompanied youth, or families with children who lack a permanent place to live continuously for a year or more or at least four times in the past three years. Any period of institutionalization or incarceration shall be excluded from the determination of the duration of homelessness. NOTE: Minnesota's definition does not require that the person have a disabling condition. Access Minnesota Housing's website for further clarification on the LTH definition
<http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1358905258253&pagename=External%2FPage%2FEXTStandardLayout>.

Homeless Management Information System (HMIS): An internet-based system that will provide standardized and timely information to improve access to housing and services and strengthen efforts to end homelessness. Programs serving people who are homeless will use HMIS to collect household information and record services and assistance provided. The HMIS will provide data on homelessness including unduplicated counts, use of services, and the effectiveness of the local homeless assistance system will be collected. HMIS can track the success of outcomes of persons experiencing long-term homelessness.

HQS: The housing quality standards adopted by HUD in its regulations, which are set forth at 24 CFR § 982.401.

HTF Program: Minnesota Housing's Housing Trust Fund Rental Assistance Program.

HUD: The United States Department of Housing and Urban Development.

Lease: A written agreement between a landlord and a tenant for the lease of a particular housing unit.

Lease Addendum: Minnesota Housing requires the landlord and tenant to enter into a lease addendum on Minnesota Housing's format. The lease addendum is available on Minnesota Housing's website at:
http://www.mnhousing.gov/get/MHFA_006233

Local Program: The rental assistance program established by each administrator for its Area of Operation and approved by Minnesota Housing.

Memorandum of Understanding: The Memorandum of Understanding (MOU) is an agreement that is used when multiple entities partner to deliver the essential components of supportive housing. The MOU promotes a mutual understanding between the Sponsor/Owner, Management Agent and Primary Service provider. The MOU outlines roles and responsibilities, scope of services and the purpose of the development. Most supportive housing proposals require an MOU.

Metropolitan Area: The area defined in Minnesota Statutes, section 46A.03, subdivision 23.

Minnesota Housing Finance Agency (Minnesota Housing): The Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota, created by Minnesota Statutes, Chapter 462A.

Payment Standard: The maximum monthly rent paid for a unit under the HUD Housing Choice voucher program. Public housing authorities establish payment standard amounts by unit size between 90 percent and 110 percent of the Fair Market Rents (FMRs) published by HUD.

Permanent Supportive Housing: Permanent rental housing affordable to the population served where support services are available to residents. Permanent supportive housing is available to individuals and families with multiple barriers to obtaining and maintaining housing, including those who are formally homeless or at risk of homelessness and those with mental illness, substance abuse disorders, and/or HIV/AIDS.

Project-Based Rental Assistance: A Rental Subsidy provided for a household that resides in a specific housing development owned by the Administrator of the Project-Based Rental Assistance. Minnesota Housing is not currently funding project based rental assistance through the HTF/ELHIF program.

Program Summary: A summary of the Local Program included as an exhibit in the Tenant-Based or Sponsor-Based Rental Assistance Grant Agreement.

Rental Assistance: A Rental Subsidy provided for an individual household by Minnesota Housing under the HTF/ELHIF Program.

Rental Subsidy: That portion of the Gross Rent paid to a landlord on behalf of a tenant by Minnesota Housing.

Section 8: The housing assistance programs created by and administered in accordance with Section 8 of the United States Housing Act of 1937, as amended

Sponsor-Based Rental Assistance: A Rental Subsidy provided for an individual household through a sponsor organization that owns or leases rental housing units in various or single site location(s) and that has contracts with property owners to make the rental housing units available to eligible households.

Tenant-Based Rental Assistance: A Rental Subsidy provided for an individual household that chooses its own rental housing unit from a landlord willing to participate in the HTF/ELHIF Program.

Underserved Populations: Individuals or households of color, single heads of households with minor children, and households with a disabled member.

Utilities for which the tenant is responsible: One or more of the following utilities, as specifically provided for in the Lease between the landlord and a tenant:

- water;
- sewer;
- gas; and
- electric.

Utility Allowance: Utility costs for the area (and in the case of partial utilities, compute cost for utilities excluded from the rent), computed by using the utility allowance schedule provided by the administrator in accordance with HUD-52667, Allowance for Tenant Furnished Utilities and Other Services.

Chapter 3 – Administrator Eligibility Criteria

3.01 Eligible Applicants

To be eligible to apply for Rental Assistance funding under the HTF/ELHIF Program, an Applicant must be:

- A nonprofit organization, as defined in Minnesota Statutes, section 462A.03, subdivision 22;
- A for-profit organization;
- A limited dividend entity, as defined in Minnesota Rules, part 4900.0010, subpart 14;
- A cooperative housing corporation, as defined in Minnesota Rules, part 4900.0010, subpart 8;
- A city, as defined in Minnesota Statutes, section 462A.03, subdivision 21;
- A joint powers board established by two or more cities;
- A public housing agency;
- An Indian tribe or tribal housing corporation; or
- A natural person.

Applicants must demonstrate experience and ability in the administration of Tenant-Based, or Sponsor-Based Rental Assistance Program or must contract with an organization with demonstrated experience and ability in the administration of Tenant-Based or Sponsor-Based Rental Assistance.

3.02 Eligible Uses of Funds

HTF/ELHIF Program funds may be used to provide:

- Tenant-Based Rental Assistance;
- Sponsor-Based Rental Assistance;
- Administrative Fees to administrators of Tenant-Based and Sponsor-Based Rental Assistance;
- Security deposits, damage claims, and/or vacancy payments
- Application fees;
- Utility connection fees; or
- Other fees, as approved by Minnesota Housing necessary to obtain landlord participation or to prevent repeat episodes of homelessness.

