



## MEETINGS SCHEDULED FOR JULY

Date: 07/24/25, 1 p.m.

### HYBRID OPTION AVAILABLE:

*In Person:* Minnesota Housing, Mille Lacs Conference Room, 400 Wabasha Street N. Suite 400 St. Paul, MN 55102

*Conference Call:* Toll Free: 1.877.309.2074 Access Code: 773-006-169

### NOTE:

The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, July 24, 2025.

**Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.**

*The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.*

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## Agenda: Minnesota Housing Board Meeting

Date: 07/24/2025, 1 p.m.

### Our Mission and Vision

*Mission:* Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

*Vision:* All Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

### 1. Call to Order

### 2. Roll Call

### 3. Agenda Review

### 4. Approval of Minutes

- a. (page 5) Regular meeting of June 26, 2025

### 5. Reports

- Chair
- Commissioner
- Committee

### 6. Consent Agenda

- A. (page 11) Approval, Selection and Commitment, FY 2026-27 Family Homeless Prevention and Assistance Program (FHPAP) - Dakota County

- B. (page 15) Approval, Updated Waiver of the Predictive Cost Model Threshold -Alexander Baker, D8310, International Falls

## **7. Action Items**

- A. (page 19) Adoption, Series Resolution authorizing the Issuance and Sale of Additional Series of State Appropriation Bonds (Housing Infrastructure)
- B. (page 27) Approval, 2025 Bring It Home Rental Assistance Program Request for Proposals (RFP) Selections
- C. (page 41) Approval, Funding Modification and Extension, Capacity Building Funds – HOME Line
- D. (page 45) Forbearance Extension, Preservation Affordable Rental Investment Fund (PARIF) Loan – Willow Wood Estates, D3427, Plymouth
- E. (page 49) Forgiveness, Ending Long-Term Homelessness Initiative Fund (ELHIF) Program Loan, Housing Trust Fund (HTF) Program Loan – New San Marco Apartments, D3787, Duluth
- F. (page 55) Approval, 2024 Workforce Housing Development Program (WHDP) RFP Selection – Wilderness Estates, D8733, Ely
- G. (page 59) Approval, HOME Investment Partnerships (HOME) and National Housing Trust Fund (NHTF) Combined Program Guide
- H. (page 133) Funding Modification, Publicly Owned Housing Program (POHP), Maryhill Manor, D7775, Aitkin
- I. (page 137) Funding Modification, Publicly Owned Housing Program (POHP), Hill Lake Manor, D7776, Hill City
- J. (page 141) Funding Modification, Publicly Owned Housing Program (POHP), Pioneer Villa, D7777, McGregor

## **8. Discussion Items**

None.

## **9. Information Items**

None.

## **10. Other Business**

None.

## **11. Adjournment**

None.



## Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, June 26, 2025, at 1 p.m.

### 1. Call Attendance

Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:04 p.m.

### 2. Roll Call

**Members present via hybrid:** Auditor Julie Blaha, Chief Melanie Benjamin, Eric Cooperstein, Chair John DeCramer, Stephanie Klinzing, and Stephen Spears.

**Minnesota Housing staff present via hybrid:** Daisy Adeleye, Tal Anderson, Tom Anderson, Ryan Baumtrog, Mariah Becerra, Jennifer Bergman, Susan Bergmann, Judd Berthiaume, Scott Beutel, Laura Bolstad Grafstrom, Sondra Breneman, Stacie Brooks, Cassandra Busch, Deran Cadotte, Eric Chapin, Matt Dieveney, Peter Elwell, Jennifer Finnesgard, Sarah Foley, Jessica Fowler, Rachel Franco, Vanessa Haight, Amanda Hedlund, Kang Her, Elsa Hildebrandt, Hattie Hiler, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Hannah Jirak, Dylan Johnson, Karen Johnson, Erin Karkula-Peterson, Tiffany Kibwota, Joshua Kirk, Greg Klein, Laurie Krivitz, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Ger Lee, Song Lee, Dylan Mato, Eric Mattson, Jillian Mazullo, Don McCabe, Leighann McKenzie, Jon Moler, Gary Mortenson, Jennifer Nelson, Michael Nguyen, Tenzin Nordon, Andrew Orth, John Patterson, Andy Pratt, Rinal Ray, Cassie Reissmann-Doring, Brittany Rice, Cheryl Rivinius, Rachel Robinson, Danielle Salus, Joel Salzer, Katie Seipel-Anderson, Kayla Schuchman, Nellie Sears, Xia Lin Silapaxay, Lauren Stelter, Corey Strong, Kim Stuart, Jodell Swenson, Susan Thompson, Mike Thone, Nancy Urbanski, David Vang, Kayla Vang, Teresa Vaplon, Alyssa Wetzel-Moore, Bev Wilharm, Laurie Zabel, and Kristy Zack.

**Others present via hybrid:** Ramona Advani, Office of the Legislative Auditor; Margaret Kaplan, Housing Justice Center; and Chad Schwitters, McKnight Foundation

### 3. Agenda Review

None.

## 4. Approval

### A. Regular Meeting Minutes of May 22, 2025

**Motion:** Eric Cooperstein moved to approve the May 22, 2025, Regular Meeting Minutes. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

## 5. Reports

### Chair

None.

### Commissioner

Commissioner Ho shared the following with the board:

- Welcome new employees
- Meetings
- Program Updates

### Committee

None.

## 6. Consent Agenda

None.

## 7. Action Items

### A. Approval of 2025 Annual Action Plan for HUD

Nellie Sears presented to the board a request for board approval of the State of Minnesota's Annual Action Plan for Federal Fiscal Year 2025. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Approval of 2025 Annual Action Plan for HUD. Seconded by Chief Benjamin. Roll call was taken. Motion carries 6-0. All were in favor.

## **B. Approval, Single Family Start Up and Step Up Loan Program Manuals**

Laura Bolstad Grafstrom presented to the board a request for approval of the Single Family Start Up and Step Up Loan Program Manuals. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Single Family Start Up and Step Up Loan Program Manuals. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

## **C. Approval, Homeownership Investment Grants Program Request for Proposals (RFP) Selections**

Laurie Zabel presented to the board a request for approval of funding recommendations for proposals submitted to the Homeownership Investment Grants Program Request for Proposal. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Homeownership Investment Grants Program Request for Proposals Selections. Seconded by Auditor Blaha. Stephanie Klinzing abstained. Roll call was taken. Motion carries 5-0. All were in favor.

## **D. Commitment, Low and Moderate Income Rental (LMIR) Loan and Modification and Extension, Housing Infrastructure Bond Loan (HIB) - Rogers Main Street Senior Housing, D8248, Rogers**

Sarah Foley presented to the board a request for approval of the following resolutions: Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$2,142,000; Adoption of a resolution modifying the loan under the HIB program, from \$6,422,000 (\$4,988,000 long-term and \$1,434,000 short-term) to a maximum of \$8,386,000 (\$6,155,000 long-term and \$2,231,000 short-term); and Adoption of a resolution extending the HIB loan commitment expiration date from September 25, 2025, to November 30, 2025. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Commitment, Low and Moderate Income Rental Loan and Modification and Extension, Housing Infrastructure Bond Loan - Rogers Main Street Senior Housing, D8248, Rogers. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 6-0. All were in favor.

## **E. Commitment, Low and Moderate Income Rental (LMIR) Loan - Sandgrass Pointe, D8561, Brooklyn Park**

Susan Thompson presented to the board a request for adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$1,245,000. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Eric Cooperstein moved Commitment, Low and Moderate Income Rental Loan - Sandgrass Pointe, D8561, Brooklyn Park. Seconded by Chief Benjamin. Stephen Spears was not present for the vote. Roll call was taken. Motion carries 5-0. All were in favor.

## **F. Modification, Housing Opportunities for Persons With AIDS (HOPWA) - Clare Housing**

Deran Cadotte presented to the board a request for approval of the resolution to amend Clare Housing's Housing Opportunities for Persons With AIDS (HOPWA) grant contract with a funding modification of \$111,336. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Modification, Housing Opportunities for Persons With AIDS - Clare Housing. Seconded by Chief Benjamin. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## **G. Approval, Selection and Commitment, FY 2026-27 Family Homeless Prevention and Assistance Program (FHPAP)**

Lauren Stelter presented to the board a request for the adoption of a resolution authorizing up to \$27,143,000 in Family Homeless Prevention and Assistance Program (FHPAP) funds. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Chief Benjamin moved Approval, Selection and Commitment, FY 2026-27 Family Homeless Prevention and Assistance Program. Seconded by Eric Cooperstein. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## **H. Approval, Selection and Commitment, FY2026-2029 Homework Starts with Home (HSWH)**

Nancy Urbanski presented to the board a request for adoption of a resolution authorizing the selection of nine grantees and commitment of \$4,272,017 in Family Homeless Prevention and Assistance Program funds and \$1,559,560 in Housing Trust Fund funds for Homework Starts with Home, for a total of \$5,831,577. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Approval, Selection and Commitment, FY2026-2029 Homework Starts with Home. Seconded by Auditor Blaha. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## **I. Approval, Federal Home Loan Bank Grant**

Laura Bolstad Grafstrom presented to the board a request for approval to accept a \$60,000 joint grant from the Federal Home Loan Bank of Des Moines (\$45,000) and Luminate Bank (\$15,000). Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Approval, Federal Home Loan Bank Grant. Seconded by Chief Benjamin. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

## **8. Discussion Items**

### **A. Third Quarter FY25 Update**

Debbi Larson provided the board with a third quarter financial update.

### **B. Administrative Budget for Fiscal Year 2026**

Debbi Larson, Don McCabe and Rachel Robinson reviewed with Administrative Budget for Fiscal Year 2026.

## **9. Information Items**

### **A. Single Family Homeownership Program Update**

### **B. Post Sale Report, Rental Housing Bonds, Series 2025 C (Hillside Gardens)**

### **C. Post Sale Report, Rental Housing Bonds, Series 2025 D (Vue Pointe)**

### **D. Post Sale Report, Rental Housing Bonds, Series 2025 E (Carver Oaks)**

### **E. Post Sale Report, Rental Housing Bonds, Series 2025 F (Trailside Apartments)**

### **F. Post Sale Report, Residential Housing Finance Bonds, Series 2025 FGH**

## **10. Other Business**

None.

## **11. Adjournment**

The meeting was adjourned at 2:52 p.m.

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John DeCramer, Chair

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## Item: Approval, Selection and Commitment, FY 2026-27 Family Homeless Prevention and Assistance Program (FHPAP) – Dakota County

**Consent Item:** 6.A  
**Date:** 07/24/2025  
**Staff Contacts:** Diane Elias, 651-284-3176, [diane.elias@state.mn.us](mailto:diane.elias@state.mn.us)  
Nancy Urbanski, 651-296-3683, [nancy.urbanski@state.mn.us](mailto:nancy.urbanski@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests adoption of the attached resolution authorizing up to \$1,745,000 in Family Homeless Prevention and Assistance Program (FHPAP) funds. This will allow Minnesota Housing to sign a Grant Contract Agreement with Dakota County to provide supportive services and direct financial assistance to households in Dakota County. This request is in addition to the FHPAP selection at the June 2025 board meeting.

### Fiscal Impact

FHPAP is funded by state appropriations and individual awards are structured as grants, which do not earn any interest for the Agency.

### Agency Priorities

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Improve the Housing System                | <input checked="" type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services    |
|   | <input checked="" type="checkbox"/> Strengthen Communities             |

### Attachments

- Background
- Resolution

## Background

Minnesota Housing issued a Request for Proposals (RFP) for potential FHPAP grantees on November 4, 2024, with a due date of January 17, 2025. The contract term begins October 1, 2025, and ends September 30, 2027. Twenty-three eligible entities applied, met threshold and advanced to the next phase of the competitive process, which included the Pre-Award Risk Assessment (PARA) review.

All applicants subject to PARA passed with one exception, Dakota County. Dakota County did not provide all required documents, and consequently did not pass PARA. Dakota County was statutorily entitled to the opportunity to provide additional information for Minnesota Housing to consider in determining whether to award the grant.

Staff brought funding recommendations to the June 2025 board meeting for 19 applicants who scored competitively. The board approved Resolution No. MFHA 25-045 authorizing a commitment of \$27,143,000 for 19 applicants. However, staff did not recommend funding for Dakota County at that time, even though the organization also scored competitively, because they had not yet passed the PARA review.

Dakota County has since submitted the required PARA documents and has now passed the PARA review.

Staff recommends approval of the resolution to approve selection and commitment of FHPAP funds in the amount of \$1,745,000 to Dakota County.

**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 25-XXXX  
Modifying Resolution No. MHFA 25-045**

**RESOLUTION APPROVING SELECTION AND COMMITMENT FOR FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP) FUNDS FOR DAKOTA COUNTY**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application for the Family Homeless Prevention and Assistance Program to provide supportive services and direct assistance across the state to prevent and end homelessness; and

WHEREAS, Agency, other State staff and community members have reviewed the application and recommend this selection of this grantee; and

WHEREAS, the Agency previously approved FHPAP selections through Resolution No. MHFA 25-045; and

WHEREAS, this grantee scored competitively; and

WHEREAS, Agency staff have determined the application is in compliance with the Agency's rules, regulations, and policies; and that the application will assist in fulfilling the purpose of Minnesota Statute Chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to enter into a Grant Contract Agreement using state resources outlined in this resolution, subject to changes allowable under Agency and board policies and the legislative allocation:

1. Agency staff shall review and approve the following grantee for up to the total recommended amount for the grant period of October 1, 2025, through September 30, 2027; and

<b>Applicant</b>	<b>Counties or Tribal Nations in Applicant Service Area</b>	<b>2026-27 Award</b>
Dakota County	Dakota County	\$ 1,745,000

2. All other terms and conditions of Resolution No. MHFA 25-045 remain in effect.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR



## Item: Approval, Updated Waiver of the Predictive Cost Model Threshold – Alexander Baker, D8310, International Falls

**Consent Item:** 6.B  
**Date:** 07/24/2025  
**Staff Contacts:** Dylan Johnson, 651.297.4541, dylan.johnson@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

At the January 27, 2022, Minnesota Housing board meeting, Alexander Baker apartments was allocated 9% Housing Tax Credits (HTCs) in the amount of \$1,069,487 and was granted a waiver to exceed the predictive cost model threshold of 25% under Resolution No. MHFA 22-012.

Construction is now complete, and Agency staff have completed the review for the HTC Form 8609 application. Costs increased and now exceed the original board waiver by more than 10 percentage points. Staff recommends approval of an updated waiver to the predictive cost model under Board Policy No. 15.

### Fiscal Impact

None

### Agency Priorities

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Improve the Housing System     | <input type="checkbox"/> Make Homeownership More Accessible         |
| <input type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services |
|  | <input checked="" type="checkbox"/> Strengthen Communities          |

### Attachments

- Background

## Background

Alexander Baker was selected in the 2021 Consolidated RFP for 9% HTC's. This project converted a former school building into 27 units of affordable rental housing. Ten units receive Project-Based Section 8 that will serve households at or below 30% Multifamily Tax Subsidy Income Limits. The project did not receive any deferred loan funding from Minnesota Housing.

The issuance of HTC Form 8609 is the final step in the HTC process. In conformance with federal requirements, HTC Form 8609 is issued by Minnesota Housing after project completion to allow the project to start collecting their HTC's from the Internal Revenue Service. Minnesota Housing completes a review of the project to confirm the project followed program requirements and obligations. The process also confirms the exact amount of HTC to be issued as costs may change during construction.

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or issued tax credits and is benchmarked against industry-wide construction data.

In accordance with Board Policy No. 15, if a project's proposed total development cost (TDC) is more than 25% over the predicted costs for new construction projects or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board. In addition, for developments with a previous waiver to the predicted cost threshold, an increase of more than 10 percentage points requires an updated waiver.

The TDC per unit at completion was \$692,964. The final cost was 54.18% over the predictive cost model estimate of \$449,464. The predictive cost model waiver approved at the January 2022 board meeting anticipated costs being 34% over the predicted cost. Because the percentage over the model has increased by more than 10 percentage points, an updated waiver from the board is required.

This project was a combination of converting a non-residential building to housing while also being a historic preservation project. Both of these factors contributed to the higher cost of the project. The driving force that raised costs after selection is the location of International Falls. When the project was put out to bid, the project received few competing bids due to the travel distance. The general contractor and the development team actively solicited bids, but costs were higher than originally anticipated. The project filled the gap with a combination of state and federal historic tax credits as well as additional 9% HTC's.

Sources				
	Previous WB	Current WB	\$ Change	% Change
General Partner Cash	\$ 100	\$ 100	\$ -	0%
Syndication Proceeds	\$ 9,089,728	\$ 12,387,339	\$ 3,297,611	36%
State Historic Proceeds	\$ 1,962,976	\$ 3,152,732	\$ 1,189,757	61%
Federal Historic Proceeds	\$ 1,566,298	\$ 2,616,506	\$ 1,050,208	67%
Sales Tax Rebate	\$ 248,087	\$ 221,720	\$ (26,367)	-11%
Energy Rebates	\$ 12,000	\$ 5,259	\$ (6,741)	-56%
Capital contribution	\$ -	\$ 86,500	\$ 86,500	New
Deferred Developer Fee	\$ -	\$ 239,885	\$ 239,885	New
<b>Total Sources</b>	<b>\$ 12,879,188</b>	<b>\$ 18,710,041</b>	<b>\$ 5,830,853</b>	<b>45%</b>

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## Item: Adoption, Series Resolution Authorizing Issuance and Sale of Additional Series of State Appropriation Bonds (Housing Infrastructure)

**Action Item:** 7.A  
**Date:** 07/24/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us  
 Andy Pratt, 651.296.2293, andy.pratt@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Agency staff is preparing to issue additional State Appropriation Bonds (Housing Infrastructure), the proceeds of which will be used to finance loans for eligible housing infrastructure projects. The attached resolution outlines the parameters under which the Agency can proceed to issue additional Series of Housing Infrastructure Bonds under legislative authority granted for Housing Infrastructure Bonds during the 2024 legislative session. The resolution also specifies the additional projects that may be financed by Housing Infrastructure Bonds. The Agency anticipates issuing approximately \$50 million of Housing Infrastructure Bonds in the fourth quarter of 2025, in coordination with the State of Minnesota's bond sale.

### Fiscal Impact

As with all Housing Infrastructure Bonds, the debt service on these State Appropriation Bonds will be paid from an annual appropriation to the Agency's bond trustee from the State of Minnesota. There is no direct financial impact to the Agency from this bond issuance. The Agency will earn an origination fee at the closing of each loan financed from the proceeds of the Housing Infrastructure Bonds.

### Agency Priorities

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System                | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services    |
|   | <input type="checkbox"/> Strengthen Communities             |

### Attachments

- Resolution

## RESOLUTION NO. MHFA 25-047

RESOLUTION RELATING TO STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE); AUTHORIZING THE ISSUANCE AND SALE OF ADDITIONAL SERIES AND APPROVING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZATION OF ADDITIONAL DEVELOPMENTS TO BE FUNDED WITH PROCEEDS OF PRIOR AUTHORIZED SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY (the “Agency”), as follows:

Section 1. Recitals.

1.01. State Appropriation Bonds; Authority; Purpose. The Agency is authorized under Minnesota Statutes, Chapter 462A, including, without limitation, Sections 462A.37 and 462A.375 thereof, as amended (the “Act”) to issue bonds from time to time (the “State Appropriation Bonds”) secured by standing appropriations of the State of Minnesota (the “State”) for the purpose of, among other things, financing grants with respect to manufactured home parks and loans to borrowers (the “Borrowers”) to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of related developments, including facilities related and subordinate thereto (the “Developments”), with respect to abandoned or foreclosed properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition and rehabilitation of federally assisted rental housing, and other purposes authorized by the Act. Such State Appropriation Bonds shall be equally and ratably secured solely by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture (as hereinafter defined). The State Appropriation Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held under the Indenture (as hereinafter defined), or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the State Appropriation Bonds.

1.02. Authority; Purpose. The Agency desires to issue its State Appropriation Bonds under Sections 462A.37 and 462A.375 of the Act for the purpose of financing loans to Borrowers, who shall be the owners (“Owners”) of the related Developments listed in Exhibit A hereto (or such other entities designated by such Owners which entities agree to make, directly or through intermediaries, corresponding loans to the Borrowers); provided, however, that loans may be made to different or additional Owners with respect to different or additional Developments upon the adoption of a resolution supplemental hereto. The amount of each loan shall be in such amount approved by the Agency and any loan may be forgivable upon such terms as shall be determined by an Authorized Officer of the Agency. The bonds herein authorized shall consist of one or more series of State Appropriation Bonds of the Agency, the first of which is to be designated as “State Appropriation Bonds (Housing Infrastructure), 2025 Series A,” in the aggregate principal amount to be determined pursuant to the terms of Section 2.02 of this resolution. Additional series of State

Appropriation Bonds issued pursuant to this resolution shall be designated “State Appropriation Bonds (Housing Infrastructure), “\_\_\_\_\_ Series \_\_\_\_” and completing the first blank with the calendar year of issuance and the second blank with an uppercase letter as appropriate for the order of such issuance. The maximum collective aggregate principal amount of all series of State Appropriation Bonds issued pursuant to this resolution shall not exceed \$50,000,000; the number of series of State Appropriation Bonds and their corresponding principal amounts shall be as determined by the Authorized Officer (as defined herein) pursuant to Section 8 of this resolution, and as set out in the Supplemental Indenture delivered pursuant to this resolution. All such series of State Appropriation Bonds issued pursuant to this resolution are the “Series Bonds.”

The Series Bonds will be secured solely, and equally and ratably with the Agency’s State Appropriation Bonds hereafter authorized, by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture. The Series Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held and pledged thereto under the Indenture, or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the Series Bonds.

1.03. Sale of Series Bonds. The Agency will negotiate for the sale of the Series Bonds to RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Piper Sandler & Co. and Wells Fargo Bank, National Association (collectively, the “Purchasers”). The Agency will issue and sell the Series Bonds to the Purchasers pursuant to one or more Contracts of Purchase to be entered into between the Agency and the Purchasers (the “Purchase Contract”), subject to the parameters set forth in Section 2.02 hereof.

1.04. Documentation. The Series Bonds will be issued pursuant to the Indenture of Trust dated as of August 1, 2013, by and between the Agency and the Trustee (hereinafter defined) and relating to State Appropriations Bonds (Housing Infrastructure) (as amended and supplemented, the “Master Indenture”). Draft forms of the following documents (collectively and together with the Master Indenture, the “Bond Documents”) relating to the State Appropriation Bonds and the Series Bonds have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency:

(a) A proposed form of a Supplemental Indenture of Trust (the “Supplemental Indenture”), to be entered into between the Agency and the Trustee, to establish the form and terms of one or more series of the Series Bonds (the Master Indenture and the Supplemental Indenture are collectively referred to herein as the “Indenture”);

(b) A proposed form of the Purchase Contract between the Agency and the Purchasers relating to the sale and purchase of one or more series of the Series Bonds;

(c) A proposed form of a Continuing Disclosure Undertaking to be entered into by the Agency and the Trustee; and

(d) A proposed form of Agreement to be entered into between the Agency and the State regarding the State's agreement to provide annual updates of financial information and operating data of the State contained in or incorporated in the Official Statement (as hereinafter defined).

