



Local Housing Trust Fund

Program Guide

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Chapter 1 – Introduction

1.01 Local Housing Trust Fund Grants Program Overview

In 2021, the Minnesota Legislature allocated money to create Minnesota Housing’s Local Housing Trust Fund Grants Program. The purpose of the Program is Local Housing Trust Fund Grants to incentivize local governments to create or fund Local Housing Trust Funds by providing a portion of matching state funds to encourage investment in affordable housing across Minnesota.

Minnesota Housing created this guide, which outlines the requirements of Local Housing Trust Fund Grants, as well as the steps necessary to apply for and receive the matching grant funds.

1.02 Program Guide

This Program Guide, including subsequent changes and additions, is incorporated into the Grant Contract Agreement executed between the Contracting Party and Minnesota Housing. It is incorporated into such Grant Contract Agreement by reference and is a part thereof as fully as if set forth in the Grant Contract Agreement at length. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

1.03 Definition of Terms

Please refer to Appendix A for definitions of capitalized terms used in this Program Guide.

1.04 Authorizing Statute

Minnesota Session Laws, 2021 First Special Session, chapter 8, article 1, section 3, subdivision 17 and Minnesota Session Laws, 2023 Legislative Session, chapter 37, article 1, section 2, subdivision 21 appropriated funds for the Local Housing Trust Fund Grants Program. All Local Housing Trust Funds that receive grants under the program must meet the definition of a Local Housing Trust Fund under Minnesota Statute 462C.16.

Chapter 2 – Eligibility Criteria

2.01 Eligible Entities

The following entities are eligible to apply for the Local Housing Trust Fund Grants Program:

- Cities

- Counties
- Tribal governments
- Collaborations between two or more of the entities listed above established through a joint powers agreement.

The local government jurisdictions above must either have an existing Local Housing Trust Fund or commit to creating a Local Housing Trust Fund in order to be eligible to apply.

2.02 Eligible Funds for Match

Eligible entities may request matching funds for New Public Revenue committed to the Local Housing Trust Fund from any source other than the state or federal government. Entities may be eligible to receiving matching funds up to 100% of New Public Revenue up to \$150,000 and, depending on funding availability, additional funds in the amount of 50% of new public revenue above \$150,000 but no more than \$300,000.

For purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29th, 2021.

2.03 Eligible Uses

Grant Proceeds may be used for:

- Administrative expenses, up to 10% of the Local Housing Trust Fund Program grant;
- Grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
- Match for other funds from federal, state, or private resources for housing projects;
or
- Down payment assistance, rental assistance, and home buyer counseling services.

All funds must be used for households at or below 115% of the State Median Income.

Chapter 3 – Contracting Party Requirements

3.01 Contracting Party Requirements

Contracting Parties must adhere to the Grant Contract Agreement requirements which include, but are not limited to, the activities listed below. If there are any conflicts between this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

- Execute one or more Grant Contract Agreements with Minnesota Housing outlining the scope of work to be performed. The Contracting Party may also be responsible for completing the proposal, budget, work plan and/or other exhibits to the Grant Contract Agreement(s).
- Maintain financial records for a minimum of six years after the Grant Contract Agreement(s) ends that document the use of all Grant Proceeds awarded. Minnesota Housing, at its sole discretion, may request to review the accounting and documentation of such records at as part of a site visit or at other times.
- Complete and submit all invoices and required reports on time in a manner determined by Minnesota Housing.
- Have a written 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.
- Comply with applicable Grant Contract Agreement and bidding requirements noted in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements noted in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules and policies.

3.02 Subgrantees

If utilizing subgrantees, Contracting Parties are expected to enter into Grant Contract Agreements with subgrantees prior to disbursing Grant Proceeds to them. At a minimum, Contracting Parties must impose on subgrantees the same expectations that Minnesota Housing requires of Contracting Parties under the Grant Contract Agreement. In addition, Contracting Parties must ensure that any communication received from Minnesota Housing is relayed to subgrantees. Contracting Parties remain responsible for compliance with all requirements of this Program Guide and the Grant Contract Agreement and for performance of any subgrantees. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls. Minnesota Housing must approve the use of a subgrantee prior to executing a Grant Contract Agreement with the subgrantees.

3.03 Monitoring and Evaluation of Contracting Parties and Subgrantees

Minnesota Housing will review Contracting Parties' 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.