Administrators shall provide Rental Assistance only to persons and families whose income, at the time of initial occupancy, does not exceed the income limits proposed in their applications as well as the other selection criteria and approved by Minnesota Housing in accordance with HTF Program requirements. At no time, can an administrator provide Rental Assistance to a household with income that exceeds 60 percent of Area Median Income (AMI) for a household of four, as determined by HUD for the Metropolitan area, specifically, the Minneapolis – St. Paul – Bloomington, MN-WI MSA, at the time of initial occupancy. Median income may be adjusted accordingly for households with five or more people.

Rental Assistance Administrative Fee Policy. Minnesota Housing at the time of selection or grant renewal shall approve and pay administrators of tenant based and sponsor based rental assistance a monthly administrative fee for each month in which an eligible household resides in a rental housing unit. The rental assistance grant agreement will reference the eligible fee that the administrator can collect per assisted household.

Minnesota Housing will utilize a percentage rate schedule to calculate the maximum administrative fee, for programs that offer a subsidy structure similar to the Section 8 program model. A flat percentage rate will be utilized to calculate the maximum administrative fee, for programs that offer a flat subsidy or subsidy cap that is \$400 or less a month, per household. Additional compensation is available for programs with a minimum geographic service area of a 50 mile radius.

The Percentage Rate Schedule. Minnesota Housing has developed a compensation schedule for applicants/grantees who administer a rental assistance program, based on the Section 8 model, which is based on the number of households that the grant is funded to serve. A portion of the eligible fee is for grantees that administer programs that serve households experiencing long-term homelessness (LTH). The percentage rate schedule is based on the following:

# of Households targeted in Grant	Percentage Available for Rental Assistance Administration	Percentage Available for Rental Assistance Administration of programs serving LTH	Maximum Percentage Available for Rental Assistance Administration
0 – 10	8%	2%	10%
11 – 25	7.7%	1.8%	9.5%
26 – 50	7.6%	1.5%	9.1%
51 – 100	7.5%	1.3%	8.8%
101 – 250	7.3%	1.1%	8.4%
251- 500	7%	1%	8%
501- 1000	6%	1%	7%
1001- 2000	5%	1%	6%

The Flat Percentage. Applicants/Grantees who administer a program that offers a flat subsidy or subsidy cap of \$400 or less per month are eligible for a maximum administrative fee of up to 13% of their total grant. The flat fee has built in compensation for grantees administering programs that serve households experiencing long-term homelessness.

Compensation for Applicants/Grantees who serve large geographic areas. An additional \$5 a month, per household, may be added onto the maximum eligible administrative fee to compensate for the additional time and travel expense associated in administering programs that cover a geographic service area of a 50 mile radius or larger.

Please reference the following examples of calculating administrative fees for a program that administers a S8 model:

- **Scenario #1:** An applicant that received \$432,000 for 24 months to serve 30 long-term homeless households. The eligible fee would be 9.1% of their total grant. This equates to \$55 a month for each assisted household (total grant award * eligible percentage /24 months/# targeted households).
- **Scenario #2:** An applicant that received \$300,000 for 24 months to serve 34 long-term homeless households over a large geographic area that exceeds a 50 mile radius service area. The eligible fee is 9.1% of the total grant. This equates to \$38 a month for each assisted household (total grant award * eligible percentage/24 months/# targeted households + \$5 per household large geographic area fee).

The following example of calculating administrative fees is for programs that administer a flat subsidy or a flat cap of \$400 per month or less:

- **Scenario #3:** An applicant that received \$119,723 annually to serve 26 long-term homeless households through a flat subsidy cap program in which the maximum subsidy available per household is \$250 a month. The eligible fee is 13% of the total grant. This equates to \$50 a month for each assisted household (total grant award * eligible percentage / 12 months/# targeted households).

Minnesota Housing will approve fees that are reasonable and fairly compensate for the administrative work involved of the proposed rental assistance program and when justified, may set the floor rate at \$45 per household per month, and a ceiling of \$60 per household per month.

ELHIF Funds and up to 70 percent of HTF Funds are deemed for household experiencing Long-Term Homelessness.

3.03 Eligible Units

Administrators may use Rental Assistance only for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if such a code has been adopted, and approved by Minnesota Housing, or the HQS.

The following types of units are eligible for Rental Assistance:

- Units owned or substantially controlled by an administrator, so long as:
 - All of the units in the development are available for occupancy by the general public; and
 - The rents are reasonable and do not exceed comparable units in the general market. The assisted units are to be subsidized only with HTF Program Rental Assistance funds, double subsidies are not allowed.
- Manufactured homes, with Rental Assistance going only toward rental payments for the unit and/or the lot. Rental Assistance cannot be used for mortgage payments on manufactured homes.
- Housing Cooperatives, so long as Minnesota Housing reviews and approves each tenant receiving assistance.
- Units that were constructed with federal or state assistance such as Section 236 or Farmers Home Administration, so long as:
 - The rents are the Basic Rent for the building; and
 - No other tenant-based subsidy (i.e., rent based on 30 percent of income) is provided.
- HTF/ELHIF Rental Assistance cannot be provided for landlord-occupied units unless the tenant leases a portion of the unit, such as a basement, that contains a private entrance, private bath, and private kitchen.
- HTF/ELHIF Rental Assistance cannot be used for mortgage payments.