## Section 2. Authorization of the Series Bonds and Approval of the Bond Documents.

2.01. Authorization. To provide sufficient funds to be used and expended for the purposes set forth in Section 1.02, the Agency is hereby authorized to issue the Series Bonds in an aggregate principal amount not to exceed \$50,000,000. The Agency is hereby authorized to sell the Series Bonds to the Purchasers to provide funds to be used to make a loan to or for the benefit of each of the Owners to finance the Developments and pay costs of issuance of the Series Bonds.

2.02. Terms of Series Bonds. The Series Bonds shall be initially dated the date of delivery to the Purchasers and shall be in the form prescribed by the Indenture. The final terms of the Series Bonds have not been established as of the date of adoption of this resolution. Any of the Chair, the Commissioner, the Executive Finance Officer, or the Executive Investment Officer of the Agency (each an "Authorized Officer") is hereby authorized to approve the final terms of the Series Bonds, including the redemption provisions of the Series Bonds, subject to the following parameters:

- (i) the principal amount of each series of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of \$50,000,000;
- (ii) the maturity schedule of each series of the Series Bonds (including any mandatory sinking fund redemption schedule); provided that the Series Bonds mature at any time or times in such amount or amounts not later than August 1, 2047;
- (iii) the interest rates borne by each series of the Series Bonds; provided that the true interest cost on a series of the Series Bonds does not exceed 6.75% per annum; and
- (iv) the fee or other compensation payable to the Purchasers of the Series Bonds; provided that the fee or other compensation does not exceed 1.00% of the principal amount of the applicable series of Series Bonds.

Such approval shall be conclusively evidenced by the execution of the applicable Purchase Contract with the Purchasers by an Authorized Officer.

2.03. Approval of Bond Documents. The forms of the Bond Documents are hereby approved, subject to such modifications as are deemed appropriate and approved by an Authorized Officer, subject to the limitations contained in Section 2.02, which approval shall be conclusively evidenced by execution of the Bond Documents by an Authorized Officer. Copies of all the documents shall be delivered or filed as provided therein. An Authorized Officer is also authorized and directed to execute such other documents and certificates as may be required to give effect to the transactions herein contemplated.

2.04. Preliminary Official Statement; Official Statement. The Agency will receive and examine a draft Preliminary Official Statement containing information relating to the Agency, the State and the Series Bonds. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and the use thereof by the Purchasers in the public offering of the Series Bonds is hereby approved. A final Official Statement, substantially in the form of the Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer and insertion of the terms of the Series Bonds as provided in the Purchase Contract, is approved and authorized to be signed by an Authorized Officer, and furnished to the Purchasers for distribution to investors.

Section 3. Appointment of Trustee. Computershare Trust Company, National Association serves as successor Trustee under the Indenture and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Indenture, in trust for the owners of the State Appropriation Bonds, including the Series Bonds and any additional bonds issued and to be issued thereunder.

Section 4. General Tax Covenant. The Agency covenants to not take, or permit or cause to be taken, any action that would adversely affect the exclusion of interest on the Series Bonds from federal income taxation, and to take or cause to be taken any action within its control necessary to maintain such exclusion.

Section 5. Authentication of Proceedings. The Chair, Commissioner, Executive Finance Officer, or Executive Investment Officer, and other officers of the Agency are authorized and directed to furnish to the Purchasers and Bond Counsel certified copies of all proceedings and records of the Agency relating to the Series Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and validity of the Series Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Agency as to the truth of all statements of fact contained therein.

Section 6. Limitations of the Agency's Obligations. Notwithstanding anything contained in the State Appropriation Bonds, the Series Bonds or the Bond Documents, the State Appropriation Bonds, including without limitation, the Series Bonds, shall not constitute general obligations of the Agency and shall not be payable from nor constitute a charge, lien or encumbrance, legal or equitable, upon any funds or any property of the Agency other than the appropriations of the State specifically pledged to the payment thereof pursuant to the Bond Documents and the Act and any other funds held under the Indenture expressly pledged thereunder to such payment, and no holder of the State Appropriation Bonds, including without limitation, the Series Bonds, shall ever have the right to enforce payment thereof against any property of the Agency other than those rights and interests of the Agency which have been pledged to the payment thereof pursuant to the Indenture.

Section 7. Advance of Agency Funds. If the Agency desires to fund loans before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund such loans in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency

funds or accounts from which such advance was made.

Section 8. Discretion of Authorized Officer. An Authorized Officer shall determine the number and aggregate principal amount of each series of the Series Bonds, subject to the limitations in Section 2.02 of this resolution. Notwithstanding anything contained in the foregoing sections of this resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell any of the Series Bonds authorized pursuant to this resolution (subject to any applicable provisions of any purchase contract theretofore executed), then such Series Bonds will not be issued or sold in accordance with this resolution.

Section 9. Approval of Additional Developments for State Appropriation Bonds (Housing Infrastructure) Authorized Pursuant to Resolution No. MHFA 22-062. Section 1.02 of the Agency's Resolution No. MHFA 22-062, as supplemented and amended, relating to prior authorized series of State Appropriation Bonds (the "Prior Authorizing Resolution") provides that proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolution may be used to finance loans to Borrowers, who shall be the Owners of Developments (a) listed in Exhibit A of the Prior Authorizing Resolution, and (b) different or additional Developments upon the adoption of a resolution supplemental to such Prior Authorizing Resolution. The Agency herein approves the Developments listed in Exhibit A of this resolution as different and additional Developments eligible to receive loans made from proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolution; this Section 9 shall act as a resolution supplemental to the Prior Authorizing Resolution.

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Adopted by the Minnesota Housing Finance  
Agency this 24<sup>th</sup> day of July, 2025.

By \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
Commissioner

[Resolution No. MHFA 25-047]

**EXHIBIT A**  
**DEVELOPMENTS AND OWNERS**

<b><u>Development</u></b>	<b><u>Owner<sup>1</sup></u></b>	<b><u>Location (MN)</u></b>	<b><u>Type of Development</u></b>
Mankato Supportive Housing	Mankato Housing Limited Partnership	Mankato	Supportive Multifamily; New Construction
Perspectives	Bickham Court Limited Partnership	Saint Louis Park	Supportive Multifamily; Acquisition/Rehab
Red Lake Supportive Housing 3	Red Lake Reservation Housing Authority	Red Lake	Supportive Multifamily; New Construction
Red Pine Estates	Red Pine Estates II, LLLP	Bemidji	Supportive Multifamily; Acquisition/Rehab
Shields Plaza	Janken North Branch Limited Partnership	North Branch	Senior Supportive Multifamily; Acquisition/Rehab
The NorthView	Beacon Interfaith Housing Collaborative	Minneapolis	Supportive Multifamily; Acquisition/Rehab

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<sup>1</sup> Or an affiliate thereof or successor thereto.



## Item: Approval, 2025 Bring It Home Rental Assistance Program Request for Proposals (RFP) Selections

**Action Item:** 7.B  
**Date:** 7/24/2025  
**Staff Contacts:** Peter Elwell, 651.296.2541, peter.elwell@state.mn.us  
Cassi Reissmann-Doring, 651.296.6555, cassi.reissmann-doring@state.mn.us  
Dani Salus, 651.284.3178, danielle.salus@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests board approval of the 2025 Bring It Home Rental Assistance Program funding recommendations.

### Fiscal Impact

The Bring It Home Rental Assistance Program is funded by state appropriations and a portion of the new metro sales tax, with individual awards structured as grants that do not earn interest for the Agency. The Agency will retain up to 1.5% from sales tax and up to 5% from the appropriations for administrative costs related to this competitively awarded grant program.

### Agency Priorities

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System                | <input type="checkbox"/> Make Homeownership More Accessible         |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services |
|   | <input checked="" type="checkbox"/> Strengthen Communities          |

### Attachments

- Background and Funding Recommendations
- Funding Recommendations Table
- Map of Administrator Recommendations
- Resolution

## Background and Funding Recommendations

### Background

The Bring It Home Rental Assistance Program was authorized in the 2023 legislative session under Minnesota Statute 462A.2095. The program was created to provide rental assistance for low-income families across Minnesota. The program is funded by state appropriations and a portion of the new metro sales tax and will provide tenant-based and project-based rental assistance for cost-burdened households earning up to 50% area median income (AMI). Priority for rental assistance must be given to households with children 18 years of age and under and annual incomes up to 30% of the AMI.

The legislature designed the program so that grants would be provided to Program Administrators who will administer the program as direct assistance to eligible renter households. A Program Administrator is defined as:

- 1) a housing and redevelopment authority or other local government agency or authority that administers federal tenant-based or project-based assistance; or
- 2) a Tribal government or tribally designated housing entity; or
- 3) if there is no entity under clause (1) or (2) with the capacity to administer the program, a non-governmental organization (NGO) with the capacity to administer the program.

Grant funds must be used for rental assistance, administrative fees (including landlord incentives) and/or start-up costs. Eligible start-up costs include any necessary costs to establish and quickly disburse funds under the program during the first 12 months. Reasonable start-up costs include but are not limited to such items as marketing/advertising activities, new program staff, legal fees, software changes and office equipment.

The vouchers can be tenant-based or project-based rent assistance that pays for the difference between 30% of the tenant's gross income and up to 120% of the payment standard, plus utilities. A payment standard is the maximum amount a Program Administrator can pay towards rent for a family's rental assistance as established by Housing and Urban Development (HUD) guidelines. Program Administrators may use the existing procedures that they use for the federal Housing Choice Voucher program or other federal rental assistance programs or establish alternative procedures to implement the program as outlined in the Program Guide. Program Administrators can choose from one of the three following options to administer the program - Existing Procedures (Option 1), Amended Procedures (Option 2) and Alternative Plans (Option 3).

- Option 1 – Existing Procedures: Program Administrators may follow Existing Procedures used to administer the federal Housing Choice Voucher (HCV), Moving to Work or Native American Housing Assistance and Self-Determination Act (NAHASDA) program. Program Administrators choosing to use their existing procedures do not require approval of these procedures by Minnesota Housing.

- **Option 2** – Amended Procedures: Program Administrators may propose using their Existing Procedures as outlined in Option 1 with substantial modifications to achieve the goals of reaching households most in need. The substantial modifications would be submitted for review and approval by Minnesota Housing. The Program Guide includes a list of pre-approved modifications for ease of implementation.
- **Option 3** – Alternative Procedures: A Program Administrator may choose to submit an Alternative Plan for a Bring It Home Rental Assistance program that does not rely on any existing procedures or differs substantially from existing procedures. Minnesota Housing will review Alternative Plan proposals and, at its sole discretion, approve or deny the plans.

## **Funding Allocations**

The statute stated that Minnesota Housing may make grants to Program Administrators to provide rental assistance for eligible households and, to the extent possible, make them statewide in proportion to eligible households. To achieve this goal, the Agency established Minimum Grant Amounts, which would provide an allocation for Housing Assistance Payments (HAP) and administrative fees for each Program Administrator's (HCV Administrator) service area.

The Minimum Grant Amount was calculated by determining the number of eligible households for each Program Administrator's service area and determining the share of need for that area within the state. The share of need was then multiplied by the total amount of estimated funds available for the Bring It Home program (\$23 million in appropriations and \$40 million in sales tax revenue) to create a table of funding per each Program Administrator. As Tribal Nations are not restricted to any particular geographic area and may serve areas that overlap with other Program Administrators, a set aside for Tribal Nations was established. The detailed methodology for the calculation and allocations are included as an appendix of the Program Guide.

The Minimum Grant Amount allocations include both HAP amounts and administrative fees. Administrative fees are calculated on a per voucher per month basis. Start-up costs are not included in those allocations.

## **Request for Proposals (RFP)**

Minnesota Housing issued a competitive RFP for approximately \$63 million for rental assistance and administrative fees (per year) on February 18, 2025. This included a \$3.14 million set aside for Tribal Nations. An additional \$6 million was set aside for start-up costs.

The application was streamlined, and Program Administrators were required to submit a budget that outlined their funding request, the procedural option(s) that they are choosing and the required pre-award risk assessment documents per OGM Policy 08-06. If the Program Administrator chose Option 2 or Option 3, they were also required to submit an attachment with information about the amendments they are proposing to their existing procedures and/or an attachment with the basic programmatic elements of Option 3.

Applications were due on April 21, 2025. The Agency received 50 applications totaling approximately \$80 million in annual funding requests. Most applicants chose Option 1 or Option 2 to administer the program and only two entities applied under Option 3 (both Tribal Nations). Almost all applicants requested more than the minimum initial grant amounts that were developed by Minnesota Housing. Program Administrators requested more than the minimum by either increasing the rental assistance amount per voucher and/or asking for more vouchers than what was estimated by the Minimum Grant Amount.

### **Review Criteria**

Scoring criteria were developed to ensure that applicants were eligible entities under the authorizing statute and to address:

- How to rank proposals for any service areas/geographies where more than one eligible entity applied to be the Program Administrator, and
- How to rank proposals if the total request for start-up costs from applicants exceeded the \$6 million set aside.

The total possible points that any proposal could receive was 100.

Out of all the applications received, each applicant was an eligible entity under statute and there were no service areas (or combined service areas) where more than one entity applied to be the Program Administrator.

However, the total request for start-up costs was over \$6 million (total requests were \$6.3 million), so there are modest scoring differences between the proposals that reflect whether the request for start-up costs was reasonable relative to the number of vouchers being administered. Reasonableness was determined by whether the applicant's request included costs that were justifiably needed to set up the program and whether staffing requests were appropriate given the number of vouchers being administered.

### **Funding Recommendations**

Bring It Home's funding is a mix of sales tax revenue and a dedicated appropriation. The Metro sales tax revenue can only be used to support work in the Seven-County Metro Area where it is collected. The legislative appropriation can be used statewide but given the availability of tax revenue in the Metro, the appropriation will only be used to support work in Greater Minnesota and the Tribal set aside. In the most recent fiscal year, approximately \$45 million in sales tax revenue was collected. The legislative appropriation for the program is \$23 million annually.

Ongoing expenses under the program are rental assistance (also called Housing Assistance Payments (HAP)), administrative costs for Program Administrators and Minnesota Housing's administrative costs. There is also one-time funding for Program Administrators' start-up expenses. The table below details funding sources and recommendations.

Area Served/Cost Type	Amount of Funding Recommended per year
<b>Metro Area HAP/Admin</b>	\$ 42,246,086
<b>Greater MN HAP/Admin</b>	\$ 15,169,987
<b>Tribal Nations</b>	\$ 1,759,784
<b>Start-up Costs</b>	\$ 5,469,270*
<b>Minnesota Housing's Administrative Costs**</b>	\$ 1,750,000
	<b>\$ 66,395,127</b>

\*Start-up costs are a one-time expense and not annual.

\*\*Agency administrative costs includes 1.5% from sales tax and 5% from the appropriations.

Staff is recommending that all applicants be funded at the Minimum Grant Amount for rental assistance (HAP) and administrative costs for their service area(s). Tribal Entities will also be fully funded for their requests for rental assistance and administrative costs.

These amounts correspond with conservative projections of what will be available in a 12-month period between sales tax and appropriations. Sales tax revenue fluctuates with the economy and the appropriations are expected to remain at a constant amount from year to year, while rents are anticipated to increase over time. Since Bring It Home is an ongoing program, staff wants to ensure that we can safely fund the same number of households from year to year.

All applicants will receive funding for start-up costs; however, there are 14 proposals that scored lower in the start-up cost scoring category and for which staff is recommending a reduction in the recommended start-up funding amount.

### Uncovered Areas

There are some areas of the state that did not submit applications for Bring it Home.

These are:

- Koochiching, Wilkin, Big Stone, Meeker, Rock, Fillmore and Houston counties
- Mower County outside of the city of Austin
- City of Winona

The total population of these areas is about 130,000, which is about 2.3% of Minnesota's population and the total number of households eligible for the program in these areas is 4,948. Based on the Minimum Grant Amount, the maximum number of vouchers represented by these areas is approximately 80, which is 1.5% of the total estimated voucher amount.

A legislative change in 2025 allows the agency to allocate future funding without a competitive RFP process. Staff will assess whether the uncovered areas can be served through Program Administrators selected in this funding round or whether there are other options to address these geographies.

### **Next steps**

If selections are approved by the board, then staff will begin working with grantees on contracts and related documentation.

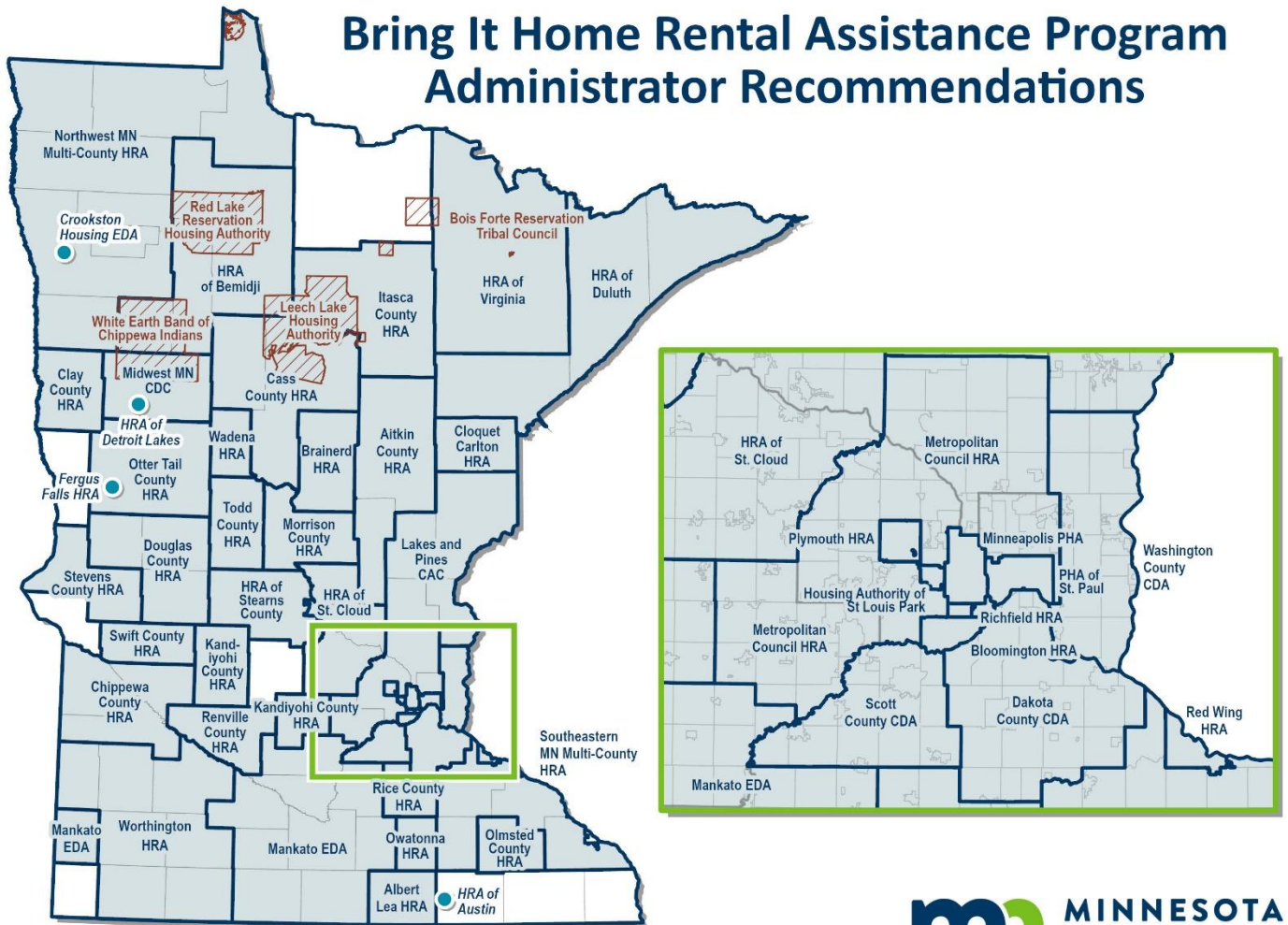
## Funding Recommendations Table

Applicant	Service Area	Total Funding Requested (Year 1 and 2)	Total Funding Recommended (Year 1 and 2)
Aitkin County Housing and Redevelopment Authority	Greater Minnesota	\$ 455,360	\$ 437,802
Bois Forte Reservation Tribal Council	Tribal Nation	\$ 951,512	\$ 818,732
Cass County Housing and Redevelopment Authority	Greater Minnesota	\$ 534,640	\$ 374,532
Chippewa and Yellow Medicine County Housing and Redevelopment Authority	Greater Minnesota	\$ 458,593	\$ 259,577
Cloquet Carlton Housing Redevelopment Authority	Greater Minnesota	\$ 1,018,260	\$ 397,636
Crookston Housing and Economic Development Authority	Greater Minnesota	\$ 359,352	\$ 213,468
Dakota County Community Development Agency	Metro	\$ 8,753,920	\$ 7,626,250
Economic Development Authority of Mankato, Minnesota	Greater Minnesota	\$ 3,880,015	\$ 3,347,771
Fergus Falls Housing and Redevelopment Authority	Greater Minnesota	\$ 568,210	\$ 415,398
Housing and Redevelopment Authority in and for the City of Bloomington	Metro	\$ 5,327,910	\$ 2,657,544
Housing and Redevelopment Authority in and for the City of Richfield	Metro	\$ 1,159,864	\$ 1,004,264
Housing and Redevelopment Authority of Austin	Greater Minnesota	\$ 291,982	\$ 291,982
Housing and Redevelopment Authority of Bemidji	Greater Minnesota	\$ 948,916	\$ 801,644
Housing and Redevelopment Authority of Clay County	Greater Minnesota	\$ 2,248,973	\$ 1,751,289
Housing and Redevelopment Authority of Detroit Lakes	Greater Minnesota	\$ 341,410	\$ 261,010
Housing and Redevelopment Authority of Douglas County	Greater Minnesota	\$ 887,090	\$ 560,726
Housing and Redevelopment Authority of Duluth, MN	Greater Minnesota	\$ 3,183,076	\$ 3,172,758
Housing and Redevelopment Authority of Itasca County	Greater Minnesota	\$ 574,609	\$ 555,219
Housing and Redevelopment Authority of St. Cloud, MN	Greater Minnesota	\$ 7,251,112	\$ 4,262,572
Housing and Redevelopment Authority of Stearns County, Minnesota	Greater Minnesota	\$ 2,058,198	\$ 1,404,924
Housing and Redevelopment Authority of Stevens County, Minnesota	Greater Minnesota	\$ 281,932	\$ 193,452
Housing and Redevelopment Authority of Todd County	Greater Minnesota	\$ 325,080	\$ 203,262
Housing and Redevelopment Authority of Virginia, MN	Greater Minnesota	\$ 1,586,360	\$ 1,481,384

<b>Applicant</b>	<b>Service Area</b>	<b>Total Funding Requested (Year 1 and 2)</b>	<b>Total Funding Recommended (Year 1 and 2)</b>
Housing Authority of the City of St. Louis Park	Metro	\$ 1,696,740	\$ 1,378,556
Kandiyohi County Housing and Redevelopment Authority	Greater Minnesota	\$ 1,074,536	\$ 922,112
Lakes and Pines Community Action Council, Inc.	Greater Minnesota	\$ 1,427,955	\$ 1,282,573
Leech Lake Housing Authority Homeless Resource Program	Tribal Nation	\$ 694,100	\$ 481,100
Metropolitan Council Housing and Redevelopment Authority	Metro	\$ 36,125,328	\$ 30,914,448
Midwest Minnesota Community Development Corporation (Becker County)	Greater Minnesota	\$ 142,620	\$ 94,516
Minneapolis Public Housing Authority	Metro	\$ 28,402,152	\$ 21,676,955
Northwest Minnesota Multi-County Housing and Redevelopment Authority	Greater Minnesota	\$ 1,151,520	\$ 831,740
Olmsted County Housing and Redevelopment Authority	Greater Minnesota	\$ 6,541,462	\$ 3,180,150
Otter Tail County Housing and Redevelopment Authority	Greater Minnesota	\$ 295,160	\$ 193,654
Owatonna Housing and Redevelopment Authority	Greater Minnesota	\$ 682,786	\$ 577,450
Plymouth Housing and Redevelopment Authority	Metro	\$ 1,929,935	\$ 1,137,396
Public Housing Agency of the City of Saint Paul	Metro	\$ 15,143,614	\$ 14,994,704
Red Lake Reservation Housing Authority	Tribal Nation	\$ 1,684,120	\$ 1,684,120
Red Wing Housing and Redevelopment Authority	Greater Minnesota	\$ 562,944	\$ 440,156
Renville County Housing and Redevelopment Authority	Greater Minnesota	\$ 121,478	\$ 93,398
Rice County Housing and Redevelopment Authority	Greater Minnesota	\$ 863,675	\$ 863,675
Scott County Community Development Agency	Metro	\$ 2,341,423	\$ 2,068,155
Southeastern Minnesota Multi-County Housing and Redevelopment Authority	Greater Minnesota	\$ 1,083,792	\$ 1,124,454
Swift County Housing and Redevelopment Authority	Greater Minnesota	\$ 246,308	\$ 165,720
The Housing and Redevelopment Authority in and for the City of Albert Lea	Greater Minnesota	\$ 512,430	\$ 314,464
The Housing and Redevelopment Authority in and for the City of Brainerd	Greater Minnesota	\$ 987,114	\$ 815,884
The Housing and Redevelopment Authority of Worthington, MN	Greater Minnesota	\$ 1,123,822	\$ 950,470
The Housing and Redevelopment of Morrison County	Greater Minnesota	\$ 338,160	\$ 263,938

<b>Applicant</b>	<b>Service Area</b>	<b>Total Funding Requested (Year 1 and 2)</b>	<b>Total Funding Recommended (Year 1 and 2)</b>
Wadena Housing and Redevelopment Authority	Greater Minnesota	\$ 280,646	\$ 232,726
Washington County Community Development Agency	Metro	\$ 5,905,572	\$ 3,685,524
White Earth Band of Chippewa Indians	Tribal Nation	\$ 959,749	\$ 959,749
	<b>Totals</b>	<b>\$ 155,765,515</b>	<b>\$ 123,820,983</b>

## Bring It Home Rental Assistance Program Administrator Recommendations



**m** MINNESOTA  
HOUSING

**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 25-XXX**

**RESOLUTION APPROVING SELECTION FOR BRING IT HOME RENTAL ASSISTANCE PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to administer Bring It Home Rental Assistance under Minnesota Statutes section 462A.2095; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; and that the recommended applicants will assist in fulfilling the purpose of this program.