For Contracting Parties with Grant Contract Agreements of \$50,000 or greater, Minnesota Housing will conduct at least one monitoring visit of Contracting Parties during the grant period and complete a financial reconciliation of Contracting Party's expenditures to verify adherence to Grant Contract Agreement and program requirements. The monitoring visit consists of an administrative review of the Contracting Party's policies, procedures and governance, and a program review of the grant activities, staffing and Contracting Party's evaluation of the grant. Approximately one month prior to the monitoring visit, Minnesota Housing will submit a document request for items to be reviewed as part of the monitoring visit and financial documents to be reviewed as part of the financial reconciliation.

Minnesota Housing may request information of subgrantees as part of this monitoring visit. Following the monitoring visit, Minnesota Housing staff will notify the Contracting Party if follow up is required. Upon timely completion of follow-up items, Minnesota Housing staff will issue a monitoring review summary letter including areas of concern, recommendations and requirements. Grant Administrators are expected to monitor subgrantees by these same standards during the grant term.

Chapter 4 - Data and Reporting

4.01 Government Data Practices Act

The Contracting Party and Minnesota Housing must comply with the Data Practices Act (Minn. Stat. Ch. 13). The Data Practices Act applies to all data provided by Minnesota Housing under the Grant Contract Agreement, and it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contracting Party under the Grant Contract Agreement. The civil remedies of Minn. Stat. 13.08 apply to the release of the data referred to in this section by either the Contracting Party or Minnesota Housing.

The Data Practices Act provides that the collection and use of not public data including private and confidential data on individuals "shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." Minn. Stat. 13.05, subd. 3. The Contracting Party also must "establish appropriate security safeguards" including that data are "accessible to persons whose work assignment reasonably requires access to the data and is only be accessed by those persons for purposes described in the procedure." Minn. Stat. 13.05, subd. 5(a)(2).

The Contracting Party will ensure that it protects any nonpublic data it receives. Private or confidential information on individuals may include but is not limited to:

- Name
- Email address, phone number, or other contact information
- Photos

The Contracting Party should contact Minnesota Housing with any questions about the Data Practices Act and whether a request it received is considered a data request. If the Contracting Party receives a request to release the data referred to in this section, the Contracting Party must immediately notify Minnesota Housing. Minnesota Housing will give the Contracting Party instructions concerning the release of the data to the requesting party before the data is released. The Contracting Party's response to the request shall comply with applicable law.

4.02 Record Keeping

Contracting Parties and subgrantees are responsible for maintaining records that document the use of all Grant Proceeds. Contracting Parties must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. Contracting Parties must maintain these documents for a minimum of six years from the end of the Grant Contract Agreement. Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing upon request.

Documents to save and retain include, but are not limited to:

- Executed Grant Contract Agreement
- Reports submitted by the Contracting Party to Minnesota Housing
- Invoices and supporting invoice documentation (receipts, proof of payment, employee payroll, etc.)
- Documentation submitted by any subgrantees
- Written approvals from Minnesota Housing Local Housing Trust Fund Grants Program Grant Manager

4.03 Reporting

Contracting Parties must submit a progress report, financial report and invoice in a format required by Minnesota Housing. These progress reports must be submitted annually as outlined in the Grant Contract Agreement. Contracting Parties must also submit a final report outlining proposed and achieved outcomes and complete expenditures.

Chapter 5 – Grant Invoicing, Payment and Reporting Schedule

Contracting Parties should reference the Grant Contract Agreement exhibits for the invoice template, the financial report template and the items to be covered in the progress report.

Contracting Parties are required to submit a progress report, financial report and invoice approximately annually until all grant funds have been expended. Exact dates will be determined upon Grant Contract Agreement execution. Contracting Parties should reference their Grant Contract Agreement for exact dates and any additional requirements.

Chapter 6 – Fair Housing and Accessibility Policies

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 Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, and the Minnesota Human Rights Act.

Minnesota Housing follows the State of Minnesota's policy which incorporates the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. 12101 et seq.). The ADA prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments. Therefore, Minnesota Housing and its Contracting Parties should take reasonable steps to ensure qualified individuals with disabilities have the opportunity to request and are provided with reasonable accommodations to have equal access to and can fully participate in the programs, services, products and activities it provides. Additionally, Minnesota Housing and its Contracting Parties should take steps to ensure that effective communications with applicants, program participants, members of the public, and both internal and external customers with disabilities occur. People with disabilities have an opportunity to request auxiliary aids and services to participate in Agency programs, services and activities.

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

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing, or improving a dwelling or in the terms and conditions of real estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise makes 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.