Chapter 4 – After Selection

4.01 Grant Term

Initially, new administrators of Rental Assistance are generally awarded eighteen month to two-year grants. The initial grant term may vary from this standard so that the grant expiration date aligns with the end of the fiscal year, September 30. Minnesota Housing will review the performance of the administrator annually. Depending on fund availability, Minnesota Housing will make funds available to renewal grants for one year increments. Renewal amounts and terms will be dependent upon availability of funding and administrator performance.

4.02 Grant Agreements

Applicants that are selected to receive HTF/ELHIF Program funds must enter into a Grant Agreement with Minnesota Housing. The Grant Agreement specifies the terms and conditions under which Minnesota Housing will disburse funds awarded under the HTF/ELHIF Program. Exhibit A details the Program Summary in accordance to the Applicant's proposal. Applicants selected to receive funds must submit all documentation required to enter into the Grant Agreement prior to the disbursement of funds. The following is a list of documentation that must be submitted:

- The instrument under which the administrator was created (i.e., articles of incorporation and bylaws, partnership agreement)
- Certificate of Good Standing (with exception for counties and Housing and Redevelopment Authorities)
- Resolution from the governing body of the administrator, authorizing the administrator to enter into all documents pertaining to the Grant Agreement
- Federal and state tax identification numbers
- Administrator program policies & procedures and forms
- Evidence of fidelity bond
- Proposed (initial) budget: eighteen months for tenant or sponsor based proposals in scattered site units; a two-year budget for site based sponsor proposals; and a twelve month budget for annual renewal forecasting expenses
- Payment Standards and Utility Allowance Charts
- Subcontracts for certain obligations under the HTF/ELHIF Program, if applicable (include written consent if assigning duties outlined under the Grant Agreement)
- Memorandum of Understanding with service providers, management agents, owners and/or other contracted agencies involved with proposals that provide permanent supportive housing
- Service Plan and Service Budget for proposals involving permanent supportive housing
- Executed Grant Agreement
- Any other documentation required by Minnesota Housing.

Administrators that are renewing a grant agreement or extending an existing grant must submit the following information:

- Certificate of Good Standing (with exception for counties and Housing and Redevelopment Authorities)
- Resolution from the governing body of the administrator, authorizing the administrator to enter into all documents pertaining to the Grant Agreement
- Updates to administrator program policies & procedures and forms, if applicable
- Evidence of fidelity bond
- Proposed (initial) budget: eighteen months for tenant or sponsor based proposals in scattered site units; a two-year budget for site based sponsor proposals; and a twelve month budget for annual renewal forecasting expenses
- Payment Standards and Utility Allowance Charts

MINNESOTA HOUSING - HTF AND ELHIF RENTAL ASSISTANCE PROGRAM GUIDE

- Subcontracts for certain obligations under the HTF/ELHIF Program, if applicable (include written consent if assigning duties outlined under the Grant Agreement)
- Memorandum of Understanding with service providers, management agents, owners and/or other contracted agencies involved with proposals that provide permanent supportive housing
- Service Plan and Service Budget for proposals involving permanent supportive housing
- Executed Grant Agreement
- Any other documentation required by Minnesota Housing.

Chapter 5 – Administrator Responsibilities

5.01 Tenant Selection

Tenant Referral and Selection Process. Depending how an administrator has designed its Local Program, there will be a different tenant referral and selection process for every Local Program. An administrator may partner with another organization and take tenant referrals from that organization. The referral and tenant selection process was initially described in the application and must be outlined in the administrator’s program policies and procedures.

For example: Programs targeting Households Experiencing Long-term Homelessness may receive referrals from an emergency shelter. The agreement between the administrator and the partner organization may be that the shelter will make referrals to the administrator of individuals and families who are eligible for HTF/ELHIF Rental Assistance and are interested in receiving the state funded, short term rental assistance, as well as working toward transition plan goals. Administrators of Long-term Homeless (LTH) programs shall require the Minnesota Housing LTH Referral and Verification from the authorized partner organization, and the administrator would retain the referral in the tenant’s housing file.

Waiting Lists. If the number of applicants for an administrator’s Local Program exceeds the funds available through the administrator’s Grant Agreement with Minnesota Housing, the administrator must establish a waiting list and written policies and procedures governing the administration of the waiting list, or written policies and procedures for how openings will be filled if there is no waiting list.

Intake/Screening. The administrator or its partner organization must hold an intake meeting with each applicant and either grant Rental Assistance to the household, place the household on the waiting list, or reject the household for eligibility within 15 days of the intake meeting.

At the time of intake, the applicant must provide basic income certification information and sign the Minnesota Housing Government Data Practices Act Disclosure Statement which is a required form, necessary to gather documentation for program eligibility. This form only needs to be completed once, at initial intake and should be retained in the participant file. Additional requirements for administrators serving households experiencing long-term homelessness include:

- Obtaining information on the applicant’s previous housing history to determine program eligibility based on the definition of long-term homelessness.
- Obtaining any and all necessary disclosures, releases and consents in connection with the Homeless Management Information System (HMIS).

If the administrator determines that the household is not eligible, the administrator must promptly notify the applicant in writing of the ineligibility. The notice must:

- Set forth the reason for the ineligibility; and
- Provide notice that the household has fourteen days to respond in writing to request an informal hearing to discuss the decision.

If the household appeals the decision, the administrator must provide a written final decision within five working days of the response or meeting.