**NOW THEREFORE, BE IT RESOLVED:**

1. The board hereby authorizes Agency staff to enter into two-year grant contract agreements with the recommended applicants doing business under the following names and up to the amounts set forth below, subject to the terms and conditions contained herein and in the respective grant contract agreements:

<b>Applicant Name</b>	<b>Award</b>
<b>Aitkin County Housing and Redevelopment Authority</b>	\$ 437,802
<b>Bois Forte Reservation Tribal Council</b>	\$ 818,732
<b>Cass County Housing and Redevelopment Authority</b>	\$ 374,532
<b>Chippewa and Yellow Medicine County Housing and Redevelopment Authority</b>	\$ 259,577
<b>Cloquet Carlton Housing Redevelopment Authority</b>	\$ 397,636
<b>Crookston Housing and Economic Development Authority</b>	\$ 213,468
<b>Dakota County Community Development Agency</b>	\$ 7,626,250
<b>Economic Development Authority of Mankato, Minnesota</b>	\$ 3,347,771
<b>Fergus Falls Housing and Redevelopment Authority</b>	\$ 415,398
<b>Housing and Redevelopment Authority in and for the City of Bloomington</b>	\$ 2,657,544
<b>Housing and Redevelopment Authority in and for the City of Richfield</b>	\$ 1,004,264
<b>Housing and Redevelopment Authority of Austin</b>	\$ 291,982

<b>Applicant Name</b>	<b>Award</b>
Housing and Redevelopment Authority of Bemidji	\$ 801,644
Housing and Redevelopment Authority of Clay County	\$ 1,751,289
Housing and Redevelopment Authority of Detroit Lakes	\$ 261,010
Housing and Redevelopment Authority of Douglas County	\$ 560,726
Housing and Redevelopment Authority of Duluth, MN	\$ 3,172,758
Housing and Redevelopment Authority of Itasca County	\$ 555,219
Housing and Redevelopment Authority of St. Cloud, MN	\$ 4,262,572
Housing and Redevelopment Authority of Stearns County, Minnesota	\$ 1,404,924
Housing and Redevelopment Authority of Stevens County, Minnesota	\$ 193,452
Housing and Redevelopment Authority of Todd County	\$ 203,262
Housing and Redevelopment Authority of Virginia, MN	\$ 1,481,384
Housing Authority of the City of St. Louis Park	\$ 1,378,556
Kandiyohi County Housing and Redevelopment Authority	\$ 922,112
Lakes and Pines Community Action Council, Inc.	\$ 1,282,573
Leech Lake Housing Authority Homeless Resource Program	\$ 481,100
Metropolitan Council Housing and Redevelopment Authority	\$ 30,914,448
Midwest Minnesota Community Development Corporation (Becker County)	\$ 94,516
Minneapolis Public Housing Authority	\$ 21,676,955
Northwest Minnesota Multi-County Housing and Redevelopment Authority	\$ 831,740
Olmsted County Housing and Redevelopment Authority	\$ 3,180,150
Otter Tail County Housing and Redevelopment Authority	\$ 193,654
Owatonna Housing and Redevelopment Authority	\$ 577,450
Plymouth Housing and Redevelopment Authority	\$ 1,137,396
Public Housing Agency of the City of Saint Paul	\$ 14,994,704
Red Lake Reservation Housing Authority	\$ 1,684,120
Red Wing Housing and Redevelopment Authority	\$ 440,156

<b>Applicant Name</b>	<b>Award</b>
<b>Renville County Housing and Redevelopment Authority</b>	\$ 93,398
<b>Rice County Housing and Redevelopment Authority</b>	\$ 863,675
<b>Scott County Community Development Agency</b>	\$ 2,068,155
<b>Southeastern Minnesota Multi-County Housing and Redevelopment Authority</b>	\$ 1,124,454
<b>Swift County Housing and Redevelopment Authority</b>	\$ 165,720
<b>The Housing and Redevelopment Authority in and for the City of Albert Lea</b>	\$ 314,464
<b>The Housing and Redevelopment Authority in and for the City of Brainerd</b>	\$ 815,884
<b>The Housing and Redevelopment Authority of Worthington, MN</b>	\$ 950,470
<b>The Housing and Redevelopment of Morrison County</b>	\$ 263,938
<b>Wadena Housing and Redevelopment Authority</b>	\$ 232,726
<b>Washington County Community Development Agency</b>	\$ 3,685,524
<b>White Earth Band of Chippewa Indians</b>	\$ 959,749

2. The applicant and any other parties shall execute all such documents relating to the grant contract agreement, terms and conditions, as Agency staff, in its sole discretion, deems necessary.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR

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## Item: Approval, Funding Modification and Extension, Capacity Building Funds – HOME Line

**Action Item:** 7.C  
**Date:** 07/24/2025  
**Staff Contacts:** Joel Salzer, 651.296.9525, joel.salzer@state.mn.us  
Ji-Young Choi, 651.296.9839, ji-young.choi@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary:

Staff requests approval of the attached resolution to amend HOME Line's grant contract agreement to extend the term end date from September 30, 2025 to September 30, 2027 and increase the award amount from \$300,000 to \$800,000. HOME Line would continue to assist Minnesota renters with legal and educational services across the state through their free and statewide tenant hotline.

### Fiscal Impact:

Funds are from state appropriated resources with the individual award structured as a grant, which does not earn interest for the Agency.

### Agency Priorities:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Improve the Housing System     | <input type="checkbox"/> Make Homeownership More Accessible         |
| <input type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services |
|  | <input checked="" type="checkbox"/> Strengthen Communities          |

### Attachments:

- Background and Request
- Resolution

## Background and Request

Minnesota Housing administers state appropriated Capacity Building resources, which fund activities that build the capacity of organizations and communities to address root causes of housing challenges and create thriving and inclusive communities. HOME Line, a current grantee achieving such results, provides free statewide legal, educational and advocacy services for renters through its Tenant Hotline and educational workshops services that are unique services in Minnesota. These services reach some of Minnesota's most economically vulnerable and historically underserved residents.

On May 23, 2024, the board approved an initial commitment (Resolution No. MHFA 24-029) of \$300,000 to HOME Line, with a grant period of July 1, 2024, through September 30, 2025. This 15-month funding cycle helped transition the grant term to align with other grant periods using state appropriations.

That demand for HOME Line's services continued throughout 2024, with 19,932 new calls and has continued to grow in 2025: April alone saw 1,655 new contacts, an 8% increase over April 2024. Eviction-related calls rose by 16% and financial assistance inquiries rose by 68%, signaling ongoing instability for renters. At this rate of activity, HOME Line is on pace to expend all Minnesota Housing funding on or before their contract end date.

The data indicates the need for these services remains high and is not expected to decrease in the near future. Staff recommends amending the current contract to provide an additional \$500,000, increasing the total grant award from \$300,000 to \$800,000 and extending the end date from September 30, 2025 to September 30, 2027. Staff is recommending a 24-month extension as HOME Line is the only organization in the state providing this exact set of services and it is unlikely that an organization will begin offering anything similar within the next 24 months. Therefore, it is more administratively efficient to issue a 24-month extension now rather than issuing a 12-month extension now and another 12 months later. Finally, funds for the proposed extension, the Capacity Building state appropriations, have been appropriated for the 2026-2027 fiscal year and are available for this commitment.

Staff recommends approval of the proposed \$500,000 funding modification and 24-month grant period extension.

**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 25-XXXX  
Modifying Resolution No. MHFA 24-029**

**RESOLUTION APPROVING MODIFICATION AND EXTENSION OF CAPACITY BUILDING FUNDS GRANT  
TO HOME LINE**

WHEREAS, at their meeting on May 23, 2024, the board approved \$300,000 to HOME Line for a grant term of October 1, 2024, through September 30, 2025 by its Resolution No. MHFA 24-029; and

WHEREAS, the Minnesota Housing Finance Agency (Agency) staff have determined a need to amend the grant contract agreement to extend the grant term and provide additional funding for HOME Line to provide free legal advice to tenants through a dedicated statewide tenant hotline; and

WHEREAS, Agency staff have determined that the grant term extension and additional commitment are in compliance with Agency's rules, regulations and policies and that the extension and additional commitment will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to provide additional funding in the amount of up to \$500,000 of state-appropriated Capacity Building funds to HOME Line for a grant term extension from October 1, 2025, through September 30, 2027; and

1. The grant contract agreement amendment shall occur no later than three months from the adoption date of this Resolution; and
2. The grantee and such other parties shall provide such information and execute all such documents relating to said grant contract agreement amendment, as Agency staff, in its sole discretion, deems necessary.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR

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## Item: Forbearance Extension, Preservation Affordable Rental Investment Fund (PARIF) Loan – Willow Wood Estates, D3427, Plymouth

**Action Item:** 7.D  
**Date:** 07/24/2025  
**Staff Contacts:** Sarah Matala, 651.215.5577, sarah.matala@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests board adoption of a resolution authorizing a forbearance extension for Willow Wood Estates. The requested forbearance extension is from July 30, 2025, to July 29, 2026, for the Preservation Affordable Rental Investment Fund (PARIF) loan with a current balance of \$100,000.

### Fiscal Impact

The Preservation Affordable Rental Investment Fund loan does not earn interest for the Agency.

### Agency Priorities

- |   |   |
|---|---|
| <input type="checkbox"/> Improve the Housing System                           | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services    |
|   | <input type="checkbox"/> Strengthen Communities             |

### Attachments

- Background
- Maps
- Resolution

## Background

Willow Wood Estates is a 40-unit townhome development located in Plymouth. The property is owned by CB Willow Wood Estates Holding LLC. CommonBond Communities is the sole member of the LLC. The property is managed by CommonBond Housing. The development benefits from a Housing Assistance Payment (HAP) Contract on all 40 units. The HAP Contract provides assistance for the households under Section 8, a federal rental assistance program. The development also has an allocation of federal Low-Income Housing Tax Credits from Minnesota Housing, which is currently in year six of the extended use period ending December 31, 2034.

Willow Wood Estates has an Agency PARIF loan with an original balance of \$300,000 that was scheduled to mature on July 30, 2023. The owner has made annual payments on the loan for the last four years, and the loan has a current balance of \$100,000.

To facilitate the owner's goal of addressing capital improvements at the property, on May 31, 2023, Minnesota Housing's Mortgage Credit Committee approved a one-year forbearance from July 30, 2023, to July 29, 2024, under Board Delegation No. 035. The owner then applied to the 2023 Consolidated RFP to re-capitalize the property but was not selected due to insufficient resources.

In February 2024, the owner informed Minnesota Housing that it was engaging with a real estate broker to sell the property. To provide the owner with additional time to identify a buyer for the property, the board authorized a one-year forbearance extension from July 30, 2024, to July 29, 2025 under Resolution No. MHFA 24-047.

The borrower is selling the property to Springhold Real Estate LLC, an entity based in Massachusetts. Based on a preliminary settlement statement, there will be sufficient funds to pay off the PARIF loan in full at closing.

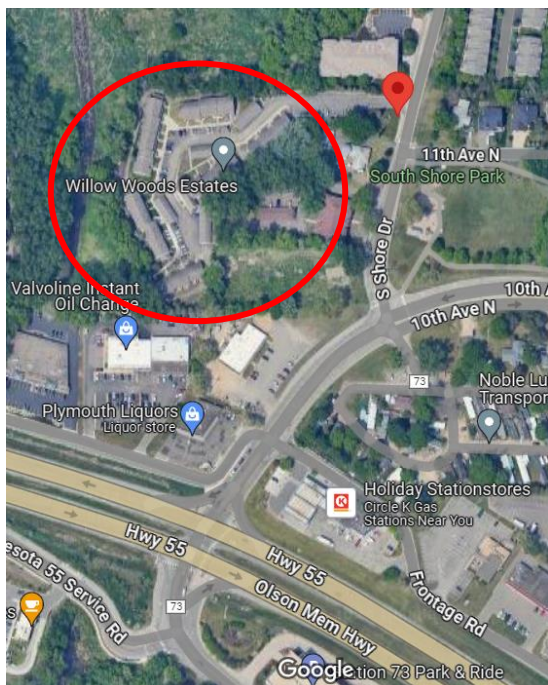
The current forbearance period expires on July 29, 2025. A further extension requires board approval because it is beyond the authority under Board Delegation No. 035. Staff recommends approving a one-year forbearance extension from July 30, 2025 to July 29, 2026. The forbearance extension will afford the parties additional time to accomplish the closing, which is anticipated for late third quarter or fourth quarter 2025. The additional time will also be beneficial in regards to processing the assignment and assumption of HAP Contract so that the property can retain the federal rental assistance.

## Maps:

Willow Wood Estates is located in Plymouth, north of Highway 55 and west of 169.



The following map shows how the property is on a private road, set back from South Shore Drive.



**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 25-XXX**

**RESOLUTION APPROVING FORBEARANCE EXTENSION OF PRESERVATION AFFORDABLE RENTAL  
INVESTMENT FUND (PARIF) LOAN FOR WILLOW WOOD ESTATES (D3427)**

WHEREAS, the board previously authorized a commitment for the Willow Wood Estates development by its Resolution No. MHFA 03-108; and

WHEREAS, Willow Wood Estates, a multi-unit housing development, was provided a Preservation Affordable Rental Investment Fund (PARIF) loan with Plymouth Leased Housing Associates II, L.P. in the original amount of \$300,000, with an initial maturity date of December 31, 2035; and

WHEREAS, on May 27, 2020, pursuant to Board Delegation No. 008 (per Resolution No. MHFA 18-020), the Mortgage Credit Committee approved that the PARIF loan be assumed by CB Willow Wood Estates Holding LLC, commence annual payments of \$50,000 due on July 30, 2021, and amend the maturity date to July 30, 2023; and

WHEREAS, on May 31, 2023 pursuant to Board Delegation No. 035 (per Resolution No. MHFA 22-006), the Mortgage Credit Committee approved that the PARIF loan enter into a Forbearance Agreement from July 30, 2023, to July 29, 2024; and

WHEREAS, on July 25, 2024 under Resolution No. MHFA 24-047, the board approved that the PARIF loan enter into a Forbearance Agreement from July 30, 2024 to July 29, 2025; and

WHEREAS, the development otherwise continues to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations, and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby approves the following:

1. A one-year forbearance extension of the PARIF loan in the amount of \$100,000 from July 30, 2025, to July 29, 2026; and
2. The forbearance extension is conditioned on execution by the borrower of Minnesota Housing's standard Forbearance Agreement and execution of all other documents that may be deemed necessary by Agency staff; and
3. All other terms and conditions of Resolution No. MHFA 03-108 remain in effect.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR



## **Item: Forgiveness, Ending Long-Term Homelessness Initiative Fund (ELHIF) Program Loan, Housing Trust Fund (HTF) Program Loan – New San Marco Apartments, D3787, Duluth**

**Action Item:** 7.E  
**Date:** 7/24/2025  
**Staff Contacts:** Adam Himmel, 651.284.3171, adam.himmel@state.mn.us  
**Request Type:** Approval, Resolution

### **Request Summary**

Staff requests the board adopt a resolution authorizing the forgiveness of the \$621,077 Ending Long-Term Homelessness Initiative Fund (ELHIF) program loan and the \$529,522 Housing Trust Fund (HTF) program loan as part of the new financing structure for New San Marco Apartments.

### **Fiscal Impact**

None

### **Agency Priorities**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System                | <input checked="" type="checkbox"/> Support People Needing Services |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Strengthen Communities          |
| <input type="checkbox"/> Make Homeownership More Accessible                   |   |

### **Attachments**

- Background
- Map and Picture
- Resolution

## Background

New San Marco Apartments is a 100% permanent supportive housing development built in 2007 and located in Duluth. It is owned by CC San Marco, LLC and is managed by Center City Housing Corp.

Existing financing on the property is as follows:

Lender	Program/Source	Note Rate	Maturity Date	Current Balance
HUD	Supportive Housing Program	0%	4/30/2027	\$ 400,000
Minnesota Housing	HOME Rental Rehabilitation Program (HOME)	0%	6/4/2028	\$ 500,000
Minnesota Housing	ELHIF	0%	4/4/2036	\$ 621,077
Minnesota Housing	HTF	0%	4/4/2036	\$ 529,522
Greater Minnesota Housing Fund	N/A	0%	4/4/2036	\$ 300,000
City of Duluth	Housing Investment Fund (HIF)	0%	10/5/2035	\$ 50,000
City of Duluth	HOME	0%	4/4/2026	\$ 123,346
City of Duluth	HOME	0%	4/4/2026	\$ 94,125
City of Duluth	HOME	0%	1/12/2039	\$ 200,255
<b>TOTAL</b>				<b>\$ 2,818,325</b>

\* The HOME, ELHIF and HTF loans were awarded in 2004 to finance the construction of the development.

At the December 14, 2023, meeting, the Minnesota Housing board approved the development for a deferred Emergency Rental Assistance (ERA2) Capital Funding loan in the amount of up to \$10,943,000 under Resolution No. MHFA 23-077. In December 2024, the Mortgage Credit Committee approved a funding modification under Board Delegation No. 005 to replace the full amount of the ERA2 loan with \$6,000,000 of Housing Infrastructure Bonds and \$4,943,000 of Housing Infrastructure Appropriations. These funds will be structured as a single Housing Infrastructure Program loan.

The request for forgiveness does not include the existing \$500,000 Minnesota Housing HOME loan. This loan is structured as repayable through the date of the effective period (June 4, 2026), upon which it becomes forgivable. This HOME loan will remain in place and will be subordinated to the new funding.

As part of consideration for providing new financing, each of the existing funders completed a separate assessment on assumption or forgiveness of their existing debt. Each funder has made

the following recommendation for forgiveness based on the total resources they are providing the development:

- Greater Minnesota Housing Fund has agreed to subordinate their deferred loan and extend the loan to be coterminous with Minnesota Housing's debt.
- The City of Duluth has agreed to do the following with its existing debt:
  - \$50,000 Housing Investment Fund Loan
    - The maturity date of the existing loan will be extended to be coterminous with Minnesota Housing's new debt.
    - The loan will be subordinated to Minnesota Housing's debt.
  - \$123,346 HOME Loan
    - The maturity date of the existing loan will not be extended to be coterminous with Minnesota Housing's new debt. It is forgivable after the maturity date of April 4, 2026.
    - The loan will be subordinated to Minnesota Housing's debt.
  - \$94,125 HOME Loan
    - The maturity date of the existing loan will not be extended to be coterminous with Minnesota Housing's new debt. It is forgivable after the maturity date of April 4, 2026.
    - The loan will be subordinated to Minnesota Housing's debt.
  - \$200,255 HOME Loan
    - The maturity date of the existing loan will be extended to be coterminous with Minnesota Housing's new debt.
    - The loan will be subordinated to Minnesota Housing's debt.