Chapter 7 – Fraud, Misuse of Grant Proceeds, Conflict of Interest, Suspension, and Disclosure and Reporting

7.01 Fraud

Fraud is any intentionally deceptive action or omission 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 7.05.

7.02 Misuse of Grant Proceeds

A Grant Contract Agreement is a legal Grant Contract Agreement between Minnesota Housing and the Contracting Party. The Contracting Party promises to use the Grant Proceeds to engage

in certain activities or procure certain goods or services while Minnesota Housing agrees to provide Grant Proceeds to the Contracting Party to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the Contracting Party must use Minnesota Housing Grant Proceeds as agreed, and the Contracting Party must maintain appropriate documentation to prove that Grant Proceeds were used for the intended purpose(s).

A misuse of Grant Proceeds shall be deemed to have occurred when: (1) Minnesota Housing Grant Proceeds are not used as agreed by a Contracting Party; or (2) A Contracting Party cannot provide adequate documentation to establish that Minnesota Housing Grant Proceeds were used in accordance with the terms and conditions of the Grant Contract Agreement.

Any Contracting Party (including its employees and affiliates) of Minnesota Housing Grant Proceeds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of Grant Proceeds has occurred must immediately make a report through one of the ways described in section 7.05.

7.03 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 Grant Proceeds 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 7.05.

A Contracting Party should review its Grant Contract Agreement and request for proposals (RFP) material, if applicable, for further requirements.

7.04 Suspension

By entering into any Grant Contract 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 Grant Contract 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.

7.05 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff, external business partners (e.g., Contracting Parties, borrowers) and the general public are encouraged to report instances of fraud, misuse of Grant Proceeds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:

- Minnesota Housing’s Chief Risk Officer
- Any member of Minnesota Housing’s Servant Leadership Team
- The Report Wrongdoing or Concerns page on the Minnesota Housing website

7.06 Electronic Signatures

Minnesota Housing accepts electronic signatures on certain documents to the extent the person signing complies with all applicable state and federal electronic signature laws, as well as any counterparty requirements. Questions regarding which documents Minnesota Housing permits to be signed electronically should be directed to Minnesota Housing staff. However, note that Minnesota Housing does not permit eSignatures on any document that needs to be recorded with the county. In addition, a Grant Contract Agreement party cannot be required to use electronic signatures.

7.07 Assistance to Employees and Affiliated Parties

A Contracting Party that receives Grant Proceeds from Minnesota Housing to make specified loans, grants, or other awards to recipients may make these specified loans, grants, or other awards to their directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families (“Affiliated Assistance”) provided:

- The recipient meets all eligibility criteria for the program.
- The assistance does not result in a violation of the Contracting Party’s internal conflict of interest policy, if applicable.
- The assistance does not result in a conflict of interest as outlined in section 7.03.
- The assistance is awarded utilizing the same costs, terms and conditions as similarly situated unaffiliated recipients, and the recipient receives no special consideration or access compared to similarly situated unaffiliated recipients.
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and their immediate family members. Family members include a spouse, domestic partner, parent, sibling, child, in-law or other relative living in the recipient’s home

A Contracting Party need not disclose Affiliated Assistance to Minnesota Housing. However, the Contracting Party must document and certify, prior to awarding the Affiliated Assistance, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available upon request to Minnesota Housing. Affiliated Assistance that does not meet each of these provisions will be considered a violation of Minnesota Housing conflict of interest standards which must be reported through one of the communication channels outlined in section 7.05.

Appendix A

Term	Definition
Affiliated Assistance	Loans, grants, or other awards from the Contracting Party to directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families
Data Practices Act	References the Minnesota Government Data Practices Act (Minn. Stat. Ch. 13)
Grant Contract Agreement	The Grant Contract Agreement executed between Minnesota Housing Finance Agency and the Contracting Party for the 2023 Local Housing Trust Fund Grants Program Grant
Contracting Party	Recipient(s) in a Grant Contract Agreement with Minnesota Housing to receive Local Housing Trust Fund Grants Program Proceeds
Grant Proceeds	Funds distributed under the 2023 Local Housing Trust Fund Grants Program
Local Housing Trust Fund	Local Housing Trust Fund as defined in Minnesota Statute 462C.16
Minnesota Housing	The Minnesota Housing Finance Agency
New Public Revenue	For purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29, 2021

Term	Definition
State Median Income	The most recent total median family income for Minnesota issued by the federal Department of Housing and Urban Development (HUD).