Determining Eligible Tenants. Eligible tenants are persons or families whose incomes, at the time of initial occupancy, do not exceed the program limits established by the administrator, approved by Minnesota Housing, and outlined in the Program Summary. In no event shall a household’s income exceed 60 percent of median

income as determined by HUD for the Metropolitan Area. Incomes may be adjusted for family size for families with five or more people. Eligible tenants must also meet the administrator’s selection standards.

Households do not have to be eligible for the Section 8 program in order to be eligible for Rental Assistance funded by the HTF/ELHIF program.

Administrators and/or referring entities working with HTF/ELHIF programs that serve Households Experiencing Long-Term Homelessness must verify the applicant’s status for program eligibility at the time of initial occupancy. Written documentation of the household’s previous housing history shall be maintained in the participant’s file. The administrator, referring agency or service provider shall use the LTH Referral Verification Form. In rare and unique situations, the self certification form may be used for tenants when the administrator, referring agency or service provider cannot verify the LTH status and/or for those tenants who may have been self referred to the program. [LTH verification forms](#) are available on the Minnesota Housing website.

Permanent Supportive Housing for Households Experiencing Long Term Homelessness. Rental Assistance is a highly effective tool that has been used to advance the goals under the Business Plan to End Long Term Homelessness. Rental assistance administrators that target households experiencing long term homelessness should ensure that the appropriate services are in place to promote housing stability, improved income and quality of life.

Homeless Management Information System (HMIS). The administrator must agree that it will utilize the HMIS system on behalf of any assisted long term homeless household(s). The administrator must agree that it will cooperate in good faith with Amherst H. Wilder Foundation, a Minnesota non-profit corporation (“Administrator”), and any successors and/or assigns of Administrator’s rights and responsibilities regarding the Minnesota Homeless Management Information System computerized database (“HMIS”) to:

- Participate in and receive any training which the HMIS Administrator may require from time to time, to become trained, and maintain user license(s) for HMIS, and
- Satisfy other reasonable requirements which may be imposed by the HMIS Administrator and Minnesota Housing in connection with HMIS.
- Request the HMIS identified information from the Long-Term Homeless Households that it serves through the HTF/ELHIF Program and
- Input such information into HMIS in a timely manner;
- Run reports and test data for accuracy, as directed by the Administrator and Minnesota Housing; and
- Obtain any and all necessary disclosures, releases and consents in connection with the Program to permit Minnesota Housing to access information and receive periodic reports from the Administrator.

The administrator may contract with their service provider and/or other entity to complete the HMIS data entry requirements. Such an arrangement shall be agreed upon in writing and made available to Minnesota Housing. Additional information on HMIS is available at: www.hmismn.org.

5.02 Determination and Verification of Household Income

Determination of Household Income. The administrator must determine the income eligibility of tenants prior to approval of Rental Assistance and entering into contracts. Eligibility for Rental Assistance is calculated based on Gross Annual Household Income. Knowing whose income to count is as important as knowing which income to count. Income earned by the following groups of people is **not counted**:

- Earned income of minors (age 17 and under)
- Income of live-in healthcare aides.

Types of income to be **counted** include:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- Net income from the operation of a business or profession
- Interest, dividends, and other net income of any kind from real or personal property
- The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay
- Welfare assistance
- Periodic and determinable allowances, such as alimony and child support payments
- All regular pay, special pay, and allowances of a member of the Armed Forces.

Verification of Household Income. Administrators may use either of two types of income verification: third-party verification or review of documents.

- **Third-Party Verification:** Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information about the household's income. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file that notes the contact person, information conveyed, and date of the call.

To conduct third-party verifications, administrators must obtain a written release from the household that authorizes the third party to release the required information.

Third-party verifications are helpful because they provide independent verification of information and permit administrators to determine if any changes to current circumstances are anticipated. Some third-party providers may, however, be unwilling or unable to provide the needed information in a timely manner. Some third-party providers (such as banks) may charge a fee to provide the information. In these cases, administrators should attempt to find suitable documentation without the third-party verification – for example, bank statements or a savings passbook.

- **Review of Documents:** Documents provided by the tenant (e.g., pay stubs, tax returns) may be appropriate for certain types of income and can be used as an alternative to third-party verifications. Note, however, that if a copy of a tax return is needed, IRS Form 4506 Request for Copy of Tax Form must be completed and signed.

Although easier to obtain than third-party verifications, a review of documents often does not provide needed information. For instance, an employed applicant's pay stubs may not provide sufficient information about the average number of hours worked, overtime, tips, and bonuses. In this case, a conversation with the third party may be necessary to accurately project Gross Annual Household Income.

5.03 Inspection and Leasing of Units

Housing Quality Standards. All units to be leased under the Housing Trust Fund and Ending Long-Term Homelessness Initiative Fund Rental Assistance Program must be inspected by the administrator or a contracted housing professional qualified to perform HQS inspections. (Qualifications may include training, certification, licensure and/or experience including, but not limited to, HQS Certification, UPCS Certification, Building Code inspection, Licensed Contractor, Licensed Property Manager, or other comparable training and/or experience, as approved by Minnesota Housing.) An inspection form approved by HUD must be used for reporting and kept in the tenant's file. Units must pass the inspection before the administrator makes a Rental Subsidy payment to the landlord on behalf of the tenant. If the local jurisdiction has a housing maintenance code and the unit is locally certified on a regular basis, Minnesota Housing may approve a process that involves utilizing the local

certification to satisfy the HQS requirement with the purpose of ensuring that the unit provides safe, sanitary and decent housing conditions.