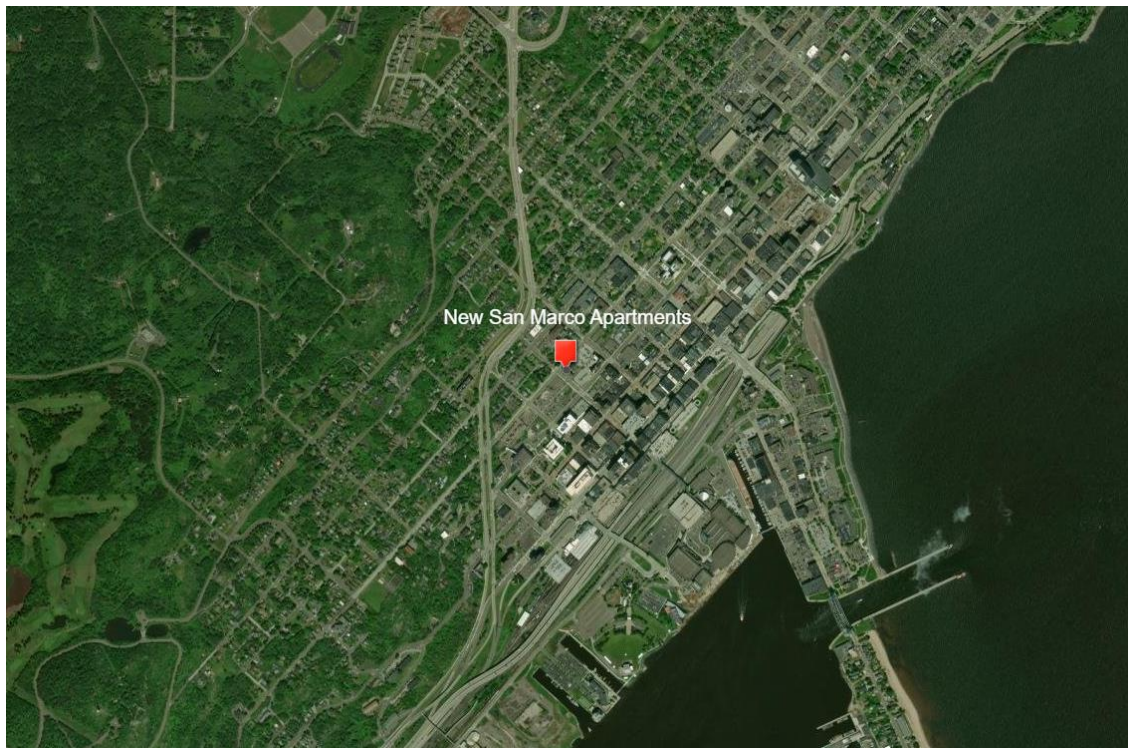
Staff recommends forgiving the ELHIF and HTF loans for the following reasons:

- No reasonable expectation of repayment (full or partial).
  - As proposed, there are no excess sources, and the budgeted cash flow does not support repayment, which is common for 100% permanent supportive housing.
- No additional affordability gained by extending existing restrictions.
  - The proposed funding will preserve 40 units of federal rental assistance. The assistance ensures the tenants pay no more than 30% of their actual income toward rent.
  - The requirements under the Housing Infrastructure Program loan will be for a term of 50 years. It will require that 11 units are set aside for households with a disability (PWD) and 36 units set aside for households that meet the definition of High Priority Homeless (HPH). All 70 units will be income and rent restricted at or below 60% Multifamily Tax Subsidy Projects (MTSP). Twenty-five units will be further restricted to households with incomes at or below 50% of the area median income. The 11 PWD units will be rented to households with income limits at 30% MTSP.
- Meets Agency mission and strategic priorities.
  - The re-capitalization of this project provides the rehabilitation and preservation of permanent supportive housing with federal rental assistance.
- Reduces administrative burden.

- Debt forgiveness benefits the property and the Agency by removing additional layers of compliance requirements, which reduces administrative costs without materially sacrificing the property's affordability.
- Simplifies the transaction.
  - By forgiving the debt, the closing process is simpler and may lead to closing faster, which provides benefits to residents sooner.

## Map and Picture

230 W Third St., Duluth



**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 25-XXX**

**RESOLUTION APPROVING FORGIVENESS  
ENDING LONG-TERM HOMELESSNESS INITIATIVE (ELHIF) PROGRAM LOAN  
HOUSING TRUST FUND (HTF) PROGRAM LOAN**

WHEREAS, the board has previously authorized a commitment for the New San Marco Apartments development for \$621,077 in ELHIF funds and \$529,522 in HTF funds on October 28, 2004; and

WHEREAS, the debt forgiveness is in conjunction with the rehabilitation and preservation of this project; and

WHEREAS, the property does not have the resources to repay the loan; and

WHEREAS, affordability will be preserved through a new Housing Infrastructure Program loan; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes:

1. Forgiveness of the ELHIF loan in the amount of \$621,077 as of the date of this resolution.
2. Forgiveness of the HTF loan in the amount of \$529,522 as of the date of this resolution.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR



## Item: Approval, 2024 Workforce Housing Development Program (WHDP) RFP Selection – Wilderness Estates, D8733, Ely

**Action Item:** 7.F  
**Date:** 7/24/25  
**Staff Contacts:** Sara Bunn, 651-296-9827, sara.bunn@state.mn.us  
Summer Jefferson, 651-296-9790, summer.jefferson@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests adoption of the attached resolution authorizing an additional selection from the 2024 Workforce Housing Development Program (WHDP) Request for Proposals. If approved, the selection would provide up to \$1,500,000 of WHDP funds for Wilderness Estates. Selections are subject to final underwriting and the terms and conditions of the WHDP Program Guide and loan agreements.

### Fiscal Impact

The Workforce Housing Development Program generates fee income for projects that close on their loan.

### Agency Priorities

- |   |   |
|---|---|
| <input type="checkbox"/> Improve the Housing System                           | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services    |
|   | <input type="checkbox"/> Strengthen Communities             |

### Attachments

- Background
- Resolution

## Background

WHDP is a state-appropriated, competitive funding program for small to mid-size communities in Greater Minnesota with market rate rental workforce housing needs. Deferred loans are available to build new residential rental units in communities with proven job growth and demand for workforce rental housing. While the statute allows mixed-income developments, the program has a statutory preference for projects with the highest percentage of market rate units. While the program does not include rent or income limits, rents may still be in the affordable range for the community.

Applicants are cities, communities or Tribes in Greater Minnesota. When selected for a project, the Agency enters into deferred loan agreements with these entities. Applicants typically work with a private developer to construct and operate the building. There is no ongoing compliance after the project is complete.

## Overview of 2024 RFP

In the 2023 legislative session, the WHDP appropriation increased from \$4 million in prior biennia to \$39 million in the 2024-2025 state budget. The WHDP appropriations were released in a single request for proposal (RFP) in January 2024. Minnesota Housing received 48 applications requesting nearly \$95,800,000. On September 26, 2024, the Minnesota Housing board selected 27 projects representing 832 rentals units for \$38,663,000 of deferred loans in Resolution No. MHFA 24-070.

In the 2024 WHDP RFP, the city of Ely submitted an application requesting \$4,556,512 to support the construction of 37 rental units in a project called Wilderness Estates. The application was deemed ineligible because it did not appear to meet the statutorily required funding match of \$1 for every \$2 requested from WHDP. However, after additional review, it has been determined that the project did meet the matching requirement, would have been in a competitive scoring position, and should have moved forward for further funding consideration.

## Funding Recommendation

Currently the WHDP has approximately \$1,660,000 in remaining available funds. Staff collaborated with the city, developer, and the Iron Range Resource and Rehabilitation (IRRR) to determine if the funding gap could be resolved with another source. Based on those discussions, the IRRR substantially increased its grant award from \$850,000 to \$4,587,204 for the project. With a \$1,500,000 WHDP award from Minnesota Housing, this project will be fully funded and is anticipated to start construction in the spring of 2026. Monitoring and reporting requirements will apply for a three-year period.

**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 25-XXXX  
Modifying Resolution No. MHFA 24-070**

**RESOLUTION APPROVING A SELECTION FOR THE  
WORKFORCE HOUSING DEVELOPMENT PROGRAM (WHDP)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received state appropriations to support the Workforce Housing Development Program (Program); and

WHEREAS, the Agency has received applications for funds that will be used to build market rate residential rental properties in Greater Minnesota communities with proven job growth and demand for workforce housing; and

WHEREAS, the Agency previously approved WHDP selections through Resolution No. MHFA 24-070; and

WHEREAS, this grantee scored competitively; and

WHEREAS, Agency staff has reviewed the application and determined that the application is in compliance under the Agency's rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. 462A.39.

**NOW THEREFORE, BE IT RESOLVED:**

That the Minnesota Housing board hereby authorizes Agency staff to enter into a Deferred Loan Agreement for the Workforce Housing Development Program up to the amount listed below with said applicant, subject to the terms and conditions contained herein:

<b>D#</b>	<b>Applicant</b>	<b>Funding Recommendation</b>
D8733	Ely	\$ 1,500,000
	<b>Total:</b>	<b>\$ 1,500,000</b>

1. All other terms and conditions of Resolution No. MHFA 25-045 remain in effect.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR

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## Item: Approval, HOME Investment Partnerships (HOME) and National Housing Trust Fund (NHTF) Combined Program Guide

**Action Item:** 7.G  
**Date:** 07/24/2025  
**Staff Contacts:** Aaron Keniski, 651.296.4452, aaron.keniski@state.mn.us  
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff requests approval of updates to the HOME Investment Partnerships (HOME) and National Housing Trust Fund (NHTF) Combined Program Guide.

### Fiscal Impact

None

### Agency Priorities

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Improve the Housing System                | <input type="checkbox"/> Make Homeownership More Accessible         |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input checked="" type="checkbox"/> Support People Needing Services |
|   | <input checked="" type="checkbox"/> Strengthen Communities          |

### Attachments

- Background
- Summary of Changes
- HOME and NHTF Combined Program Guide

## Background

Minnesota Housing has administered the HOME Program since 1992 and the NHTF Program since 2016. The HOME and NHTF programs are federally funded programs focused on providing affordable housing for low-, very low- and extremely low-income households, including individuals and families experiencing homelessness. Funds are used for new construction and rehabilitation, with or without acquisition, and are awarded as gap funding through the annual Multifamily Consolidated Request for Proposals (RFP).

Both programs have extensive federal regulatory requirements for administering funding and ongoing monitoring throughout the affordability period, which can range from five to 30 years, depending on the project type and federal funding award.

The HOME and NHTF Combined Program Guide (HOME and NHTF Guide) is designed to assist owners and their project teams in maintaining compliance with the regulatory requirements associated with the utilization of these funds during underwriting, construction and project closeout. The HOME and NHTF Guide was last reviewed and approved by the Minnesota Housing board in February 2019.

## Reasoning for Changes

On January 6, 2025, the U.S. Department of Housing and Urban Development (HUD) Office of Community Planning and Development published a [final rule](#) making changes to the HOME program regulations. The [final rule](#), which went into effect on April 20, 2025, modifies a number of HOME program requirements and is intended to streamline administration to better align the program with other federal housing programs, including the federal Low-Income Housing Tax Credit and other HUD programs, subject to the constraints of the HOME statute.

Additionally, the Build America, Buy America (BABA) Act was signed into law on November 15, 2021, as part of the Infrastructure Investment and Jobs Act (IIJA). IIJA created an incentive to increase domestic manufacturing across the country through the inclusion of BABA's Buy America Preference (BAP). In general, the BAP requires that all iron, steel, manufactured products and construction materials used in infrastructure projects, including housing construction and rehabilitation, funded with federal financial assistance must be produced in the United States. BABA requirements apply to any project committing HOME and/or NHTF funds obligated to the Agency by HUD on or after August 23, 2024.

In addition to updating the HOME and NHTF Guide to account for the changes above, the HOME and NHTF Guide is also being updated to make several other administrative changes that will provide greater flexibility in implementing the HOME and NHTF program regulations, while still adhering to the HOME and NHTF statutes. The HOME and NHTF Guide is also being reorganized and edited to remove redundancies, provide clarity, conform to the Agency Writing Style Guide, and address accessibility. Due to the scope of changes and reorganization within the document, a red line version became cumbersome to read. As such, a red line version is not included with this memo but is available upon request.

## Summary of Changes

Below are highlights of the key proposed changes to the attached HOME and NHTF Guide:

1. Section 2.04:
  - a. The 2025 HOME final rule expanded the soft costs that are eligible for HOME and NHTF funds. Soft costs include such items as architectural and engineering services, recording fees, developer fees and cost certifications. The final rule expanded the eligible soft costs to include such costs as environmental studies and assessments and associated financing costs for a project, such as private lender origination fees, fees for title evidence and legal fees. Language is proposed to include these additional eligible soft costs.
  - b. Removed language that limited the amount of developer fee that could be included in the HOME or NHTF cost allocation amount to 5% of the HOME or NHTF loan. All projects selected for HOME or NHTF funds in the Consolidated RFP remain subject to the developer fee limits established in Section 6.03 of the Multifamily Underwriting Standards.
  - c. Changed 'Temporary Relocation' to 'Relocation Costs.' This change allows relocation costs associated with temporary or permanent displacement to be considered an eligible project cost.
2. Section 2.05: Removed 'Displacement of Tenants' from list of ineligible project soft costs.
3. Section 2.10: The 2025 HOME final rule revised the per-unit HOME investment threshold amounts that determine the minimum HOME Period of Affordability (POA) for rehabilitation projects to account for inflation and increased construction costs. This change increases the threshold amounts by \$10,000 from the old threshold amounts.
  - a. Under \$25,000 requires 5-year POA
  - b. \$25,000-\$50,000 requires 10-year POA
  - c. Over \$50,000 requires 15-year POA
4. Section 3.01: Clarified that federal cross-cutting requirements are triggered at project selection. Federal cross-cutting requirements are additional federal rules that must be adhered to in the course of administering the HOME and NHTF Programs and cover non-discrimination and equal access, employment and contracting, environmental review, site and neighborhood standards, relocation and lead-based paint.
5. Section 3.08: Added language regarding BABA requirements.
6. Section 4.02: Added new definitions of the HOME Program rent limits per the 2025 HOME final rule. These changes will allow owners to charge the rent allowed under the rental assistance program for households in a HOME-assisted unit utilizing tenant- or project-based rental assistance. Previously, if the income of a household utilizing project-based rental assistance increased above the Low HOME income limit, the property could not take full advantage of the rental assistance. This change can allow a property to realize the full benefit of the rental assistance.

7. Section 4.03: Expanded the methodologies to determine HOME utility allowance to align with other affordable housing programs per the 2025 HOME final rule. This will allow HOME projects to utilize the local public housing authority's utility allowance numbers to meet program requirements.
8. Section 5.09: Updated language to provide more flexibility to meet HOME/NHTF project closeout in cases where other funding deadlines, such as an end loan closing or bridge loan payoff, must be met. For example, if completing all necessary project closeout due diligence prior to a project's end loan closing or bridge loan payoff deadline were difficult, staff would have discretion on which closeout due diligence is needed before approving the release of the final HOME and/or NHTF funds. Staff would then follow up to ensure all remaining due diligence is completed. This would help ensure that these other funding deadlines are not missed.
9. Section 5.10: Updated language to provide greater flexibility in determining the HOME and/or NHTF holdback amount for the final project draw. The Agency currently retains \$50,000 or 5% of the HOME or NHTF loan amount, whichever is greater, until all due diligence required for HOME and/or NHTF project closeout is completed. In some cases, this holdback has been problematic because the remaining uses at the end of the project may not be HOME eligible expenses. When this occurs, there can be a legitimate project use without a source of funds despite the remaining HOME funds. The proposed change would be less prescriptive on the required holdback amount to help avoid this issue in the future.
10. Appendix A: Added a new 'Terms' section.



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## **HOME Investment Partnerships Program and National Housing Trust Fund Program**

### **Combined Program Guide**

Applicable to projects with HOME funds committed on or after April 20, 2025. Projects with HOME funds committed before this date must refer to the previous version of this Program Guide.

Last Updated: July 2025

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*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

*An equal opportunity employer.*

*This information will be made available in alternative format upon request.*

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## Values Statement

All Minnesotans live and thrive in a stable, safe, and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect, and strengthen communities, and
- Be inclusive, equitable, just and antiracist in our actions.

## Chapter 1 – Purpose and Background

### 1.01 Program Purpose and Regulations

Minnesota Housing has administered the HOME Investment Partnerships (HOME) Program since 1992. National Housing Trust Fund (NHTF) Program funds first became available in Minnesota Housing's 2016 Multifamily Consolidated Request for Proposals (RFP). The HOME and NHTF programs are federal and depend on the continued availability of federal funds.

#### HOME Program

The HOME Program provides financing to help preserve or increase the supply of decent, safe, and sanitary affordable housing for Low-Income Households. Minnesota Housing gives priority to Multifamily Consolidated RFP preservation projects that are faced with risk of opt-out from federal subsidy programs (for example, the Section 8 Housing Choice Voucher Program).

#### NHTF Program

The NHTF Program provides financing to help to increase or preserve the supply of multifamily rental housing for Extremely Low-Income and Very Low-Income households, including families experiencing homelessness. This program provides funding to add a supply of affordable housing to markets where there is strong evidence of an inadequate supply.

#### Regulations

Program specific federal statutes and rules referenced in this Program Guide can be found on the U.S. Department of Housing and Urban Development's (HUD) [HOME Investment Partnerships Program](#) webpage and [Housing Trust Fund](#) webpage.

The information presented in this Program Guide is not intended to be a complete description of the owner/developer's responsibilities under HUD's HOME and NHTF programs. It is the responsibility of the owner/developer to ensure they are compliant with all relevant regulatory requirements. Absence of any applicable regulatory requirements in this Program Guide does not negate an owner/developer's obligation to comply with said requirements.

Unless a provision is noted as "HOME Only" or "NHTF Only," all provisions of this Program Guide apply to both programs. Noncompliance by the owner/developer with certain HOME and NHTF Program requirements may have serious financial consequences.

## 1.02 Program Comparison

Table 1: HOME and NHTF Program Characteristics and Requirements

Categories	NHTF Program	HOME Program
Statutory Authority	Title I of the Housing and Economic Recovery Act of 2008	Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended
Regulatory Authority	<a href="#">Code of Federal Regulations, title 24, part 93</a>	<a href="#">24 C.F.R. 92</a>
Purpose	<p>Production or preservation of housing, primarily rental housing, affordable and available to Extremely Low-Income Households.</p> <p>The state determines priority housing need throughout the state.</p>	<ul style="list-style-type: none"> <li>• Preserve the supply of decent, safe, and sanitary affordable housing for Low-Income Households.</li> <li>• Meet identified priority housing needs through development or rehabilitation of rental housing.</li> </ul> <p>The state determines priority housing need throughout the state.</p>
Allocation	Formula that uses several indicators to determine a state's need for affordable housing and determine each state's share of NHTF funds.	Formula that uses several indicators to determine a jurisdiction's need for affordable housing and determine each jurisdiction's share of HOME funds.
Minimum Income Targeting	100% of NHTF Assisted Units must be occupied by Extremely Low-Income Households ( $\leq 30\%$ of Area Median Income [AMI]) or families with incomes at or below the poverty line, whichever is greater.	<ul style="list-style-type: none"> <li>• 100% for Low-Income Households (<math>\leq 80\%</math> of AMI)</li> <li>• 90% of HOME rental units for households at <math>\leq 60\%</math> of AMI</li> <li>• 20% of HOME Assisted Units in projects with five or more HOME units for Very Low-Income Households (<math>\leq 50\%</math> of AMI)</li> </ul>
Eligible Activities	<ul style="list-style-type: none"> <li>• New construction</li> <li>• Acquisition and rehabilitation</li> <li>• Operating Cost Assistance (up to one third of annual grant)</li> </ul>	<ul style="list-style-type: none"> <li>• New construction</li> <li>• Acquisition</li> <li>• Acquisition and rehabilitation</li> </ul>
Limits on Eligible Activities	Minnesota Housing will use NHTF funds to construct or rehabilitate multifamily rental properties.	Minnesota Housing will be use HOME funds to construct or rehabilitate multifamily rental properties.
Rents	Rent plus utilities for NHTF units must be at or below the NHTF Program rent limit for the geographic area, as determined by HUD, with adjustments for smaller and larger families.	Rent plus utilities for Low and High HOME units must be at or below the HOME Program rent limit for the geographic area, as determined by HUD, with adjustments for smaller and larger families.

Categories	NHTF Program	HOME Program
	See Minnesota Housing's <a href="#">HOME and NHTF Program Compliance Guide</a> for more details.	See Minnesota Housing's <a href="#">HOME and NHTF Program Compliance Guide</a> for more details.
Maximum Per-Unit Subsidy Limits	Limits are set by Minnesota Housing. Follow maximum per-unit subsidy limits of HOME Program.	Limits are set by HUD. Cannot exceed 240% of the <a href="#">section 234 basic mortgage limit for elevator-type projects</a> published by HUD.
Affordability Period	Rental Projects – New Construction, Rehabilitation, Rehabilitation and Acquisition: 30 years	<ul style="list-style-type: none"> <li>Rental Projects – Rehabilitation, Rehabilitation and Acquisition: 5, 10, 15 years depending upon the amount of the HOME investment</li> <li>Rental Projects – New Construction: 20 years</li> </ul>
Funding Commitment Deadline	24 months from date of HUD Grant Agreement execution	Suspended indefinitely
Project Completion Deadline	Four (4) years from commitment date (execution of a project's Written Agreement)	Four (4) years from commitment date (execution of a project's Written Agreement)

### 1.03 Highlights of the 2025 HOME Final Rule (HOME Only)

In January 2025, HUD published the HOME Final Rule ([FR-6144-F-03](#) and [FR-6144-F-05](#)) to update, simplify, and streamline program requirements, better align the program with other federal housing programs, and implement recent amendments to the HOME statute. This Program Guide specifies areas where Minnesota Housing has implemented more restrictive requirements.

This HOME Final Rule is applicable to projects for which HOME funds are committed on or after April 20, 2025. Projects for which HOME funds were committed before this date must refer to the previous version of this Program Guide for the rules effective prior to the 2025 HOME Final Rule.

The provisions of the HOME Final Rule listed below are of particular importance as they relate to changes in how the HOME Program is administered. Details can be found in subsequent chapters specific to these changes.

- Expanded the soft costs that are eligible project costs when incurred no more than 24 months prior to HOME commitment (Section 2.04)
- Aligned HOME Program rent limits for households with rental assistance with other rental assistance programs (Section 4.02)
- Expanded methodologies to determine HOME utility allowance to align with other affordable housing programs (Section 4.03)

- Updated property standards and inspections to account for carbon monoxide and smoke detection requirements and to accept National Standards for Physical Inspection of Real Estate (NSPIRE) inspections
- Updated the unit sample size for property inspections
- Revised the definition of a Community Housing Development Organization (CHDO)

## **1.04 Definitions**

Appendix A (Terms), which is attached and incorporated into this Program Guide, includes definitions of capitalized terms used in this Program Guide.

## **1.05 Legal Addendum**

Any recipient of an award pursuant to the HOME and NHTF Combined Program Guide agrees to comply with the additional requirements and obligations as described in Appendix B (Legal Addendum), which is attached and incorporated into this Program Guide.

## Chapter 2 – Eligible Uses and Eligibility Criteria

### 2.01 Eligible Activities

The HOME Program provides financing for any of the following activity types:

- New construction (with or without acquisition)
- Acquisition with rehabilitation
- Rehabilitation without acquisition

The NHTF Program provides financing for any of the following activity types:

- New construction (with or without acquisition)
- Acquisition with rehabilitation
- Rehabilitation without acquisition
- Operating Cost Assistance with one of the above activity types

### 2.02 Eligible Projects

A property may contain one or more buildings on a single site. Properties may also be located on more than one site if it meets each of the following requirements:

- The properties are under common ownership
- The properties are under common management and financing
- The housing units are being rehabilitated in each building as part of a single undertaking

A property is also required to:

- Conform to all applicable zoning ordinances
- Possess all appropriate use permits
- Be used primarily for residential purposes (51% or more of the gross floor area of each structure must be residential space)
- Provide permanent housing (for example, no emergency shelters or other facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, dormitories [including farmworker dormitories])

### 2.03 Ineligible Projects

A project is considered ineligible if it is:

- A property under the Emergency Low-Income Housing Preservation (ELIHPA) Act of 1987

- A property under the Low-Income Housing Preservation and Resident Homeownership (LIHPRA) Act of 1990
- A Minnesota Housing financed project actively participating in its Redefined Equity Program
- A Public Housing property, unless otherwise specified by HUD
- A property owned by a trust
- A property owned by a borrower who previously received funds from Minnesota Housing and who did not maintain compliance with affordability, property standards, or otherwise defaulted under its loan
- A property owned by a borrower who has been suspended from doing business with Minnesota Housing
- A property where there are encumbrances, judgments, or outstanding liens that are not acceptable to Minnesota Housing
- A property with a history of negative cash flow that will not be corrected during the acquisition and rehabilitation of the property
- **NHTF Only:** A property taken by eminent domain unless eminent domain is employed only for a public use
- **HOME Only:** A property previously funded under the HOME Program (by Minnesota Housing or any other Participating Jurisdiction) that is still within its Period of Affordability unless a waiver has been granted by Minnesota Housing and HUD

## 2.04 Eligible Costs

Certain fees and costs are eligible to be paid for or reimbursed using federal funds.

### Hard Costs

Eligible hard costs include:

- The actual cost of constructing or rehabilitating housing, including the activities in 24 C.F.R. 93.201(a) for the NHTF Program and 24 C.F.R. 92.206(a) for the HOME Program.
  - Minnesota Housing can help determine what types of costs can be included in a specific project.
  - Eligible hard costs that are incurred prior to execution of the Written Agreement will become ineligible project costs for the purposes of cost allocation.
- Permanent improvements that bring the property into compliance with applicable state and local codes, zoning ordinances, and lead-safe housing as stated in HOME Program regulations under 24 C.F.R. 92.251, NHTF Program regulations under 24 C.F.R. 93.301, Minnesota Housing's Multifamily Rental Housing Design/Construction Standards, and NSPIRE standards specified in 24 C.F.R. 5.705.
- Acquisition costs of improved or unimproved real property.

- Eligible acquisition costs that are incurred prior to execution of the Written Agreement will become ineligible project costs for the purposes of cost allocation.

HOME and NHTF Program funds are restricted in their use for Public Housing units. Applications for Public Housing units must meet the eligibility requirements of 24 C.F.R. 92.213 for HOME or 24 C.F.R. 93.203 for NHTF.

## Soft Costs

Eligible soft costs include:

- Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups if they are incurred no more than 24 months prior to the execution of the HOME or NHTF Written Agreement that commits the funds to the property or during the construction phase
- **HOME Only:** HUD environmental reviews or other environmental studies, assessments, or fees and certain costs to process and settle financing for the project, such as private lender origination fees, credit reports, fees for title evidence, legal fees, accounting fees, filing fees for zoning or planning review and approval, private appraisal fees, fees for independent cost estimates, and other lender-required third-party reporting fees if they are incurred no more than 24 months prior to the execution of the HOME Written Agreement that commits the funds to the property or during the construction phase
- HUD environmental reviews or other environmental studies, assessments, or fees
- Developer fees
- Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorneys fees, private appraisal fees and fees for an independent cost estimate, builders, or developers fees
- Costs of a project audit, including certification of costs performed by a certified public accountant, that Minnesota Housing may require with respect to the development of the project
- Costs to provide information services such as affirmative marketing and fair housing information to prospective tenants or owners of an assisted project
- Payment of impact fees that are charged for all projects within a jurisdiction
- Relocation costs
- Other soft costs eligible under 24 C.F.R. 92 for the HOME Program, and 24 C.F.R. 93 for the NHTF Program that are approved by Minnesota Housing in advance of incurring the soft costs

## Eligible Operating Costs (NHTF Only)

The NHTF Program allows grantees to set aside up to one third of their grant for Operating Cost Assistance for NHTF Assisted Units for which project-based rental assistance is not available. Minnesota Housing will make available Operating Cost Assistance in the form of a grant to provide operating reserves to eligible projects.

Owners that accept Operating Cost Assistance Reserves (OCAR) as a component of the funding for their project will be required to enter into a Written Agreement for the OCAR as well as for Operating Cost Assistance with Minnesota Housing. These documents will identify the obligations of the owner in regard to holding and drawing the reserve funds.

Ongoing monitoring of the reserves will occur as part of asset management oversight and will be integrated into the underwriting of the project. On an annual basis, reserve amounts may be reconciled with the amount originally committed and projected with actual costs incurred. Adjustments to the reserves would be made as directed by HUD. Minnesota Housing reserves the right to modify any portion of this Program Guide to respond to federal guidance.

## 2.05 Ineligible Costs and Activities

Additional detail for ineligible activities and fees can be found under 24 C.F.R. 92.214 for the HOME Program and 24 C.F.R. 93.204 for the NHTF Program.

Ineligible improvements and expenses may be completed at the expense of the owner.

### Ineligible Improvements and Expenses

Ineligible improvements and expenses include:

- Recreational or luxury improvements
- Installation of fireplaces or wood burning stoves
- Materials purchased prior to the commitment of federal funds
- Acquisition that is not in conjunction with rehabilitation of the project
- Improvements that started prior to the commitment of federal funds
- Equipment and furnishings not considered part of the real estate
- Materials, fixtures, or landscaping of a type or quality exceeding those customarily used in similar neighborhood properties
- Improvements not included in the scope of work and the loan amount

### Ineligible Soft Costs

Ineligible soft costs can include items such as:

- **HOME Only:** Operating or replacement reserves
- Application fees
- Management agent fees
- Monitoring fees
- Other soft costs incurred prior to the commitment of federal funds that have not been approved by Minnesota Housing

## 2.06 Eligible Forms of Assistance

HOME and NHTF Program funding can be provided in the form of a construction loan or an end loan. Features of these loans include:

- 0% interest rate
- Payment is due in full the earlier of 30 years from the date of the signed mortgage or the occurrence of one or more of the following:
  - Failure of the owner to accept a renewal or extension of federal rental assistance
  - Failure of the federal government to offer to renew or extend federal rental assistance due to actions of the owner or condition of the property
  - An event of default occurrence described in the mortgage and related loan documents
- The minimum amount of HOME and NHTF Program assistance is \$1,000 per unit or \$100,000 per project
- The interest rate may be adjusted in order to allow these funds to be utilized with other sources of funding, such as Federal Low-Income Housing Tax Credits (HTCs)
- The loan term may be adjusted based on requirements and conditions of other federal assistance or funding sources
- Loans will generally be full recourse; however, Minnesota Housing, at its sole discretion, may allow non-recourse debt to single asset entities
- Principal and interest, if any, will generally be due and payable at the end of the loan term, which is typically 30 years

Refer to Minnesota Housing's [Multifamily Underwriting Standards](#) for more information on HOME and NHTF Program funding.

## 2.07 Eligible Owners, Sponsors, Developers, and Capacity

Eligible Entities for the HOME Program and NHTF Program must be one of the following:

- A for-profit entity
- A 501(c)(3) nonprofit entity
- A government unit (excluding the federal government)
- A religious organization

The owner must provide evidence of a qualifying interest in the property. Such interest must be recorded and appear in the county records. The minimum qualifying interest is 100% fee simple interest that may also be subject to a mortgage.

### **Community Housing Development Organization Capacity (HOME Only)**

To receive the HOME CHDO set-aside funds, the developer must complete and submit a CHDO Qualification Form and supporting documentation to Minnesota Housing for review and approval. A CHDO certification must be completed for every project.

If CHDO set-aside funds are awarded to a project, the CHDO must recertify every year throughout the term of affordability. If a project is receiving CHDO set-aside funding, the CHDO can only be replaced as the general partner for just cause, and the CHDO must be replaced with another certified CHDO.

A nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities.

### **Owner and Development Team Debarment Review**

Minnesota Housing will confirm that no members of the project team, including the owner, are debarred or excluded from receiving federal assistance prior to selection.

- If the owner(s) are listed on HUD's Limited Denial of Participation (LDP) list or are in the System for Award Management (SAM) on the [SAM.gov website](https://sam.gov) and listed as debarred, they will not be eligible to receive HOME or NHTF Program funds.
- If the owner(s) are listed on Minnesota Housing's suspension list, they will not be eligible to receive HOME or NHTF Program funds.
- If anyone on the owner's development team is listed on either HUD's LDP list, the SAM debarment list or Minnesota Housing's suspension list, they must be replaced by someone who does not appear on these debarment or suspension lists.

### **Developer Capacity**

Developer's capacity, including but not limited to prior experience and financial capabilities, will be assessed by Minnesota Housing prior to selection for funding.

## **2.08 Underwriting Considerations**

All projects funded through the HOME and NHTF programs must follow Minnesota Housing's [Multifamily Underwriting Standards](#). These standards include requirements for debt coverage ratio and loan-to-value.

Minnesota Housing will provide technical assistance to facilitate commitment of HOME and NHTF Program funds and will assist owners with understanding their compliance obligations.

### **Underwriting for New Construction**

Projects undergoing new construction have unique differences that include, but are not limited to, site and neighborhood standards, occupancy and marketing requirements, operating expense requirements, energy efficiency standards, fair housing policy requirements, and accessibility standards. These requirements are outlined throughout this Program Guide, the [Multifamily Underwriting Standards](#), the [Architect's Guide](#), and Minnesota Housing's [Multifamily Rental Housing Design/Construction Standards](#).

### **Underwriting for Rehabilitation**

Projects undergoing acquisition and rehabilitation have unique differences that include, but are not limited to, market demand requirements, occupancy and marketing requirements, operating expense requirements, energy efficiency standards, relocation requirements, fair housing policy requirements, and accessibility standards. These requirements are outlined throughout the [Multifamily Underwriting Standards](#), the [Architect's Guide](#), and Minnesota Housing's [Multifamily Rental Housing Design/Construction Standards](#).

## **2.09 Site and Neighborhood Standards**

Minnesota Housing will administer the HOME and NHTF programs in a manner that provides housing that is suitable from the standpoint of facilitating and furthering full compliance of fair housing laws and regulations and promotes greater choice of housing opportunities.

In carrying out the site and neighborhood requirements with respect to new construction of rental housing, Minnesota Housing will review the information to ensure that the proposed site for new construction meets the requirements in 24 C.F.R. 983.55(e)(2) and 24 C.F.R. 983.55(e)(3).

Project records must illustrate that a site and neighborhood standards review was conducted for each assisted project that included new construction of rental housing to determine that the site meets the requirements of 24 C.F.R. 92.202 for the HOME Program and 24 C.F.R. 93.150 for the NHTF Program.

HUD does not apply specific site and neighborhood standards to rehabilitation projects under the NHTF or HOME Programs. However, if project-based vouchers from a local public housing authority or housing and redevelopment authority are layered on any Minnesota Housing NHTF Program units in a rehabilitation project, the site and neighborhood standards for project-based vouchers will apply.

In addition, the requirements of 24 C.F.R. 8 (which implements section 504 of the Rehabilitation Act of 1973) apply to the NHTF Program and specifically addresses the site selection with respect to accessibility for persons with disabilities.

## 2.10 Affordability Period

The Affordability Period marks the time during which the Assisted Units must remain in compliance with specific program guidelines.

Minnesota Housing reserves the right to require a longer Affordability Period as a condition of funding. The Affordability Period begins within 15 days of final disbursement of all project funds to the owner. The final disbursement occurs after project completion and submission of all required documentation. After the final disbursement is completed, an Affordability Period Certificate will be executed by the owner and Minnesota Housing and then filed in the respective county's records.

HOME Program Acquisition and Rehabilitation Periods of Affordability:

- Five-year Period of Affordability for loans less than \$25,000 per HOME Program Assisted Unit
- Ten-year Period of Affordability for loans between \$25,000 and \$50,000 per HOME Program Assisted Unit
- Fifteen-year Period of Affordability for loans over \$50,000 per HOME Program Assisted Unit

HOME Program new construction Period of Affordability:

- Twenty-year Period of Affordability for all new construction

NHTF Program Affordability Period:

- Thirty-year Affordability Period for all loans regardless of amount or number of units

## 2.11 Cost Allocation

Minnesota Housing will identify the eligible HOME Program and/or NHTF Program project costs to determine the maximum amount of HOME or NHTF Program funds that the project may receive and the required number of federally Assisted Units.

The federal funding must only pay the share of project eligible costs proportionate to the number of federally Assisted Units. Assisted Units must be evenly distributed among the different unit types.

The final number and type of units to be assisted will be determined prior to signing the HOME Program and/or NHTF Program Written Agreement. If there are any changes to eligible project costs during underwriting and construction, the number of federally Assisted Units and maximum funding will be recalculated. This recalculation may result in revising the number of federally Assisted Units.

## 2.12 Applying for Funds

Funds are available through Minnesota Housing's Multifamily Consolidated RFP, dependent on federal appropriations.

Minnesota Housing's Multifamily Consolidated RFP takes place annually. Notification is posted with resources and requirements for program eligibility on Minnesota Housing's [Multifamily Consolidated RFP](#) webpage. Technical assistance and web training are made available prior to the date applications are due.

All program selections must be approved by Minnesota Housing's board. The projects may also be subject to approval by Minnesota Housing's Mortgage Credit Committee prior to commitment of funds (signing of the Written Agreement) and loan closing.

- The pro forma shall include tax benefits and other assumptions used in calculating the project's cash flow.
- The pro forma shall represent, at a minimum, the term of the HOME or NHTF Program affordability requirements (refer to section 2.10 of this Program Guide).

If Minnesota Housing determines that the total amount of federal funds and other governmental assistance exceeds the amount necessary to make the project feasible (for example, costs are unreasonable or the projected rate of return is too high), Minnesota Housing will pursue one or more of the following remedies:

- Reduce the amount of federal program funds by reducing the project budget
- Increase the borrower's contribution or non-public funding
- Make other adjustments, such as lowering the rents, increasing the replacement reserves, or analyzing expenses
- Deny federal program assistance if the applicant refuses to make reasonable adjustments or refuses to limit the rate of return and/or profit

### **2.13 Rural Development Special Considerations**

Below are the initial steps you must take when applying for funds to rehabilitate a U.S. Department of Agriculture Rural Development (RD) property:

- Contact the local RD office prior to submitting an application to Minnesota Housing for funding to discuss RD's procedure for applying for federal loans
- Ensure that the RD's construction analyst or architect has inspected the site and assisted with the scope of work

The owner is required to demonstrate that the RD's construction analyst or architect has inspected the site and assisted with the scope of work.

Minnesota Housing will allow a maximum of 80% of the units to be financed with HOME and/or NHTF Program assistance when the RD note rate rents exceed the applicable HOME and/or NHTF Program rent limits.

Units assisted with HOME or NHTF Program funds must comply with the income and rent restrictions applicable to those programs, which is discussed in other sections of this Program Guide.

### **Application and Approval for Commitment**

Minnesota Housing requires that all RD properties obtain approval for acquisition prior to submitting an application for funding. If Minnesota Housing receives an application without the necessary RD approvals, the application will be returned. This provision ensures that the maximum funds can be used in the most timely and effective manner.

Prior to closing, Minnesota Housing will send an executed Notice of Default Form to the appropriate RD office, along with a request for junior lien approval.

Minnesota Housing will not issue a loan commitment until it has received written consent from the RD office for junior lien approval.

## Chapter 3 – Federal Requirements

### 3.01 Federal Cross Cutting Requirements

The HOME and NHTF programs provide federal funds that require compliance with various cross-cutting requirements, which impact the entire project. These cross-cutting requirements are triggered by Minnesota Housing board action to select a project for HOME and/or NHTF Program funding. The owner/applicant is required to comply with all applicable cross-cutting requirements.

The following table helps identify some, but not all, of the major federal cross-cutting requirements, their trigger points, and the term of compliance with the requirement. More detailed explanations of these requirements can be found throughout relevant guides required as part of Minnesota Housing's Multifamily Consolidated RFP and in the Code of Federal Regulations.

Table 2: Federal Cross-Cutting Requirements

Requirement	Trigger Point	Term of Requirement
<b>HOME Only:</b> Environmental Reviews – including choice-limiting actions	Funding Selection	Selection until HUD environmental clearance received
<b>NHTF Only:</b> Environmental Reviews	Funding Selection	Selection until project construction closeout
Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)	Funding Selection	Selection until project construction closeout
Section 3	Funding Selection	Selection until project construction closeout
Black, Indigenous and People of Color-owned Business Enterprise/Women-owned Business Enterprise <sup>1</sup>	Funding Selection	Selection until project construction closeout
<b>HOME Only:</b> Davis-Bacon and Related Acts	Funding Selection	Selection until project construction closeout
Lead-Based Paint	Funding Selection (pre-1978 construction date)	Selection and ongoing
Build America, Buy America	Funding Selection	Selection until project construction closeout
Fair Housing – Accessibility	Funding Selection	Selection and ongoing

<sup>1</sup> Minnesota Housing has adopted Black, Indigenous, and People of Color-owned Business Enterprise and Women-owned Business Enterprise (BIPOCBE/WBE), which is also known as Minority-owned and Women-owned Business Enterprise (MBE/WBE) when in reference to certain state and federal programs as well as statutory language.

Requirement	Trigger Point	Term of Requirement
Fair Housing – Marketing	Funding Selection	Selection and ongoing
EEO– Included in Contracts	Funding Selection	Selection until project construction closeout
Debarment/Suspension	Funding Selection	Selection until project construction closeout
Physical Condition Standards	Funding Selection	Selection and ongoing

### 3.02 Environmental Reviews

The HOME Program and NHTF Program both require an environmental review prior to execution of the Written Agreement.

#### HOME Only

The environmental review requirements for the HOME Program are found under 24 C.F.R. 92.352. This section’s regulations align with the environmental review requirements found under 24 C.F.R. 58.

After Minnesota Housing board selection and until receiving notification from Minnesota Housing that the project has received HUD environmental clearance, the owner/developer and all project partners cannot undertake any actions that are considered “choice limiting” or that could cause an “adverse impact” on the environment. These actions include but are not limited to:

1. Execution of a legally binding agreement or contract to commit or expend HUD or non-HUD funds for property acquisition, rehab, conversion, repair, or construction
2. Site/property acquisition or leasing
3. Purchasing or otherwise procuring construction materials
4. Construction
5. Rehabilitation/repair/remediation
6. Demolition
7. Any site work beyond general maintenance

Violating the choice-limiting action prohibitions will result in the loss of HOME Program funds and withdrawal of Minnesota Housing’s Funding Selection. Therefore, it is important for developers to consult with the Minnesota Housing underwriter to review the noted regulations to ensure the relevant protocols are followed. Written Agreements will not be entered into until the environmental review is completed.

If you have questions about choice-limiting actions, contact Minnesota Housing staff.

## NHTF Only

The environmental review requirements for the NHTF Program are found under 24 C.F.R. 93.301(f). It is important for developers to consult with the Minnesota Housing underwriter to review the noted regulations to ensure the relevant protocols are followed. Written Agreements will not be entered into until the environmental review is completed.

### 3.03 Uniform Relocation Assistance and Real Property Acquisition Policies Act

The purpose of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) is to provide displaced persons or businesses with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public. The owner/developer must adhere to URA requirements. If the borrowing entity will be displacing or temporarily relocating residential or nonresidential tenants, it is recommended that an experienced relocation specialist manage the entire process.

**HOME Only:** For lower income residents displaced as a direct result of demolition and conversions in HOME Program assisted projects, section 104(d) of the Housing and Community Development Act of 1974 may also apply. Minnesota Housing has a Residential Anti-Displacement and Relocation Assistance Plan (RARAP) that covers procedures under these circumstances.

For a complete recital of relocation requirements for HUD funded projects, refer to [HUD Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition](#). Minnesota Housing, at its sole discretion, retains the right to request additional compliance measures.

### 3.04 Section 3 Requirements

Properties that have work completed using federal funds are subject to the requirements of Section 3 of the Housing and Urban Development (HUD) Act of 1968 (U.S. Code, title 12, section 1701u), as amended. These requirements are described in 24 C.F.R. 75. Recipients are evaluated according to how well they meet the HUD defined benchmarks with respect to the percentage of the total number of labor hours worked by Section 3 Workers and by Targeted Section 3 Workers compared to the total number of labor hours worked on a Section 3 project. Minnesota Housing requires certain documentation and tracking information be provided to verify compliance with these benchmarks. Noncompliance with HUD's Section 3 regulations may result in sanctions and debarment or suspension from future Section 3 covered contracts.

Refer to Minnesota Housing's [Section 3 Compliance Guide](#) for more information on these requirements.

### 3.05 Black-, Indigenous-, and People of Color-Owned Business Enterprises and Women-Owned Business Enterprises

It is the policy of Minnesota Housing that Black-, Indigenous-, and People of Color-Owned Business Enterprises and Women-Owned Business Enterprises (BIPOCBE/WBE) have equal access to business opportunities resulting from Minnesota Housing financed projects, and that the workforces on the projects that Minnesota Housing finances are demographically representative of the area where the projects are located. When reviewing bid information, Minnesota Housing will examine:

- The owner's and general contractor's certification to determine compliance with laws prohibiting discrimination in employment and that they hire affirmatively
- The extent to which bids from BIPOCBE/WBE are solicited; such solicitations and results must be documented
- The demographic make-up of the contractor and subcontractor's workforces

State and federal regulations direct that all affirmative steps be taken to ensure that BIPOCBE/WBE are used when possible. Outreach to Black, Indigenous, and people of color and women must be conducted and documented, and that documentation must be provided to Minnesota Housing for contracts in excess of \$25,000.

Refer to the [Multifamily Division Black, Indigenous, and People of Color-Owned Business Enterprise and Women-Owned Business Enterprise Compliance Standards](#) for more information on these requirements, including hiring goals for specific geographic areas.

### 3.06 Federal Labor Standards (HOME Only)

Owners agree to abide by and ensure compliance with the federal labor standards laws and regulatory requirements. At a minimum, the three laws that apply to HOME funded projects are:

1. Davis-Bacon Act: Requires workers receive not less than the prevailing wages being paid for similar work in the locality. Prevailing wages are computed by the U.S. Department of Labor (DOL) and are issued in the form of federal wage decisions for each classification of work.
2. Copeland "Anti-Kickback" Act: Workers must be paid at least once a week without any deductions or rebates except permissible deductions, which include taxes, deductions the worker authorized, and those required by court processes. The act also requires that contractors maintain payroll records and submit weekly payrolls and statements of compliance to the contracting agency.
3. Contract Work Hours and Safety Standards Act: Workers must receive overtime compensation at a rate at least 1.5 times their regular wage after they have worked 40 hours in one week.

Refer to [HUD's Federal Labor Standards Handbook](#) and the [Davis-Bacon and Labor Standards Agency/Contractor Guide](#) for additional information about the laws outlined above.

## Davis-Bacon Act (HOME Only)

Each HOME Program assisted project that contains 12 or more HOME Program Assisted Units must pay all laborers and mechanics employed in the project an hourly rate not less than the minimum rate specified in the applicable wage decision issued by the DOL for each particular project. When combining HOME Program assistance with other federal sources, follow the Davis-Bacon standards of the program that applies the standards to the fewest number of units.

Owners must require each of the following:

- All contractors pay employees weekly
- All contractors must, on a weekly basis, enter their certified weekly payroll reports with all applicable documentation into the labor compliance software used by Minnesota Housing to comply with Davis-Bacon requirements

The completion and submission of all documentation for conformance with federal labor standards requirements is a condition for the release of HOME Program funds.