In the event that the unit does not pass inspection on or by the date that the Subsidy is scheduled to begin, the Rental Assistance payment shall be prorated based on the date that the unit passes inspection. For example, if a household moved into a unit September 1 but the unit does not pass inspection until September 15, then the maximum rental assistance payment allowed is for 15 days. Administrators should determine the pro-rated figure by dividing the rental assistance subsidy by 30 days and then multiplying the daily subsidy by the number of eligible days for payment.

Rent Limits & Payment Standard Waivers. It is the rental assistance administrator’s responsibility to determine that the assisted units are rent reasonable in that the total rent requested for the unit and utilities is reasonable given the going rate for other similar type units, market conditions and any other unique contributing factors. In general, it is preferred that gross rents do not exceed the Payment Standard for the Section 8 jurisdiction in which the unit is located. Exception Payment Standard rents, if applicable for the jurisdiction, are allowable. The maximum HTF/ELHIF subsidy available is the difference between 30 percent of the household’s gross income and the area payment standard. The landlord may not charge more rent for units assisted with a Rental Subsidy than for comparable unassisted units.

The tenant may wish to rent a unit that exceeds the payment standard. In this event, the tenant would be responsible for their designated portion as well as the difference between the gross rent and the area exception payment standard rent. Administrators must determine if the rent is reasonable and discuss the impact of the additional expense with the household and evaluate whether or not they can afford the additional expense based on their monthly budget. To document that rent reasonableness was considered and affordability was discussed with the household, the administrator shall complete the Minnesota Housing Payment Standard Waiver form and maintain it in the participant’s file. The Payment Standard Waiver form is available on Minnesota Housing’s website at:
http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_002388.rtf.

Rental Subsidy Calculation	\$ Amount
Contract Rent	
Utility Allowance	
Gross Rent (contract rent plus utility allowance) <ul style="list-style-type: none"> • Cannot exceed local Payment Standard of \$_____ for a ___ Bedroom. • Check here if Waiver from Payment Standard is in tenant file 	
30% of Gross Monthly Income <ul style="list-style-type: none"> • Gross Annual Income ÷ 12 x .30 • Round figure up if 50 cents or more, round down if 49 cents or less. 	
Rental Subsidy <ul style="list-style-type: none"> • Enter the difference between 30% of Gross Monthly Income and the Gross Rent (Gross Rent cannot exceed the payment standard) OR • The program subsidy cap of ____, if applicable. 	
Participant Payment <ul style="list-style-type: none"> • Equals the difference between the Contract Rent minus the Rental Subsidy. 	

Unit Size. The administrator may use the unit size (occupancy standard) established for the Section 8 Existing Program, local city code, etc. The administrator must maintain written policies and procedures governing the determination of unit size in its files.

Certificate of Participation. A certificate of participation for Tenant-Based and Sponsor-Based Rental Assistance certifies that a household is eligible for HTF/ELHIF Rental Assistance and outlines the conditions and procedures for obtaining a Rental Subsidy to applicants and landlords. Preparation of certificates of participation by the administrator is optional; each administrator may determine the necessity of issuing certificates of participation.

Minnesota Housing provides a form that may be used and is accessible on the [HTF/ELHIF Rental Assistance webpage](#).

The certificate of participation allows the eligible applicant up to 90 days (three months) to locate a suitable unit and submit the necessary documents to the administrator. If the household does not locate a unit within the timeframe, the administrator has the discretion to extend the timeframe or to withdraw the availability of the Rental Assistance. The certificate of participation may be issued at a briefing session or at the time of intake when program requirements are explained to applicants.

Leasing Procedure. Initial lease terms may range from thirty days to one year. Landlords may use their own lease form; however, the landlord and the tenant must execute a Lease Addendum in the form required by Minnesota Housing. The Lease Addendum is designed to incorporate all required provisions for participating in the HTF/ELHIF Program. The landlord and the administrator must execute a rental subsidy contract, which provides for the payment of the Rental Subsidy to the landlord by the administrator. The Lease Addendum and the rental subsidy contract can be found on the [Minnesota Housing website](#). All documents relating to leasing shall be maintained in the participant's file.

The typical leasing procedure is as follows:

- The tenant locates a suitable unit.
- The tenant submits a signed request for lease approval to the administrator.
- The administrator conducts an HQS inspection, or arranges for a qualified contracted housing professional to conduct the HQS inspection.
- When the unit passes the HQS inspection, the landlord/management company and the tenant sign the Lease and the Lease Addendum, and the landlord/management company and the administrator sign the rental subsidy contract.

Lease Extension. The Lease Addendum provides for a renewal of the Lease after its initial term. Renewals may be month-to-month or longer, up to a maximum of one year. In this type of situation, the landlord/management company and the tenant may opt to sign the Amendment to the Lease Addendum which is a shortened version of the Lease Addendum. All documents pertaining to the leasing process shall be maintained in the participant's file.

5.04 Housing Related Expenses

If the administrator has the budget, approval from Minnesota Housing and provisions in their administrative plan, they may utilize a portion of their HTF/ELHIF funds for security deposits, damage claims, vacancy payments fees, application fees; utility connection fees; and other fees, as approved by Minnesota Housing that are necessary to obtain landlord participation or to prevent repeat episodes of homelessness. Administrators are responsible for communicating to the tenants the types of discretionary funds available, how to access the discretionary funds, the number times a tenant can access the discretionary funds, how award amounts are determined, if there is a limit, etc. The administrator will be required to track and report to Minnesota Housing

the amount and type of housing related expenses/discretionary fees paid on behalf of tenants, i.e. security deposits, damage claims, vacancy payments fees, application fees; utility connection fees; and other fees utilized to obtain landlord participation or to prevent repeat episodes of homelessness paid on behalf of each tenant.