## 3.07 Lead Hazard Evaluation and Reduction

All rehabilitation or conversion projects built prior to 1978 that are funded through the HOME or NHTF Program must follow HUD 24 C.F.R. 35, subparts A, B, J, K, M and R, Minnesota Housing's Multifamily Rental Housing Design/Construction Standards, and Minnesota Housing's Lead-Based Paint policy. Owners are required to follow disclosure requirements for Lead-Based Paint (LBP), including:

- Complete Minnesota Housing's [Lead-Based Paint Pre-Construction Certification Form](#) and submit to Minnesota Housing through the Multifamily Customer Portal as part of pre-construction due diligence.
- Provide the EPA-approved lead hazard pamphlet "Protect Your Family from Lead in Your Home" to all tenant households in a property built prior to 1978. The pamphlet must be given upon execution of Minnesota Housing's HOME and/or NHTF Program Funding Acceptance Agreement to existing tenants and new tenants at move-in.
- Distribute to all tenants residing at the property during rehabilitation the "Renovate Right: Important Lead Hazard Information for Families, Childcare Providers, and Schools" pamphlet. This must be distributed no less than seven days and no more than 60 days prior to commencement of rehabilitation.
- Retain on file a Lead-Based Paint Acknowledgment of Disclosure Form signed by the tenant. The signed Lead-Based Paint Acknowledgement of Disclosure must be retained for three years from the beginning date of the leasing period.
- Post an assessment or notice of lead-based paint hazards present, whether determined by a risk assessment or presumption of lead. The owner must post the notice in a conspicuous location or deliver a copy of the assessment to each household within 15 days.

Refer to HUD's [Lead-Based Paint webpage](#) for additional information about the documents and requirements outlined above.

### 3.08 Build America, Buy America Act

The Build America, Buy America (BABA) Act was signed into law on November 15, 2021, as part of the Infrastructure Investment and Jobs Act (IIJA) as sections 70901-52 of Pub. L. No. 117-58. IIJA created an incentive to increase domestic manufacturing across the country through the inclusion of BABA's Buy America Preference (BAP). In general, the BAP requires that all iron, steel, manufactured products, and construction materials used in infrastructure projects, including housing construction and rehabilitation, funded with federal financial assistance (FFA) must be produced in the United States.

BABA requirements apply to any projects awarded HOME or NHTF Program funds from Minnesota Housing from Federal Fiscal Year 2024 or later. Contact Minnesota Housing staff to confirm whether your project is subject to BABA requirements.

Owners of projects subject to BABA requirements will be responsible for helping ensure the following is completed for BABA compliance:

- Include the necessary BABA provision language in all contracts, agreements, and purchase orders with contractors, subcontractors, and suppliers, as well as the project bid documents
- Identify all products and materials required for the project subject to BABA
- Conduct market research to identify available domestic suppliers and manufacturers
- Calculate the cost of all products and materials subject to BABA
- Collect and submit documentation certifying domestically sourced and manufactured products and materials prior to procurement
- Collect and submit market research documentation for BABA waiver requests

### 3.09 Fair Housing Accessibility and Marketing

It is illegal to discriminate in the rental of housing, including against individuals seeking housing assistance, or in other housing-related activities. The Fair Housing Act prohibits this discrimination because of race, color, national origin, religion, sex, familial status, and disability. A variety of other federal civil rights laws, including Title VI of the Civil Rights Act, section 504 of the Rehabilitation Act, and the Americans with Disabilities Act, prohibit discrimination in housing and community development programs and activities.

Affirmative marketing aims to ensure that housing opportunities are available to all, regardless of protected characteristics like race, color, national origin, sex, familial status, disability, or religion.

Accessibility requirements, as outlined in the Fair Housing Act and HUD's guidance, cover design features to ensure housing is usable by people with disabilities.

### 3.10 Equal Employment Opportunity

Employers with federally assisted construction contracts must not discriminate in employment practices. Refer to Minnesota Housing's [Equal Employment Opportunity Policy Statement](#) for more information.

#### Affirmative Action

Minnesota Housing works affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, status with regard to receipt of public assistance, disability, sexual orientation, or familial status will be treated fairly and equally in employment or program participation.

All programs financed or administered through Minnesota Housing will contain equal opportunity/affirmative action requirements in the contracts or procedural guides or manuals, regardless of whether or not federal funding is involved.

### 3.11 Debarment and Suspension

Minnesota Housing will confirm that no members of the project team, including the owner, are debarred or excluded from receiving federal assistance prior to Mortgage Credit Committee approval, entering into a Written Agreement, or closing the loan.

- If the owner(s) are listed on HUD's Limited Denial of Participation (LDP) list or are in the SAM on the [SAM.gov website](#) and listed as debarred, they will not be eligible to receive HOME or NHTF Program funds.
- If the owner(s) are listed on Minnesota Housing's suspension list, they will not be eligible to receive HOME or NHTF Program funds.
- If anyone on the owner's development team is listed on either HUD's LDP list, the SAM debarment list or Minnesota Housing's suspension list, they must be replaced by someone who does not appear on these debarment or suspension lists.

### 3.12 Design and Property Standards

Properties served with HOME and NHTF Program funds must comply with all applicable state and local codes, standards, and ordinances by project completion. In cases where standards differ, the most restrictive standard will apply. In the absence of a state or local building code, the International Residential Code or International Building Code of the International Code Council will apply.

Properties must meet local housing habitability or quality standards throughout the Affordability Period. If no such standards exist, HUD's NSPIRE, as set forth in 24 C.F.R. 5.705, will apply.

It is the owner's responsibility to determine if there is a local housing habitability code required for their property and to provide to Minnesota Housing with either a copy of the code or an internet URL to the code.

## Chapter 4 – Post-Selection

### 4.01 Unit Comparability Analysis and Cost Allocation

Minnesota Housing will perform a unit comparability analysis on all units in the project. Minnesota Housing will use this information and the eligible project costs to determine the maximum amount of HOME or NHTF Program funds that the project may receive and the required number of federally Assisted Units. The federal funding must only pay the share of project eligible costs proportionate to the number of federally Assisted Units. Assisted Units must be evenly distributed among the different unit types.

Minnesota Housing will work with the owner to determine if the federally Assisted Units will be designated as fixed or floating. When federally Assisted Units are fixed, the units remain the same during the Affordability Period. Units designated as fixed must be occupied by tenants that meet the income and rent restrictions of the specified program for the duration of the Affordability Period. When federally Assisted Units are floating, the units may change during the Affordability Period so long as both the total number of federally Assisted Units in the project remains the same, and any newly designated units are comparable and maintain the applicable unit mix.

The final number and type of HOME Program and/or NHTF Program units to be assisted will be determined prior to signing the Written Agreement. If there are any changes to eligible costs during underwriting or construction, the number of federally Assisted Units and maximum funding will be recalculated.

Refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#) for more information and compliance requirements during the Period of Affordability.

### 4.02 Income and Rent Limits

HOME and NHTF Program rent and income limits are published by HUD on an annual basis. When the new rent and income limits are released, Minnesota Housing notifies owners and managers by email and the new limits are published to Minnesota Housing's [Multifamily Rent and Income Limits](#) webpage. In the event rent limits decrease for an area, or utility allowances increase, an owner may be required to reduce the rent charged but will not be required to lower rents below those in effect at the time of project commitment.

The HOME and NHTF programs require annual review and approval of rents for the Assisted Units. Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#) describes this process.

## HOME Income Limits

The HOME Program is intended to serve Low- and Very Low-Income Households. Refer to 24 C.F.R. 92.2 for a more detailed definition.

## NHTF Income Limits

The NHTF Program is intended to serve Extremely Low-Income Households. Refer to 24 C.F.R. 93.2 for a more detailed definition.

## HOME Rents

Every HOME Program Assisted Unit is subject to maximum allowable rents based on bedroom size for the county in which the property is located. These maximum rents are referred to as HOME rents. There are two HOME rents established for properties; High and Low HOME Rents represent the maximum that owners can charge for rent, including an allowance for tenant-paid utilities. Rent limits and rent increases must be determined and verified in accordance with the requirements of Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#).

## NHTF Rents

For tenants who are Extremely Low-Income Households, their rent plus utilities must not exceed the greater of 30% of the federal poverty line or 30% of the income of a family whose annual income equals 30% of AMI for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

Units funded with an NHTF Program OCAR cannot have any subsidy attached to those units. The OCAR is used to fund operating shortfalls with the tenants paying no more than 30% of their income toward rent.

Rent limits and rent increases must be determined and verified in accordance with the requirements of Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#).

## Housing Support

Applicable to properties receiving HOME or NHTF Program funds and Housing Support (formerly known as Group Residential Housing [GRH]).

When using current rent limits and taking into consideration the current Housing Support room and board rate, the amount of rent being charged for Assisted Units that are also subsidized with Housing

Support is within applicable rent limits provided that the project is in compliance with 24 C.F.R. 92.214(b)(3) and 24 C.F.R. 93.204(b)(4).

- Owners are prohibited from charging fees that are not customarily charged in rental housing.
- Owners may charge fees for meals, as long as the services are voluntary.
- Receipt of the board rate is optional for units with Housing Support in order to remain in compliance with applicable program regulations.

### 4.03 Utility Allowances

**HOME Only:** The HOME Program statute and the regulations outlined in 24 C.F.R. 92 establish gross rent limits for HOME Program assisted rental units. Gross rent limits include the contract rent plus a utility allowance (UA) for any tenant-paid utilities. Owners are required to establish maximum monthly allowances for utilities and services (excluding telephone) and update these annually.

The HOME Rule requires all owners to use a project-specific UA. The 2025 HOME Final Rule expanded the possible methodologies that can be used to calculate a project-specific UA and that will meet the HOME Program regulatory requirements for a project-specific UA to include the local Public Housing Authority's (PHA) established utility allowance. A list and description of these methodologies can be found in the [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#). The [Utility Allowance Certification](#) and [Utility Allowance Utility Grids](#) must be submitted to Minnesota Housing along with supporting documentation prior to receiving Mortgage Credit Committee approval. Owners are permitted to switch methodologies only after approval by Minnesota Housing.

**NHTF Only:** For the NHTF Program, owners may use the PHA's established utility allowance that is also used for the tenant-based Section 8 Housing Choice Voucher Program for that local area.

### 4.04 Minnesota Housing Rental Housing Design/Construction Standards

All projects funded through the HOME and NHTF programs must follow Minnesota Housing's Multifamily Rental Housing Design/Construction Standards. These guidelines are available on Minnesota Housing's [Building Standards](#) webpage.

All rehabilitation projects with 26 or more units are required to have the useful remaining life of the major systems determined. Major systems include structural support; roofing; cladding and weatherproofing (for example, windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

For rehabilitation projects, if the useful remaining life of one or more major system(s) is less than the applicable Affordability Period, the system(s) must either be included in the scope of work or a

replacement reserve must be established and monthly deposits made to the reserve account to adequately repair or replace the systems as needed.

#### 4.05 Initial Inspections

All projects funded through the HOME and NHTF programs must have a scope of work and bid specifications prepared by an architect licensed to practice in Minnesota. Initial property inspections performed by the project team must be in accordance with Minnesota Housing's [Multifamily Rental Housing Design/Construction Standards](#).

In addition, both programs require an initial property inspection for rehabilitation projects to identify any NSPIRE deficiencies. This inspection is completed by Minnesota Housing staff or by an entity or person contracted by Minnesota Housing.

Violations discovered during the initial inspection deemed an emergency will be required to be remedied within 24 hours. The remaining violations and findings, including those categorized as routine maintenance, will then need to be integrated into the scope of work.

Improvements that are identified as routine maintenance may, at Minnesota Housing's discretion, be included in the scope of work or completed separately by the owner. If the owner chooses to complete the maintenance work separate from the project's scope of work, the maintenance must be completed prior to the final project closeout inspection and must meet all applicable requirements outlined in Minnesota Housing's [Multifamily Rental Housing Design/Construction Standards](#).

#### 4.06 Reserves

If the useful remaining life of one or more major system(s) is less than the applicable Affordability Period, the system(s) must be either included in the scope of work, or a replacement reserve must be established and monthly deposits to the reserve account must be made to adequately repair or replace the systems as needed.

#### NHTF Only

##### Operating Cost Assistance Reserves (OCAR)

- An OCAR may be funded for the amount estimated to be necessary for 15 years from the start of the Affordability Period.
- Minnesota Housing will determine funding levels and underwrite for these reserves based on the needs of the project and eligible uses.
- The reserve will be held by Minnesota Housing. The owner must annually submit an audit along with the payment request for the eligible expenses incurred during the previous year.

- If the property fails to meet the affordability requirements or is terminated or in default for any reason, all funds must be repaid and any balance in a reserve account will be applied to the balance owed.

#### **4.07 Capital Needs and Major Systems**

Minnesota Housing must underwrite all projects to ensure that each project is financially sustainable over its Affordability Period. Capital needs will be evaluated during underwriting to plan for major systems repairs. The scope of rehabilitation work and replacement reserves deposits must be sufficient to ensure the useful life of essential building components throughout the Affordability Period as outlined in 24 C.F.R. 92.251(b)(ii) and (viii) for the HOME Program and in 24 C.F.R. 93.301 for the NHTF Program.

After construction has been completed and as part of the project closeout, the owner must provide an updated capital needs assessment that will document the property's needs for the term of the Affordability Period. A Minnesota Housing architect reviews and approves the assessment before the project starts its Affordability Period. Handling of reserves during the Affordability Period can be found in section 4.06 of this Program Guide.

#### **4.08 Obtaining Bids**

All projects must be awarded to a single general contractor except if the project includes asbestos work. If asbestos work is included, it is acceptable to have a general contractor for the asbestos work and a general contractor for the remaining scope of work. The selected single prime general contractor will be responsible for their scope of work.

The contractor selection process can be done through competitive or negotiated bids. If the bid for a general contractor is negotiated, all subcontractors must be competitively solicited. Refer to section 4.10 of this Program Guide for important information on eligible contractors and subcontractors and Minnesota Housing's Contractor Guide for more information on soliciting bids.

Minnesota Housing must be given a copy of the bid specifications and bid documents before they are released for bid. Minnesota Housing staff will review and approve the bid package before it is released for bid to ensure all required forms are included with the understanding that the wage decision may have to be updated before the contract is signed.

#### **4.09 Wage Determination (HOME Only)**

Each project with 12 or more HOME Program Assisted Units must obtain a wage decision from the [SAM.gov website](https://sam.gov). The owner's architect is responsible for obtaining the wage decision and ensuring it is included in all bid documents.

The owner must have a formal construction contract with the selected general contractor, and an owner who is also the licensed general contractor must have formal construction contracts with all individual subcontractors. All construction contracts must contain Davis-Bacon language binding the contractor to Davis-Bacon requirements (HUD 4010). The general contractor must also ensure that all contracts with subcontractors contain all applicable labor standards.

A Minnesota Housing-approved wage decision must be included in all bid specifications, bid documents, and contracts. Failure to include a wage decision or the use of a wrong wage decision in bid specifications, bid documents, and contracts will not relieve the contractor or owner from potential enforcement action and may make costs ineligible for payment with HOME Program funds.

Wage determinations may be modified by the DOL at any time, but most changes occur weekly on Fridays. The contract award date or the date on which a wage decision is considered locked in is as follows:

- For competitively bid contracts, the wage decision is considered locked in when the bids are opened, provided the contract is awarded within 90 days of the bid opening. If the contract is awarded more than 90 days after bid opening, the wage decision shall be updated as of the date of award.
- The project that negotiates the general contractor's contract will lock in the wage decision when the contract is signed.
  - If the general contractor's contract is negotiated, all of the subcontractor's work must be competitively bid.
- For projects that receive construction advances that are Federal Housing Administration (FHA) insured, the wage decision is locked in on the date that the mortgage is initially endorsed by HUD, provided that construction starts within 90 days.

Work closely with Minnesota Housing staff to determine when your project's wage decision is locked in.

The construction contract, relocation contract (if applicable), any environmental remediation contracts outside of the construction contract (if applicable), architect contract, and subcontractor contracts must include all forms required by Minnesota Housing and federal requirements.

## **4.10 Debarment and Suspension**

### **Contractor Debarment**

Before issuing a contract to a general contractor, the owner must verify with Minnesota Housing that the general contractor is not debarred or excluded from working on federally assisted projects.

- If the general contractor is listed on HUD's LDP list or the SAM debarment list on the [SAM.gov website](https://sam.gov), they are not eligible to work on the project and will have to be replaced by another contractor who does not appear on HUD's debarment lists.
- If the general contractor is listed on Minnesota Housing's suspension list, they are not eligible to work on the project and will have to be replaced by another contractor who does not appear on Minnesota Housing's suspension list.

### **Subcontractor Debarment**

Before awarding a subcontract to a subcontractor, the general contractor must verify that the subcontractor is not debarred or excluded from working on federally assisted projects.

- It is the general contractor's responsibility to provide documentation to Minnesota Housing that verifies all subcontractors working on the project are not on the LDP list or the SAM debarment list.
- If the subcontractor is listed on HUD's LDP list, the SAM debarment list or Minnesota Housing's suspension list, they are not eligible to work on the project and will have to be replaced by another subcontractor who does not appear on these debarment or suspension lists.

### **4.11 Market Analysis**

The HOME and NHTF programs require an assessment of market demand. The purpose of this requirement is to help ensure that there will be adequate market demand for a project before committing federal funds. To comply with the regulatory obligations, Minnesota Housing requires a developer to follow the protocols outlined in the Multifamily Request for Proposals Standards and Multifamily Underwriting Standards.

An assessment must include, at a minimum, the current market demand in the neighborhood in which the project will be located, the experience of the owner/developer, the financial capacity of the owner/developer, and firm written financial commitments for the project.

If a project is also receiving housing tax credits, the market study will be used to assess the market.

### **4.12 Secured Financing**

Projects cannot receive federal funds, or have them committed to the project, until proof of due diligence is provided to show all financing for the project has been secured.

### **4.13 Limit on Governmental Assistance – Subsidy Layering Review**

As part of the underwriting process, Minnesota Housing is required to conduct a subsidy layering review to ensure that the sources and uses of funds (including OCAR for NHTF Program funds) for the

project are reasonable and only the necessary amount of HOME and/or NHTF Program funds are invested in the housing project.

Minnesota Housing will refer to the Multifamily Underwriting Standards as a guide for conducting the subsidy layering review analysis of reasonable project costs.

For the purposes of the subsidy layering review, governmental assistance includes any loan, grant (including a Community Development Block Grant), guarantee, insurance, payment, rebate, subsidy, tax credit benefit, OCAR (NHTF Only), or any other form of direct or indirect assistance from the federal, state, or local government for use in, or in connection with, a specific housing project.

To complete the analysis, Minnesota Housing will review all sources and uses of funds. Minnesota Housing will confirm that all costs are reasonable. The reasonableness of the project's costs is determined by reviewing the project's quality, construction costs, architectural and engineering fees, and consulting fees.

Minnesota Housing's staff architect and underwriter review the cost estimates, costs of comparable projects in the same geographic area, qualifications of the cost estimates for various budget line items, comparable costs published by recognized industry cost index services, and the comparable bids obtained.

The reasonableness of the rate of return on the applicant's equity investment is assessed through a review of the pro forma during the underwriting process.

#### **4.14 Written Agreement – Commitment of Funds to a Project**

Written Agreements are required for:

- HOME Program capital funds
- HOME Program CHDO set-aside funds
- NHTF Program capital funds
- NHTF Program OCAR funds

The owner and Minnesota Housing must sign and date the applicable Written Agreement in order to receive federal funds. For capital funds, the Written Agreement must be signed prior to construction activities. The Written Agreement may be signed in advance of, or concurrent with, loan closing as long as all HOME Program, NHTF Program, and Written Agreement requirements have been satisfied.

Each Written Agreement outlines the minimum responsibilities and expectations that must be met prior to signing the Written Agreement and throughout the term of the Affordability Period. Minnesota Housing reserves the right to include additional requirements.

All projects using these federal sources for capital expenses must demonstrate the ability to begin construction within 12 months from the date of the signed Written Agreement.

The commitment deadline for HOME Program funds is suspended indefinitely. NHTF Program funds have a commitment deadline of 24 months from the date the HUD Grant Agreement is executed. If funds are not committed via execution of the Written Agreement by their commitment deadline, HUD will recapture the federal funds from a project.

#### 4.15 Tenant Selection Policies

Owners must adopt written tenant selection policies and criteria. Additionally, owners must develop a Tenant Selection Plan per all applicable guidelines, which is then used by prospective tenants to self-screen and determine their eligibility for a property prior to submitting an application for housing. These must be made available to Minnesota Housing upon request.

Tenant selection policy requirements and related prohibited activities include:

- Tenant Selection Plans must be consistent with the purposes of providing housing for Low-, Very Low- and/or Extremely Low-Income Households, and housing must be limited to income-eligible families.
- Tenant Selection Plans must provide for the selection of tenants from an existing written waiting list in the chronological order of their application, insofar as is practicable.
- Tenant Selection Plans must allow for prompt written notification of the grounds for rejection to any rejected applicant.
- Tenant Selection Plans must be reasonably related to the applicants' ability to perform the obligations of the lease (for example, to pay the rent, to not damage the housing, to not interfere with the rights and quiet enjoyment of other tenants).
- Owners shall comply with the Fair Housing Act, applicable provisions of 24 C.F.R. 5, and any applicable HUD guidance.

In addition, projects selected for HOME and/or NHTF Program funding must follow Minnesota Housing's Tenant Selection Plan guidelines as well. Refer to Minnesota Housing's [Tenant Selection Plan Guidelines](#) webpage for more information on these guidelines.

#### 4.16 Mandatory Lease Terms

The HOME and NHTF programs both require written leases. Leases for HOME and NHTF Program Assisted Units must be for a period of one year unless a shorter term is mutually agreed upon by the tenant and the owner.

All leases must contain the following provisions:

- **Tenant Income Certification:**

- On an annual basis, the tenant must certify the household's income and composition by completing and signing a Tenant Income Certification Form that is provided by the owner.
- The owner may terminate the lease or refuse to renew the lease of a household for failure to supply the completed and signed Tenant Income Certification Form within 30 days of the request.
- **Third-Party Income Verifications:**
  - The tenant must provide or sign consents to third-party income verification as reasonably requested by the owner.
  - The owner may terminate the lease or refuse to renew the lease of a household for failure to supply the third-party income verification or sign consents to third-party income verification within 30 days of the request.
- **Right of Access:**
  - The tenant must sign an acknowledgement that the owner or their duly authorized agents, employees, or representatives, upon reasonable notice to the household, must have the right of access to the dwelling unit for the purpose of examining the condition thereof, making improvements and repairs, and showing the dwelling unit for re-rental.
- **Lease:**
  - The tenant and owner must sign an acknowledgement that the lease between a tenant and an owner of rental housing assisted with HOME or NHTF Program funds must be for no less than one year, unless by mutual agreement between the tenant and the owner.
- **Lease Addendum:**
  - Minnesota Housing provides the owner with a lease addendum that must be signed and retained in the tenant's file. This addendum includes the prohibited lease terms.

#### 4.17 Prohibited Lease Terms

The HOME and NHTF programs prohibit the following terms within tenant leases for HOME or NHTF Program Assisted Units:

- **Agreement to be sued:** The lease cannot contain a tenant agreement to be sued, admit guilt, or accept a judgment in favor of the property owner in a lawsuit brought in connection with the lease.
- **Treatment of property:** The lease cannot contain a tenant agreement that the property owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant regarding disposition of personal property remaining in the housing unit after the tenant has moved out. The property owner may dispose of this personal property in accordance with state law.

- **Excusing the property owner from responsibility:** The lease cannot contain a tenant agreement to not hold the property owner or the property owner's agents, employees, or representatives legally responsible for actions or failure to act, whether intentional or negligent.
- **Waiver of notice:** The lease cannot contain a tenant agreement that the property owner may institute a lawsuit without notice to the tenant.
- **Waiver of legal proceedings:** The lease cannot contain a tenant agreement that the property owner may evict the tenant or household member(s) without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- **Waiver of jury trial:** The lease cannot contain a tenant agreement to waive any right to a jury trial.
- **Waiver of right to appeal court decision:** The lease cannot contain a tenant agreement to waive the right to appeal or to otherwise challenge in court a decision in connection with the lease.
- **Tenant chargeable with the cost of legal actions regardless of outcome:** The lease cannot contain a tenant agreement to pay attorney fees or other legal costs even if the tenant wins a court proceeding by the property owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- **Mandatory Supportive Services:**
  - **NHTF Only:** In NHTF Assisted Units, the lease cannot require the tenant, as a condition of occupancy, to participate in or agree to accept supportive services that are offered.
  - **HOME Only:** In HOME Assisted Units, the lease cannot require the tenant, as a condition of occupancy, to participate in or agree to accept supportive services that are offered (other than a tenant in transitional housing).

#### 4.18 Termination of Tenancy

The owner must comply with HOME and NHTF Program requirements related to evictions as well as state law regarding eviction procedures. Refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide for](#) additional information about these requirements.

#### 4.19 Violence Against Women Reauthorization Act

On March 15, 2022, HUD issued its Violence Against Women Reauthorization Act of 2022 (VAWA) Final Rule ([FR-6330-N-01](#)) implementing housing protections authorized in the VAWA. Unique monitoring and implementation dates apply to the HOME and NHTF programs. Compliance with VAWA regulatory requirements under the 2022 VAWA Final Rule is required for all HOME and NHTF Program projects. Written Agreement provisions and lease addendums will be updated to include current regulatory language for these projects.

One of the key elements of VAWA housing protections is the emergency transfer plan, which allows for survivors to move to another safe and available unit if they fear for their life and safety. In addition to emergency transfer plans, VAWA includes notification and documentation requirements by owners. Owners must be familiar with regulatory requirements impacting their developments and should consult with their legal counsel as needed.

Refer to Minnesota Housing's [Violence Against Women Act](#) webpage for more information, including required forms and documentation.

For more information on fair housing, refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#).

## **4.20 Uniform Relocation Assistance and Real Property Acquisition Policies Act**

### **Guiding Statutes, Regulations, and Reference Materials**

Applicable statutes and regulations pertaining to displacement include:

- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970: Applies to displacement resulting from acquisition, demolition, or rehabilitation for HUD assisted projects carried out by public agencies, nonprofit organizations, private developers, or others and real property acquisition for HUD assisted projects (whether publicly or privately undertaken)
- Section 104(d) of the Housing and Community Development Act of 1974
- HOME Program regulations found in 24 C.F.R. 92
- NHTF Program regulations found in 24 C.F.R. 93
- Tenant Assistance, Relocation and Real Property Acquisition Handbook ([HUD Handbook 1378](#)), as updated: Consolidates relocation requirements for all HUD programs in one document and provides instructions for compliance

### **Displacement, Temporary Relocation, and Non-Displacement**

Displacement occurs when a person or business is displaced as a direct result (as defined under federal regulation) of a federally assisted acquisition, demolition, or rehabilitation project. The term displaced person means any residential or nonresidential tenant, regardless of income, who is forced to move from the property permanently or temporarily as a direct result of rehabilitation, demolition, or acquisition of a HOME or NHTF Program assisted project. This includes, but is not limited to, physical displacement caused by overcrowding, loss of a unit, or economic displacement due to an increase in rents.

Temporary relocation occurs when a residential or nonresidential tenant is required to move temporarily, either within the project or to an offsite location, in order to accommodate a federally assisted acquisition, demolition, or rehabilitation. Relocation is only considered temporary if the

residential or nonresidential tenant's relocation is for 12 months or less. If the relocation exceeds 12 months, it is considered permanent displacement under URA regulations. Any person or business who qualifies as a permanently or temporarily displaced person must be fully informed of their rights and entitlements to relocation assistance and payments under URA regulations.

Non-displacement occurs when a residential or nonresidential tenant is not moved from their unit as a result of a federally assisted acquisition, demolition, or rehabilitation.

URA requirements are triggered at Minnesota Housing Funding Selection. Once this occurs, the owner/developer will review the scope of work and determine if there will be any displacement, temporary relocation, or non-displacement.

## Tenant Relocation Plan

A residential or nonresidential Tenant Relocation Plan that conforms to all URA requirements may be required for federally assisted projects involving rehabilitation, acquisition, or adaptive reuse. If required, the plan must contain an outline of how the residential or nonresidential tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated budget, and whether or not the scope of work will require temporary relocation or permanent displacement. The outline should include:

- A description of who is developing the plan
- A description of the project and scope of work
- A list of all sources of funds and whether multiple federal fund sources will be used
- If **temporary relocation** is anticipated for anything exceeding 24 hours, describe:
  - How many tenants will be affected
  - How long the temporary relocation will last for an individual tenant
  - How many tenants will need to be out during business hours verses overnight or extended time periods
  - Estimated schedule of construction and relocation
  - Where temporarily relocated tenants will be housed (for example, a vacant unit, nearby hotel)
  - Plans for food and entertainment costs if relocation will be during business hours only
  - Transportation considerations
  - Moving companies available
  - Americans with Disabilities Act (ADA) accommodations
  - Budget of estimated costs and source information for the numbers
- If the relocation exceeds 12 months, it is considered permanent displacement. If **permanent displacement** is anticipated, describe:
  - How many tenants will be affected
  - Estimated schedule of construction and relocation

- How the owner/developer plans to find comparable replacement dwellings
- How tenants who may be hard to house will be assisted
- Transportation considerations
- Moving companies available
- Americans with Disabilities Act (ADA) accommodations
- Budget of estimated costs and source information for the estimates
- How the owner/developer plans to accommodate any special needs of the tenants and how needs assessment interviews will be conducted
- What other social services may need to be used
- Relocation budget contingency for unexpected issues (for example, a tenant is allergic to dust, so they are not able to return home after business hours as expected); Minnesota Housing requires a minimum of \$5,000 for the relocation budget

**NOTE:** This list is intended as a guide and is not all inclusive. It is the owner/developer's responsibility to ensure they comply with all applicable regulatory requirements.

## Notices

URA regulations require several notices to be delivered to all residential or nonresidential tenants and/or potential tenants of the property receiving federal funds. Each notice must be written in plain, understandable language. Persons who are unable to read and understand the notice (for example, due to lack of literacy, limited English proficiency, disability) must be provided with appropriate translation or interpretation services in accordance with HUD limited English proficiency guidance, alternative formats, and/or counseling. Each notice must list the name and telephone number, including the telecommunication device for the deaf (TDD) number (if applicable), of a person who may be contacted for answers to questions or for other needed help.

Templates of all notices can be found on Minnesota Housing's [HOME and NHTF](#) webpage except for the Ninety-Day Notice, which should be developed by the owner/developer. The templates include instructions on how to tailor the notices to the specific project. Minnesota Housing requires drafts of all notices to be submitted as due diligence items for review and approval. Once the drafts are approved, the owner/developer must deliver applicable notices to the tenants. All notices must be delivered (at a minimum) to all adult leaseholders.

Tenant notices should be delivered in one of the following ways:

- Hand delivery
- Certified return receipt (USPS)

Other forms of delivery must receive prior approval from Minnesota Housing. The owner/developer must be able to provide proof of delivery.

**HUD Information Brochure:** A copy of HUD’s brochure must be provided to tenants, homeowners, and businesses who will be permanently displaced. English and Spanish versions can be found on HUD’s [Publications](#) webpage.

**General Information Notice (GIN):** The GIN informs tenants of the receipt of federal funds for acquisition, rehabilitation, and/or adaptive reuse. Tenants residing in the property at the time of Minnesota Housing board selection must be provided a GIN within 30 days, or adhere to another timeline that Minnesota Housing, at its sole discretion, agrees upon. It is imperative that the GIN is disbursed in a timely manner. Any tenants who move in or out before the GIN is disbursed will be eligible for URA benefits. There are two versions of the GIN, and the owner/developer should work with Minnesota Housing staff to determine which version of the notice (displacement, non-displacement, or a combination) should be used.

**Notice of Non-Displacement:** This notice informs tenants who will continue to reside in the project after completion of the assisted activity of their rights and of the terms and conditions for remaining at the property during construction. This is a separate notice and requirement from the GIN; however, the GIN and the Notice of Non-Displacement can be delivered at the same time.

**Move-In Notice:** Tenants who move into the project after the GIN has been delivered to current tenants must sign a Move-In Notice prior to signing the lease. This notice informs new tenants that they may be displaced and that they will not be entitled to relocation assistance under URA.

**Notice of Eligibility (NOE)<sup>2</sup>:** The NOE informs tenants who will be permanently displaced of available relocation assistance, the estimated amount of assistance based on the displaced person’s individual circumstances and needs, and the procedures for obtaining assistance. This notice must be specific to the person and their situation so that they will have a clear understanding of the type and number of payments, along with the amount of each payment, and/or other assistance they may be entitled to. The NOE must be signed by the tenant(s).

**Ninety-Day Notice:** Owners/developers will develop their own vacate notices, which must be provided to tenants who will be displaced, at least 90 days prior to their move out. The notice may not be given before they receive an NOE for relocation assistance. Depending on the project timeline, the Ninety-Day Notice may be combined with the NOE. The date provided in this notice may be different for each person or group of persons residing in a project based on whether or not the project will be phased, the location of the occupied building(s), or the project schedule.

**Additional Notice Requirements – Tenant Track Down:** If an owner/developer fails to disperse the GIN required and occupants vacate the project before being appropriately advised of their eligibility or

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<sup>2</sup> Before an NOE can be provided, a relocation needs assessment interview needs to take place. The development team must also complete [Form HUD-40061](#). This form must be retained in the tenant URA file for purposes of monitoring by Minnesota Housing.

ineligibility for URA, the owner/developer must initiate all reasonable procedures to locate all former occupants who should have received proper notice. Each occupant's file must be documented with all attempts to make contact and the results. The owner/developer will need to determine the eligibility or ineligibility for relocation assistance for each former occupant who is located and assist the former occupant in accessing appropriate advisory services and applicable relocation payments. Efforts to locate former occupants may include:

- Appropriate notice in a local newspaper (for at least 30 days)
- Posting notice in an appropriate project location
- Checking with the local post office for a forwarding address
- Checking project records for employment or other contact telephone numbers
- Checking with local utility companies, school districts, churches, or community organizations
- Hiring a "finding service" available in the local area or over the internet
- Other appropriate methods

### Relocation Needs Assessment Interviews

Providing a written notice or series of notices, along with the HUD information brochure, is not sufficient to ensure that a person who is affected by the project understands their rights and responsibilities. As soon as feasible, the owner/developer must contact each person who is affected by the project to discuss their needs, preferences, and concerns. Whenever feasible, contact should be in person.

The development team must complete [Form HUD-40061](#). This form must be retained in the tenant URA file for purposes of monitoring by Minnesota Housing.

### Claim Forms

HUD provides claim forms on their [Forms and Brochures](#) webpage to use when calculating benefits.

Each URA file for *residential tenants* who are **displaced** requires:

- [Form HUD-40058](#): Claim for Rental Assistance or Down Payment Assistance
- [Form HUD-40054](#): Residential Claim for Moving and Related Expenses

Each URA file for *residential tenants* who are **temporarily relocated** requires:

- [Form HUD-40058](#): Claim for Rental Assistance or Down Payment Assistance
- [Form HUD-40030](#): Claim for Temporary Relocation Expenses (Residential Moves)

Each URA file for *nonresidential tenants* who are **displaced or temporarily relocated** requires:

- [Form HUD-40055](#): Claim for Actual Reasonable Moving and Related Expenses – Nonresidential

- [Form HUD-40056](#): Claim for Fixed Payment in Lieu of Payment for Actual Nonresidential Moving and Related Expenses

## Appeals

Tenants have the right to appeal the claim amount they have been provided. The Tenant Relocation Plan must include details of the appeals process consistent with 49 C.F.R. 24.10. Owners/developers must track all appeals submitted and the outcome of each decision. Written responses to tenants must include information regarding the tenant's ability to appeal the decision. Refer to [HUD Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition](#) for more information on the appeals process.

## Reporting

The development team will be required to send the month's rent roll(s) and any Move-In Notices to Minnesota Housing by the last business day of the month for Minnesota Housing to review.

Construction draws are contingent on Minnesota Housing having current and accurate URA information.

## Monitoring

Minnesota Housing will monitor URA files at project closeout for both temporary relocation and permanent displacement. The file should, at a minimum, contain the following:

- All applicable notices
- All applicable claim forms
- Copies of all checks and proof tenants received them (for example, signed check, certified mail signatures)
- Proof the appropriate HUD Information Brochure was delivered
- Any applicable communication
- Any appeals information, if applicable
- For residential tenants who were displaced, the file should contain:
  - [Form HUD-40061](#): Selection of Most Representative Comparable Replacement Dwelling for Computing Replacement Housing Payment
  - Replacement housing rent and utility costs
  - Proof that the replacement dwelling is decent, safe, and sanitary. A dwelling occupied in connection with a rental assistance program that is subject to HUD Housing Quality Standards (HQS) (24 C.F.R. 982.401), must be deemed to be in compliance with URA decent, safe, and sanitary standards if it meets the applicable HQS.

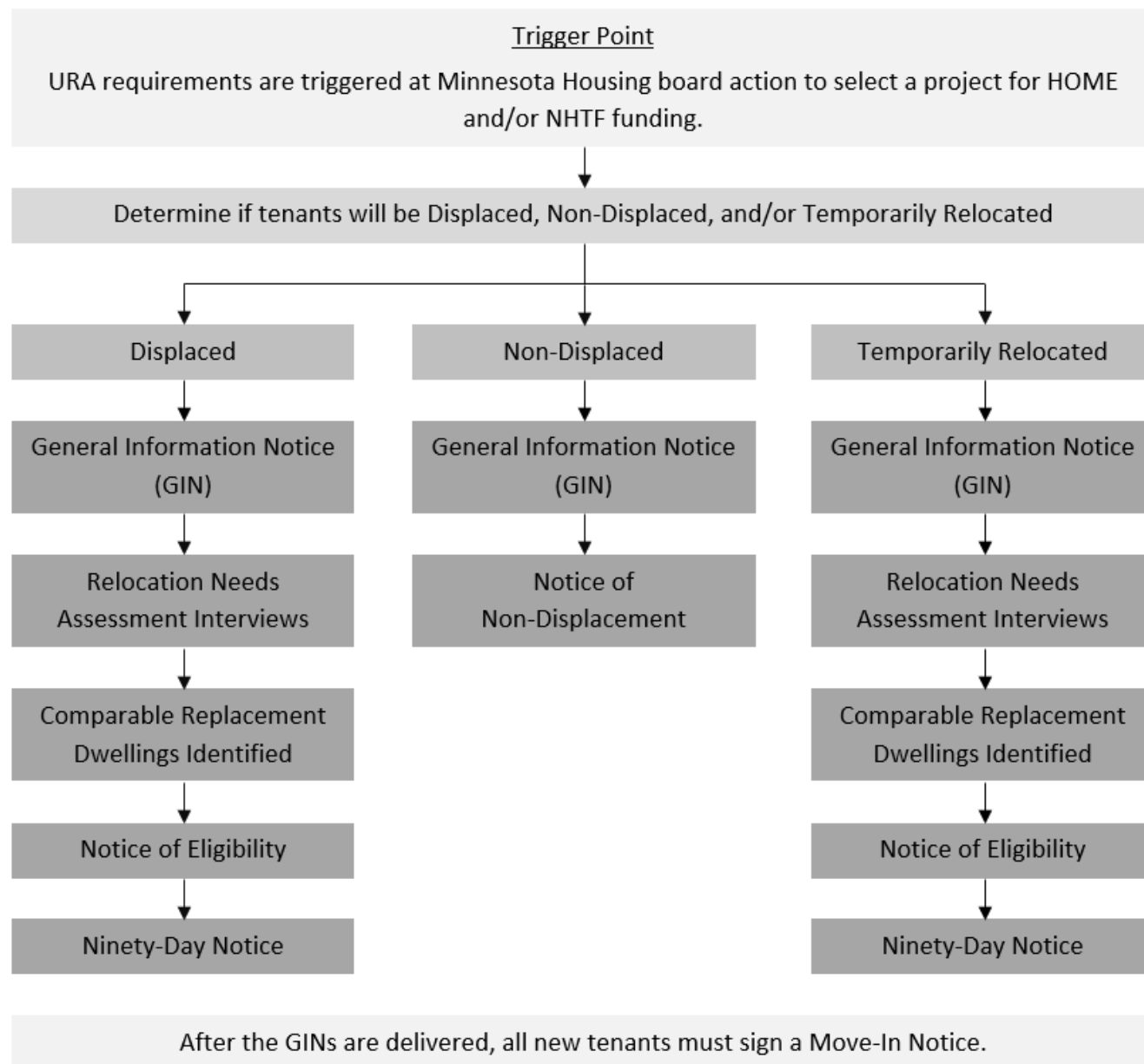
## **Records Retention**

Owners/developers must have a URA file for all tenants. The owner/developer will be responsible for retaining all documentation pertaining to URA, including rent rolls, tenant files, notices, claims, etc. All records must be retained for five years after the final claim payment has been made.

## **URA Flowchart**

Figure 1 below provides a general outline of the process and materials needed to comply with the URA, as described throughout section 4.20 (Uniform Relocation Assistance and Real Property Acquisition Policies Act) of this Program Guide.

Figure 1: URA Flowchart



## **4.21 Monitoring and Reporting Requirements**

Both the HOME and NHTF programs require regular reporting throughout the underwriting period for certain activities. These include:

- URA requirements
- Section 3 requirements
- Build America, Buy America (BABA) Act requirements

## **4.22 Subordination to Declaration of Covenants, Conditions, and Restrictions**

Minnesota Housing requires all lenders in a senior position to agree to subordinate their mortgage to the HOME Program or NHTF Program Declaration of Covenants, Conditions, and Restrictions; this does not affect lien priority. Rather, it ensures that applicable rent, income, and occupancy requirements run with the property for the duration of the Affordability Period regardless of any change of ownership, full payment of the loan, or event of default.

Borrowers should begin talking to senior lien holders as soon as possible to determine if they are willing to execute the subordination. If a lender is not able to meet this requirement, Minnesota Housing may elect to not fund the loan.

## Chapter 5 – Construction and Project Closeout

### 5.01 Construction Process Monitoring

The owner's contracts with the architect and general contractor must include language that requires the architect and general contractor to provide regular construction administration and site observations pursuant to Minnesota Housing's Architect's Guide and Contractor's Guide, which can be found on Minnesota Housing's [Building Standards](#) webpage.

### 5.02 Construction and Project Closeout Inspections

Minnesota Housing will attend the draw meetings and perform property inspections during construction.

A final project closeout inspection must be completed by Minnesota Housing staff or by an entity or person contracted by Minnesota Housing after project construction is complete. All violations, including those categorized as routine maintenance, from all earlier inspections must be corrected prior to the project closeout inspection.

### 5.03 Change Orders

All change orders and other contract modifications will be in accordance with Minnesota Housing's Architect's Guide and Contractor's Guide.

### 5.04 Required Documentation for Davis-Bacon (HOME Only)

Before the loan closing, the general contractor must submit a complete list of all contractors and subcontractors to be employed. This list must be updated as additional subcontractors are determined. Additionally, once per project and before the subcontractor starts working on the project, the general contractor is required to submit documentation showing that the employed subcontractors are not on HUD's Limited Denial of Participation (LDP) list or listed as debarred in the SAM on the [SAM.gov website](#).

The general contractor must, at a minimum, submit the following records on a weekly basis into the labor compliance software used by Minnesota Housing to comply with Davis-Bacon requirements:

- A list showing all contractors and subcontractors working on the project during the work week
- A contractor and subcontractor profile for every contractor working on the project
- The certified weekly payroll report for each contractor and subcontractor that includes employees working at any time during the week
- Proof of employee approval of all other deductions

These submittals must be made no later than seven days following the reporting period covered.  
*Incomplete or incorrect payroll reports will delay payment.*

Minnesota Housing will also conduct periodic interviews with persons who are working on site to ensure compliance with Davis-Bacon and Related Acts. Errors or discrepancies in labor rates and payrolls will result in possible restitution to the person affected.

### **Davis-Bacon Notices for Job Site**

Minnesota Housing will make one or more site visits to determine that the applicable notices related to wage and labor requirements are posted at the site. Posting at the work site must include a copy of:

- Applicable Davis-Bacon wage decision
- [Form HUD-4010](#): Federal Labor Standards Provision
- [Worker Rights Under the Davis-Bacon Act Notice Poster](#)
- Any additional classification information

These documents must be posted at the work site in a location that employees can easily access and must be protected from the weather for the duration of the contract work.

## **5.05 Construction Draws**

Minnesota Housing reviews and approves all monthly draws for the HOME and NHTF Program prior to disbursement of any funds. Minnesota Housing cannot approve a draw or disburse HOME or NHTF Program funds if a property is out of compliance with program obligations during the construction period. This may include, but is not limited to, failure to provide labor information and reports, URA reports, and Section 3 documentation.

Draws may be withheld until compliance with program obligations, loan terms, and the Written Agreement are met and, in cases where compliance cannot be achieved, Minnesota Housing may pursue all available remedies as outlined in the loan documents.

## **5.06 Monitoring and Reporting Requirements**

Both the HOME and NHTF programs require regular reporting throughout the construction period for certain activities. These include:

- URA requirements
- Section 3 requirements
- Build America, Buy America (BABA) Act requirements

**HOME Only:** The HOME Program also requires reporting for labor standards (Davis-Bacon) during the period of construction.

## 5.07 Labor Standards and Payment of Wages Disputes (HOME Only)

Disputes arising from labor standard provisions must be resolved in accordance with the policies and procedures listed below. This includes disputes between the contractor or subcontractor and Minnesota Housing, HUD, the DOL, or the employees and their representatives.

The purpose of these procedures is to establish a uniform method of receiving, resolving, and documenting complaints and investigations or disputes where Davis-Bacon labor standards apply.

The following procedures must be followed to reach a resolution to labor standard disputes:

- The Minnesota Housing construction compliance officer (CCO) is responsible for resolving any complaints and conducting all investigations received where Davis-Bacon labor standards apply.
- All complaints received must be referred to the Minnesota Housing CCO for investigation within 10 days of receiving the complaint.
- The Minnesota Housing CCO will investigate and review complaints, request additional information if necessary, and issue a written notice of findings to all parties within 30 days of receiving all information required to make a decision.

If a contractor or subcontractor disagrees with the findings of the Minnesota Housing CCO concerning the complaint, the contractor or subcontractor can appeal any findings by submitting a written request to the Minnesota Housing CCO. The contractor or subcontractor must provide an explanation, along with supporting documentation, within 30 days of the original notification of findings.