Security Deposits. The security deposit (or a portion thereof, where applicable) may be retained by the household when:

- The household is leaving a unit and the unit has no damages;
- The household is leaving a unit, the unit has damages that are paid out of the security deposit, and a portion of the security deposit remains;
- The household’s time-limited subsidy ends, but the household continues to live in the unit; or
- The household receives a Section 8 voucher and the Lease remains in place.

Damage Claims & Vacancy Payments. An administrator may pay a damage claim or vacancy payment on behalf of a tenant when:

- The documented damages were attributable to the household residing in the HTF/ELHIF assisted unit and the damages exceed the security deposit that was collected by the owner at initial occupancy.
- The owner experiences a vacancy loss when a HTF/ELHIF assisted tenant leaves the unit without proper notification to re-rent the unit and/or repairs for the damages incurred by the HTF/ELHIF tenant prolong the ability for the landlord to re-rent the unit. Vacancy claims can be made for the respective unit, for a maximum of 30 days, when the vacancy expenses for the unit (not to exceed the cost of one month’s rent) exceed the security deposit collected by the owner at initial occupancy.

The rental assistance administrator shall require appropriate documentation from the landlord regarding the requested damage and/or vacancy claim and shall review such documentation for feasibility prior to distributing payment for this purpose.

Application Fees, Utility Connection Fees, etc. An administrator may pay an application fee, utility reconnection fee and/or, other fees, as approved by Minnesota Housing that are necessary to obtain landlord participation or to prevent repeat episodes of homelessness when:

- The tenant has exhausted all other mainstream resources such as emergency assistance, energy assistance, and/or local service organizations that usually provide financial assistance for such activities and the requested HTF/ELHIF payment will assist in getting a tenant into housing and/or prevent a future episode of homelessness for the tenant.

5.05 Calculation and Payment of Rental Subsidies

Amount of Rental Subsidies. The maximum rental subsidy available through the HTF/ELHIF program is the difference between 30 percent of the household’s gross monthly income and the gross rent or area payment standard – whichever is less. Working within the guidelines on the maximum subsidy, administrators have flexibility to structure their programs to best serve their target population and maximize scarce resources.

Some examples of differently structured programs include subsidy cap programs in which the maximum subsidy is based on the bedroom size or number of household members. For example, if the maximum subsidy for a one bedroom is \$350 and 30 percent of the household’s gross income is \$150 and the gross rent requested for the assisted unit is \$550, then the maximum subsidy allowed under this structure would be \$350 and the tenant would pay the difference of \$200. Using the same maximum subsidy of \$350 and gross rent of \$550 but changing 30 percent of the household’s gross income to \$300 would reduce the amount of subsidy that the household would be eligible for to \$250.

MINNESOTA HOUSING - HTF AND ELHIF RENTAL ASSISTANCE PROGRAM GUIDE

Program structures should be proposed at the time of application and are subject to Minnesota Housing approval. Administrators who wish to change the structure of their existing program should contact Minnesota Housing.

Length of Time. The HTF/ELHIF program rental assistance program is designed to be temporary in nature. An eligible tenant shall not receive rental assistance for longer than five consecutive years. This time limit does not apply to eligible tenants who have applied for federal rental assistance but have not been accepted in such programs due to funding limitations, or who are ineligible for federal rental assistance.

An administrator shall not commit to provide rental assistance to an eligible tenant for amounts or terms in excess of funding allowable under the grant agreement between the administrator and Minnesota Housing.

Administrators can design their programs with transition goals in mind. Such program designs should focus on providing services necessary to assist the household in transitioning off the HTF/ELHIF rental assistance program by assisting tenants in increasing their income or locating a source of rental assistance that is not time limited. An administrator cannot terminate a tenant for not completing or complying with their service or transition plan goals.

Administrator Monthly Payment Request. Effective July 1, 2008, Minnesota Housing shall reimburse administrators for monthly expenses directly related to the subsidy and housing related expenses involved in the administration of the rental assistance program. To receive a payment, the administrator shall submit a completed payment request form and log. The payment request and log forms shall be submitted to Minnesota Housing on a monthly basis. In some cases, an administrator may be approved for a quarterly payment processing schedule. The payment request form and log shall describe the number of households that the administrator served during the past month and the amount of rental assistance subsidy, and housing related expenses, (and administrative fee if applicable) associated with the assisted participants during the past month. Any known adjustments for previous months shall be included in the monthly payment request.

The administrator shall submit the payment request form and log document to Minnesota Housing through the [Partner Log-in Secure Upload](#). See the Multifamily Applications Section: Rental Assistance Draw Request Submission.

Questions and Concerns can be submitted to the Rental Assistance Team via e-mail at rental.assistance@state.mn.us. Payment requests shall be submitted to Minnesota Housing by the fifteenth day of the month of the month in which the rental subsidy, administrative fee, and housing related expenses are incurred. For example, Administrators shall submit monthly reimbursement requests to Minnesota Housing for the month of July no later than July 15th.

Minnesota Housing will have 20 days to process the funding request form and log. Administrators will be asked to correct incomplete or unsubstantiated data submitted. In most cases, complete and accurate payment request form and log submissions will be processed and Administrators will receive the payments in less than 20 days. Payment requests will be processed in the order in which they are received and can be submitted prior to the fifteenth of the month. Administrators can access [Minnesota Housing forms on our website](#).

Required Documentation for Monthly Payment Request. The documentation required for each monthly payment includes a monthly payment request form, monthly participation log for the applicable month and eligibility and annual certification forms for every household experiencing activity such as a new admission, annual recertification, unit transfer, interim rent adjustment, or termination, etc., during the applicable reconciliation period. All other required forms and documents shall be maintained in the participant's file.

Subsidy Payment to Landlords. The Administrator must ensure the timely payments of Rental Subsidy funds to landlords on behalf of assisted households. Payment must be made from the Administrator's accounts.

5.06 Termination of Rental Subsidy

Required Termination. The Administrator must terminate Rental Assistance to a household when 30 percent of the household's gross monthly income for four consecutive months equals or exceeds the Gross Rent.

Optional Termination.

- The Administrator may terminate Rental Assistance if the household is evicted by its landlord for (1) serious or repeated violations of terms and conditions of its lease or (2) violation of any federal, state or local law that imposes obligation on the household in connection with occupancy or use of the unit in which the household resides.
- An administrator may terminate a tenant's rental subsidy, if the tenant fails to cooperate with the annual recertification process, including property inspection.
- The Administrator may terminate Rental Assistance to a household if the Administrator does not receive future funding from Minnesota Housing under the HTF/ELHIF Program.

Other Reasons for Termination.

- **Household Chooses To Move:** If a household chooses to move, written notice must be given to the landlord and the Administrator in accordance with the Lease. If the new rental unit is still in the Administrator's Area of Operation and the household is still eligible for the HTF/ELHIF Program, the Administrator must use the leasing procedures described in this manual to qualify the new unit. If the new rental unit is not in the Administrator's Area of Operation, the Administrator may terminate the household's Rental Assistance. Such practice must be outlined in the administrator's policies and procedures.
- **Unit Does Not Meet HQS:** If, at recertification, the Administrator determines that the unit is not in compliance with HQS or the local housing maintenance code, the landlord must be given a reasonable time (generally, 30 days) to correct the deficiencies. The Administrator may put the Rental Assistance on hold until the unit meets HQS. If the landlord fails to comply in a reasonable time, the Administrator must notify the landlord and the household that Rental Subsidy payments will be suspended and the rental subsidy contract terminated. If the household wishes to continue receiving Rental Assistance at a different location, they must use the leasing procedures described in this manual to qualify the new unit.
- **Transition Plans and Other Local Program Requirements:** The HTF/ELHIF Program is a temporary program and requires that an Administrator establish a plan for transitioning tenants off Rental Assistance. The transition plans should be flexible in nature, possibly changing over time to meet the individual needs of the tenant. Administrators **cannot** terminate the housing subsidy if a participant fails to cooperate with the terms of their service plan. The administrator can terminate and/or transition a household off the HTF rental assistance program once the household has been on the program for the maximum time limit, based on the program's design. This time limit does not apply to eligible tenants who have applied for federal rental assistance but have not been accepted in such programs due to funding limitations, or who are ineligible for federal rental assistance. The administrator may wish to ask its legal counsel to review the addendum for compliance with Fair Housing laws for more information on transition plans and other local program requirements.
- **Threats and/or Acts of Violence:** The HTF/ELHIF program does not expect Administrators to tolerate threats and/or acts of violence from HTF/ELHIF Rental Assistance participants. Administrators should establish and provide tenants with a written copy of their policies regarding threats and/or acts of violence. Please contact the Minnesota Housing Rental Assistance Manager to discuss potential remedies, if such a situation should arise.

Notice of Termination for Tenants.

- If an Administrator terminates a household's Rental Assistance because the household's income at recertification exceeds the limits set forth above, the Administrator must provide written notice to both the household and the landlord that the Rental Assistance will end on the last day of the second month following the month in which the notice is given. A tenant shall be given an opportunity to meet with the administrator and submit any information documenting that income did not exceed the limits and justifies continuing the subsidy.

Example: If, on January 12, the Administrator determines that 30 percent of the household's gross income for each of the four months from September through December equals or exceeds the Gross Rent for the unit in which the household resides, the Administrator will provide notice to the tenant that the Rental Assistance will end on the last day of March.

- If an administrator gives notice to terminate a tenant's rental subsidy because the tenant is being evicted the administrator shall provide written notice to both the tenant and the owner or management agent that the rental subsidy will end on the last day of the month in which the tenant vacates the unit.
- If an administrator gives notice to terminate a tenant's rental subsidy because the tenant is not cooperating with the annual recertification process, which may include the annual HQS inspection, the administrator shall submit written notice to the tenant and owner or management agent that the tenant has 60 days to comply with recertification requirements. If the tenant does not comply with recertification requirements within 60 days, the administrator shall submit written notice to the tenant and owner or management agent that the rental subsidy will end on the last day of the month in which the tenant receives the notice.
- If an administrator gives notice to terminate a tenant's subsidy for reasons outlined in items A, B and C, the tenant shall be given an opportunity to meet with the administrator to determine if the conditions causing possible termination can be resolved and the tenant can continue receiving the subsidy.

Chapter 6 – Monitoring and Evaluation

Minnesota Housing will review the performance of the grantee on an ongoing basis. At least annually, Minnesota Housing may request administrators to submit reports, certifications, information, complete site visits and/or desk audits to complete the review, as needed. Minnesota Housing's evaluation of the administrator's performance may include, but will not be limited to:

6.01 Administrator Performance

- Timely submission of draw requests, eligibility and annual certifications to Minnesota Housing
- Management and effective utilization of HTF/ELHIF grant(s)
- Administrator's ability to link, coordinate, partner, and/or provide appropriate services so the participating households avoid future episodes of homelessness and successfully maintain stable housing.
- Administrator's ability to provide the necessary supports and referrals so that tenant exists from the program are positive such as permanent affordable housing, self sufficiency, etc.
- For administrator's serving households experiencing long-term homelessness, utilization and outcomes reported in HMIS.
- The extent to which assisted units are in compliance with HQS or local housing maintenance code. Minnesota Housing may utilize a certification form as well as perform physical inspections on a random sample of units to ensure such compliance.
- Fair and consistent application of the program administrative policies
- Maintenance of household records

6.02 Tenant Files

At a minimum, the administrator should maintain tenant files with the following data:

- Appropriate referral to program
- Program Application
- Acceptance and/or denial letter
- Long-Term Homelessness Verification form, if applicable
- Minnesota Housing Government Data Practices Act Disclosure Statement, form
- Income and Asset Documentation
- Calculation of tenant payment and Rental Subsidy
- Annual Eligibility and Recertification Form
- Payment Standard Waiver, if applicable
- File documentation when program exceptions and/or waivers have been made
- Annual recertification documentation
- Signed and dated Lease, Lease Addendum, and rental subsidy contract
- Signed and dated passing HQS or local housing maintenance code inspection
- Evidence of transition plan and goal obtainment.

6.03 Administrators' financial records detailing

- Expenditures for Rental Subsidy payments to landlords
- Expenditures for discretionary funds such as security deposits, damage claims, vacancy payments or fees, application fees, utility connection fees, and/or other fees, as approved by Minnesota Housing that are necessary to obtain landlord participation or to prevent repeat episodes of homelessness
- Monthly Payment Request forms

Chapter 7 – Termination of Administrators

7.01 Termination

Minnesota Housing may terminate an Administrator if the Administrator has failed to comply with any agreement with Minnesota Housing governing the use of the HTF/ELHIF Program Rental Assistance funds within the time allowed by any applicable cure period.

7.02 Notification to Tenants of Termination

If Minnesota Housing terminates an Administrator, the Administrator shall give written notice to all applicable tenants and landlords that the Rental Assistance will end on the last day of the second month following the month in which the notice is given.

7.03 Notification to Tenants of Lack of Funding

If Minnesota Housing does not approve an extension of funding for an Administrator, the Administrator shall give written notice to all applicable tenants and landlords that the Rental Assistance will end. This notice must be given no fewer than six months before the Rental Assistance will end.

Chapter 8 – Fair Housing Policy

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.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful to, because of protected class status:

- discriminate in the selection/acceptance of applicants in the rental of housing units;
- discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- represent a dwelling is not available when it is in fact available;
- deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

Chapter 9 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting

9.01 Fraud

Fraud is any intentionally deceptive action made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the ways described in section 9.05.

9.02 Misuse of Funds

A loan or grant agreement is a legal contract between Minnesota Housing and the borrower or grantee. The borrower or grantee promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the borrower or grantee to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the borrower or grantee must use Minnesota Housing funds as agreed, and the borrower or grantee must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a borrower or grantee; or (2) A borrower or grantee cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the loan or grant agreement.

Any borrower or grantee (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the ways described in section 9.05.

9.03 Conflict of Interest

A conflict of interest, actual, potential, or perceived, occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A potential or perceived conflict of interest exists even if no unethical, improper or illegal act results from it.

An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a friend, relative, acquaintance or business or organization with which they are involved.

Organizational conflicts of interest occur when:

- A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties
- A contracting party's objectivity in carrying out the award is or might be otherwise impaired due to competing duties or loyalties
- A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in section 9.05.

A contracting party should review its contract agreement and request for proposals (RFP) material, if applicable, for further requirements.

9.04 Suspension

By entering into any agreement with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the agreement) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#).

9.05 Disclosure and Reporting

Activities required to be reported under this chapter may be made in any of the following ways:

- Minnesota Housing's Chief Risk Officer
- Any member of Minnesota Housing's [Senior Leadership Team](#)
- The Minnesota Housing hotline reporting service vendor, EthicsPoint, by calling toll-free 866.886.1274 to speak with a live operator or by visiting the EthicsPoint reporting [webpage](#)

Chapter 10 – Allocation of Funds

Funding for new programs is available on a statewide basis and is made available through Minnesota Housing’s Multifamily RFP that provides a means of “one-stop shopping” by consolidating and coordinating multiple programs into one RFP. Applications may be submitted on a pipeline basis subject to the requirements outlined in the Consolidated Request for Proposal Guide. Minnesota Housing will review all proposals submitted, and will attempt to make the best and most appropriate funding choices for each development selected.

Funding for existing rental assistance programs is handled in a separate process, outside of Minnesota Housing’s Multifamily RFP. Dependent upon funding availability, Minnesota Housing will notify existing program administrators of the opportunity and requirements to apply for funding to renew their rental assistance programs.

Chapter 11 – Program Contact

Contact Elaine Vollbrecht, Program Manager, at elaine.vollbrecht@state.mn.us or by phone at 651.296.9953, or the Housing Development Officer identified in your selection letter for questions concerning this program.