The Minnesota Housing CCO and the Multifamily assistant commissioner will review the original findings and the information submitted appealing the findings to determine if the disagreement is justified. The contractor or subcontractor will be notified in writing within 30 days of receiving the written appeal.

If the contractor or subcontractor is not satisfied with Minnesota Housing's determination, they may request that the case be referred to HUD and/or the DOL for reconsideration. Such disputes must be resolved in accordance with the procedures of the DOL set forth in 29 C.F.R. 5-7.

A request for DOL reconsideration of a work classification and wage rate must be submitted in writing to the DOL within 30 days of the decision and must be accompanied by a full statement and supporting data or information.

The information in this Program Guide is not intended as a full or complete description of labor standards, responsibilities, and obligations. It is important to develop a working knowledge of HUD labor standards. If you are not well versed in labor standards issues and compliance, you may want to consider hiring an experienced consultant to ensure full compliance.

## 5.08 Owner's Letter Certifying Compliance (HOME Only)

Upon completion, the owner must submit a letter to Minnesota Housing certifying compliance with all Davis-Bacon labor standards requirements.

## 5.09 Project Completion

Project completion for projects financed with HOME or NHTF Program funds is defined to mean that:

- All necessary title transfer requirements and construction work have been performed
- The project complies with the requirements of program regulations, including property standards
- The final drawdown of funds has been disbursed for the project
- The project completion information has been entered into HUD's Integrated Disbursement and Information System (IDIS)

To help ensure that new construction properties fully comply with HUD's HOME and/or NHTF Program project completion requirements, a project will not be deemed to have reached project completion until satisfactory evidence has been submitted confirming that all HOME or NHTF Program responsibilities have been met and that all associated documentation needed for project closeout is complete. Reference 24 C.F.R. 92.251 and 92.502(d) for the HOME Program and 24 C.F.R. 93.2, 93.301, and 93.402(d) for the NHTF Program.

### HOME Only

HOME Program assisted rental units must be occupied by income-eligible households within 18 months of project completion; for units that remain vacant six months following completion, an enhanced marketing plan and report will be required to be submitted to HUD (24 C.F.R. 92.252).

### NHTF Only

The project completion date must ensure timely occupancy of NHTF Program units.

The NHTF Program requires the completion of a final cost certification performed by a certified public accountant for each assisted project. This final cost certification must be completed and submitted as part of NHTF Program project closeout.

## 5.10 Funds for Final Draw

Minnesota Housing may withhold a portion of the HOME and/or NHTF Program loan proceeds until the final project draw. The amount may be adjusted depending on the specific requirements of the project. Final disbursement will be contingent on satisfactory evidence that all HOME and/or NHTF Program

requirements and compliance responsibilities have been met and that all associated documentation needed for project closeout is complete.

For projects using HOME/NHTF Program funds for new construction, Minnesota Housing may withhold the final draw until all federally Assisted Units are occupied by income-eligible tenants and required due diligence has been reviewed and approved.

## Chapter 6 – Affordability Period

The federal HOME Program and NHTF Program establish specific compliance responsibilities for the duration of the Affordability Period and the term of the loan. For information on compliance using HOME or NHTF Program funds, refer to applicable regulations for each program as referenced throughout this Program Guide.

### 6.01 Monitoring and Reporting Requirements

Minnesota Housing actively monitors each development. This includes monitoring of tenant incomes, rents, affirmative marketing, and equal opportunity requirements.

Developments financed by Minnesota Housing are subject to periodic management reviews and physical inspections. Assisted Units must be leased to qualified households who must disclose their annual household income at initial occupancy on an Initial Occupancy Statement by Tenant Form (other, more detailed income certification forms may be acceptable, approval of which will be determined by Minnesota Housing). This form is used to certify households are qualified to occupy an Assisted Unit.

Owners must also request (but cannot require) that qualified households complete a Head of Household Demographic Information Form, which provides additional information for program evaluation. Occupancy information for all units must be reported annually in the form and manner requested by Minnesota Housing.

Each adult member of a household occupying an Assisted Unit must sign and date a Minnesota Government Data Practices Act Disclosure Statement. This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state and/or federal programs that provide housing for low- and moderate-income families.

All relevant forms can be found on Minnesota Housing's [Oversight and Support for Property Managers](#) webpage.

### 6.02 Financial Reporting and Reserves

#### HOME Only

For projects that receive HOME Program funds, Minnesota Housing may require the owner to establish a replacement cost reserve account any time prior to repayment of the HOME Program loan. The replacement cost reserve account will be held and maintained by either Minnesota Housing or a depository designated by Minnesota Housing.

If, during the HOME Program Period of Affordability, the owner has a previously established replacement cost reserve account with a lender other than Minnesota Housing, the owner is required to furnish to Minnesota Housing evidence of the spending activity of the replacement cost reserve account. Evidence must include, but is not limited to, the current balance, deposits and disbursements made from the account, purpose of the disbursements, and any other information Minnesota Housing may request.

If the owner has established a replacement cost reserve account that is not held by a lender, then during the Period of Affordability (as defined herein), the owner must, within 10 business days, furnish to Minnesota Housing or the lender, as may be requested from time to time, evidence of the spending activity of the replacement cost reserve account in a form acceptable to Minnesota Housing or the lender. Evidence must include, but is not limited to, the current balance, deposits and disbursements made from the account, purpose for which disbursements were made, and any other information the lender may request.

### **NHTF Only**

Properties with 10 or more NHTF Program Assisted Units will be required to follow the financial oversight obligations of 24 C.F.R. 93 and 24 C.F.R. 93.404 and as detailed in this Program Guide.

### **Financial Oversight**

Requests from reserves will be reviewed and approved annually by Minnesota Housing upon receipt of audited financial statements. Owners must submit annual operating data, audited financial statements, and annual updated Physical Needs Assessment (PNA) data for review by the assigned housing management officer (HMO). If you have questions regarding financial oversight, contact Eric Thiewes, Multifamily Portfolio Manager, at [eric.thiewes@state.mn.us](mailto:eric.thiewes@state.mn.us) or 651.296.6527.

### **Physical Needs Assessments and Capital Needs Assessments**

The owner must submit a post rehabilitation capital expenditure that includes capital projections through the end of the Affordability Period. Minnesota Housing architects will review the plan using the completed rehabilitation capital expenditure to ensure appropriate useful remaining life and needed expenditures are included. The Asset Management Program supervisor will annually:

- Review the balance of replacement reserves at the beginning of the fiscal year
- Review capital expenditures during the fiscal year
- Adjust the above referenced Physical Needs Assessment (PNA)/Capital Needs Assessment (CNA) as needed
- Ensure reserves balance remains positive through the Affordability Period end date

Use the Federal Reporting Tool to submit annual operating data. This information will be used to assist in evaluating the long-term financial viability of the project. It is similar to the Minnesota Housing reporting tool that owners and agents currently use to report first mortgage oversight operating data except for the following:

- Only one report needs to be submitted 30 days from the project's fiscal year end.
- The report will include all reserves balances and loan amounts from outside entities (if not held by Minnesota Housing).
- The report will be in place of an annual budget and will reflect actual annual financial viability.

### 6.03 Ongoing Property Inspections and Property Standards

Ongoing property inspections are required during the Affordability Period as noted in 24 C.F.R. 92.251 and 24 C.F.R. 93.301 and 93.404.

Minnesota Housing's inspection schedule for HOME and NHTF Program projects can be found in Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#). The first monitoring inspection will be conducted in conjunction with project completion.

### 6.04 Rent and Income Eligibility During Occupancy

#### HOME Only

All HOME Program Assisted Units in a rental housing project must be occupied by households that are eligible as low-income families, with the following additional requirements. More restrictive requirements may be applicable based on project underwriting.

#### Properties with Five or More Units

Properties with five or more HOME Program Assisted Units must meet the following initial occupancy requirements at project completion:

- At least 90% of all HOME Program Assisted Units must be initially occupied by families with annual gross incomes at or below 60% of AMI, with rents at or below the High HOME Rent limit.
- At least 20% of all HOME Program Assisted Units must be initially occupied by Very Low-Income Households with incomes at or below 50% of AMI, with rents at or below the Low HOME Rent limit, unless a greater percentage is specified in the Declaration of Covenants, Conditions, and Restrictions.
- The remainder of the HOME Program Assisted Units must be initially occupied by families with annual gross incomes at or below 80% of AMI, with rents at or below the High HOME Rent limits.

Subsequent to initial occupancy:

- The minimum percent of the HOME Program Assisted Units designated in the Declaration of Covenants, Conditions, and Restrictions must continue to be occupied by families with annual gross incomes at or below 50% of AMI, with rents at or below the Low HOME Rent limit. The remaining HOME Program Assisted Units must be occupied by families with annual gross incomes at or below 80% of AMI, with rents at or below the High HOME Rent limit.

### **Properties with Fewer than Five Units**

Properties with fewer than five HOME Program Assisted Units must meet the following initial occupancy requirement at project completion:

- All HOME Program Assisted Units must be initially occupied by families with annual gross incomes at or below 60% of AMI, with rents at or below the High HOME Rent limit.

Subsequent to initial occupancy:

- All HOME Program Assisted Units must continue to be occupied by families with gross annual incomes at or below 80% of AMI, with rents at or below the High HOME Rent limit.

### **NHTF Only**

The income and rent determination provisions provided in this Program Guide are those that HUD uses in its HOME Rule. The breakdown of occupied units and income and rent requirements for the NHTF Program are different and are specific to serving populations that are Extremely Low-Income Households.

Refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#) for more information.

## **6.05 Utility Allowances**

As part of ongoing property inspections, Minnesota Housing staff will review the current utility allowances and supporting documentation for the property.

Refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#) for more information.

## **6.06 Lease Terms and Tenant Selection Policies**

As part of ongoing property inspections, Minnesota Housing staff will review the following property information:

- Current written Tenant Selection Plan, occupancy policy, and/or house rules
- Current lease and lease addenda (including HOME/NHTF Program Form 22, VAWA Lease Addendum, and Minnesota Housing's attachment)
- Affirmative Fair Housing Marketing Plan
- Marketing and advertising
- Tenant ledgers for all units inspected

Refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#) for more information.

## **6.07 Lead-Based Paint Requirements**

As part of ongoing property inspections, Minnesota Housing staff will review the ongoing lead-based paint maintenance records for the property, where applicable.

Refer to Minnesota Housing's [Multifamily HOME Investment Partnerships and National Housing Trust Fund Program Compliance Guide](#) for more information.

## Appendix A – Terms

Term	Definition
Affordability Period	The period of time, as specified in 24 CFR 93.302, that NHTF Program requirements apply to NHTF-assisted housing.
AMI	Area Median Income
Assisted Unit	A unit that is subject to the HOME or NHTF Program requirements.
Community Housing Development Organization (CHDO)	A private nonprofit organization that meets the requirements of a CHDO as defined in 24 C.F.R. 92.2.
Declaration of Covenants, Conditions, and Restrictions	Legal document that outlines the rules and regulations governing the use, maintenance, and development of real property within a specific community.
EEO	Equal Employment Opportunity
Extremely Low-Income Household	Household whose annual income does not exceed 30 percent of AMI, as determined by HUD, with adjustments for smaller and larger families.
Federal Low-Income Housing Tax Credits (HTCs)	A financing program for qualified residential rental properties. The HTC program offers investors a 10-year reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation.
Funding Selection	Minnesota Housing board action to select a project for funding.
HOME Investment Partnerships (HOME) Program	A federal program established by Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, that provides financing for the acquisition, new construction, or rehabilitation of federally and non-federally assisted multifamily rental housing for low-income individuals and families.
HOME Final Rule	An update to the HOME Program regulations.
High HOME Rent	<p>If a Low-Income Household is participating in a program where the household pays as a contribution toward rent no more than 30 percent of the household's monthly adjusted income or 10 percent of the household's monthly income, then the maximum rent due from the household is the household's contribution.</p> <p>For all other cases, the rent does not exceed the lesser of:</p> <ul style="list-style-type: none"> <li>(i) The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or</li> <li>(ii) A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD.</li> </ul>
LDP	HUD Limited Denial of Participation List
Low HOME Rent	If a Very Low-Income Household is participating in a program where the household pays as a contribution toward rent no more than 30 percent of

Term	Definition
	<p>the household's monthly adjusted income or 10 percent of the household's monthly income, then the maximum rent due from the household is the household's contribution.</p> <p>All other Low HOME Rent units must have rent that meet one of the following requirements:</p> <p>(i) The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD. If the rent determined under this paragraph is higher than the fair market rent under <a href="#">paragraph (a)(1)(i)</a> of this section, then the maximum rent for units under this paragraph is the fair market rent under paragraph (a)(1)(i);</p> <p>(ii) The rent contribution of the family is not more than 30 percent of the family's adjusted income; or</p> <p>(iii) The unit is a LIHTC unit and has rents not greater than the gross rent for rent-restricted residential units as determined under <a href="#">26 U.S.C. 42(g)(2)</a>.</p>
Low-Income Household	Household whose annual income does not exceed 80 percent of AMI, as determined by HUD, with adjustments for smaller and larger families.
Mortgage Credit Committee	A Minnesota Housing cross-divisional management group that approves credit analysis, ownership structures and financing of projects for multifamily loans and related matters.
Multifamily Consolidated Request for Proposals	Multifamily Consolidated Request for Proposals funding round offered once a year which consolidates and coordinates multiple housing resources into one application process, including deferred loans and amortizing first mortgages.
National Housing Trust Fund (NHTF) Program	A federal program established by Title I of the Housing and Economic Recovery Act of 2008 that provides financing for acquisition, new construction, or rehabilitation activities that increase or preserve the supply of multifamily rental housing for extremely low-income individuals and families.
NSPIRE	National Standards for Physical Inspection of Real Estate
Operating Cost Assistance	Funds used to pay for the insurance, utilities, real property taxes, maintenance, and scheduled payments to a reserve for replacement of the major systems of NHTF Assisted Units for which project-based rental assistance is not available.
Operating Cost Assistance Reserves (OCAR)	Project reserves used to pay for the insurance, utilities, real property taxes, maintenance, and scheduled payments to a reserve for replacement of the major systems of NHTF Assisted Units for which project-based rental assistance is not available.
Participating Jurisdiction	A jurisdiction (as defined in this section) that has been so designated by HUD in accordance with 24 CFR 92.105 to administer HOME Program funds.

Term	Definition
Period of Affordability	The period of time, as specified in 24 CFR 92.252 and 92.254, that HOME Program requirements apply to HOME-assisted housing.
Program Guide	HOME and NHTF Combined Program Guide
Public Housing	Housing owned by a local political subdivision that is federally subsidized via an annual contributions contract and is restricted by a HUD declaration of trust.
Rural Development (RD)	The housing division of the United States Department of Agriculture.
SAM	System for Award Management
Section 8	The Housing Choice Voucher Program which helps low-income families, elderly persons, veterans and disabled individuals afford housing in the private market.
Tenant Selection Plan	A plan that outlines the procedures and criteria used to select tenants for a property, ensuring compliance with fair housing laws and program requirements.
Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)	The Uniform Relocation Assistance and Real Property Acquisition Policies Act applies to federally funded projects involving rehabilitation or acquisition. The URA provides displaced persons with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public. The URA requirements must be adhered to by the owner. If the borrowing entity will be displacing or temporarily relocating tenants, a tenant relocation plan that conforms to all URA requirements is required and must include an outline of how tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated budget, and whether or not the scope of work will require temporary or permanent relocation.
Very Low-Income Household	Household whose annual income does not exceed 50 percent of AMI, as determined by HUD, with adjustments for smaller and larger families.
Written Agreement	A legally binding agreement with a project owner to commit a specific amount of HOME or NHTF funds to a specific local project.

## **Appendix B – Legal Addendum**

Any recipient of an award pursuant to the HOME and/or NHTF Program agrees to comply with the additional requirements and obligations as described below.

### **1.01 Conflict and Control**

In the event of any conflict between the terms of this Addendum and the document to which it is attached, the terms of this Addendum will govern and control.

### **1.02 Fraud**

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

Any person or entity (including its employees and affiliates) that enters into a contract 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 communication channels described in section 1.07.

### **1.03 Misuse of Funds**

A contracting party that receives funding from Minnesota Housing 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 recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient 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 recipient; or (2) a recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (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 communication channels described in section 1.07.

### **1.04 Conflict of Interest**

A conflict of interest – Actual, Potential or Appearance of a Conflict of Interest – 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 Conflict of Interest or Appearance of a Conflict of Interest exists even if no unethical, improper or illegal act results from it.

- **Actual Conflict of Interest:** An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.
- **Potential Conflict of Interest:** A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.
- **Appearance of a Conflict of Interest:** The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

A conflict of interest includes 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 Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

- **Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (that is, interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

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 a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

#### **1.04.1 Federal Conflict of Interest Requirements**

State and federal conflict of interest requirements differ, and Minnesota Housing business partners must comply with all requirements.

Minnesota Housing administers various programs using federal funds. Minnesota Housing requires that each of its external business partners (for example, administrators, borrowers, contractors, grantees or subrecipients) complies with all applicable federal conflict of interest standards. Specifically, no external business partner's employee, agent or consultant may participate in the selection, award or administration of a contract supported by a federal award if they have a real or apparent conflict of interest. Such a conflict of interest would arise when the business partner's employee, agent, consultant or any member of their immediate family, their partners, or an organization which employs or is about to employ any of these parties, has a financial or other interest in, or obtains a tangible personal benefit from, a firm considered for a contract. External business partner's employees, agents and consultants may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts supported by a federal award. Minnesota Housing will not consider it a violation of this policy if the external business partner's employee, agent or consultant receives an unsolicited item of nominal value.

In addition, no external business's partner employees, agents or consultants "who exercise or have exercised any functions or responsibilities with respect to activities assisted with" funds from HOME Investment Partnerships (HOME), HOME American Rescue Plan (HOME ARP), Housing Opportunities for Persons with AIDS (HOPWA) or National Housing Trust Fund (NHTF) "or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from" a HOME, HOME ARP, HOPWA or NHTF-assisted activity "or have a financial interest in any contract, subcontract, or agreement with respect to the" HOME, HOME ARP, HOPWA or NHTF-assisted activity "or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a

stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.”<sup>3</sup> Violation of federal conflict of interest requirements by business partners, agents or consultants will result in appropriate actions by Minnesota Housing, including the potential termination of the relationship and additional contractual or other remedies. Violation of federal conflict of interest requirements may need to be reported to the federal government in appropriate circumstances.

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing relating to federal funds must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

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

### **1.05 Assistance to Employees and Affiliated Parties**

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant or other funding is restricted in issuing a loan, grant, combination of loan and grant or other funding to a recipient (“Affiliated Assistance”) who is also: (1) a director, officer, agent, consultant, employee or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- 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 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets

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<sup>3</sup> See generally, HOME: [24 CFR 92.356](#); including any revisions by the Appendix to the HOME-ARP Notice as amended; HOPWA: [24 CFR 574.625](#); NHTF: [24 CFR 93.353](#). In limited circumstances, a conflict of interest could be waived via an exception request, in writing. For further information, see federal regulations at: HOME: [24 CFR 92.356](#); HOPWA: [24 CFR 574.625](#); NHTF: [24 CFR 93.353](#).

each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## 1.06 Suspension

By entering into any contract 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 contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## 1.07 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (for example, administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us);
- Any member Minnesota Housing's [Servant Leadership Team](#), as denoted on Minnesota Housing's current organizational chart (Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- [Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

## 1.08 Electronic Signatures

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## 1.09 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 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. Housing providers and other entities involved in real estate related transactions 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. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

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 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;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- 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 those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, 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.

## **1.10 Minnesota Government Data Practices**

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must 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.

## **1.11 Prevailing Wage**

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minnesota Statutes Chapter 177](#) or [Minnesota Statutes Section 116J.871](#). In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to: [mhfa.prevailingwage@state.mn.us](mailto:mhfa.prevailingwage@state.mn.us).

All questions regarding state prevailing wages and compliance requirements should be directed to the Minnesota Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.



## Item: Funding Modification, Publicly Owned Housing Program - Maryhill Manor, D7775, Aitkin

**Action Item:** 7.H  
**Date:** 7/24/2025  
**Staff Contacts:** Beverly Wilharm, 651.284.0077, bev.wilharm@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

On June 27, 2024, the Minnesota Housing board committed deferred funding under the Publicly Owned Housing Program (POHP) to the Housing and Redevelopment Authority of Aitkin County for Maryhill Manor under Resolution No. MHFA 24-040 in the amount of \$351,000.

Agency staff recommends adoption of a resolution to increase the loan amount for Maryhill Manor by \$166,280, increasing the total POHP loan from \$351,000 to \$517,280.

### Fiscal Impact

POHP loans are funded by State of Minnesota General Obligation (GO) bond proceeds, and the loans do not earn interest for the Agency.

### Agency Priorities

- |   |   |
|---|---|
| <input type="checkbox"/> Improve the Housing System                           | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services    |
|   | <input type="checkbox"/> Strengthen Communities             |

### Attachments

- Background
- Maps and Pictures
- Resolution

## Background

*Note there are three funding modification request memos for the Housing and Redevelopment Authority of Aitkin County. Although Maryhill Manor, Hill Lake Manor and Pioneer Villa are owned by the same entity, each is a separate project requiring a different funding request.*

Maryhill Manor is a 60-unit, three-story building in Aitkin. It was built in 1969 and is owned and managed by the Housing and Redevelopment Authority of Aitkin County (HRA). Although the population served is designated as general occupancy, over half the residents are elderly or disabled. The proposed scope of work includes replacing the original boilers and heating system. This work is considered a health and life safety issue as the boiler is unable to maintain a building temperature of 68 degrees as required by a recent 2023 law enacted by the Minnesota Legislature.

The funding modification is being requested primarily because the bid from the general contractor came in higher than estimated. The POHP request for proposal uses a concept-based application, so project costs are not expected to be final at the time of application. The HRA took appropriate steps to solicit as many bids as possible but received one due to the limited contractor capacity in the region. Both the HRA and Minnesota Housing architects determined the bid to be reasonable given the current economic conditions and bidding environment. The HRA is increasing its contribution to the project and maintaining the 20% leverage.

There are sufficient POHP funds available to cover this request.

## Sources and Uses

The following tables provide a financial comparison of the sources and uses at the time of selection and the current proposed amount.

**Table 1: Sources and Uses**

Sources	Amount at Selection	Current Amount	Difference
POHP Loan	\$ 351,000	\$ 517,280	\$ 166,280
Property Capital Fund	\$ 87,750	\$ 129,321	\$ 41,571
<b>Total Sources</b>	<b>\$ 438,750</b>	<b>\$ 646,601</b>	<b>\$ 207,851</b>

Uses	Amount at Selection	Current Amount	Difference
Construction	\$ 375,000	\$ 549,650	\$ 174,650
Contingency	\$ 26,250	\$ 38,478	\$ 12,228
Soft Costs	\$ 37,500	\$ 58,473	\$ 20,973
<b>Total Development Costs *</b>	<b>\$ 438,750</b>	<b>\$ 646,601</b>	<b>\$ 207,851</b>

\*Total Development Costs are final. Individual line-item amounts may change until closing.

## Maps and Pictures

**Map 1** shows where the property is in Minnesota

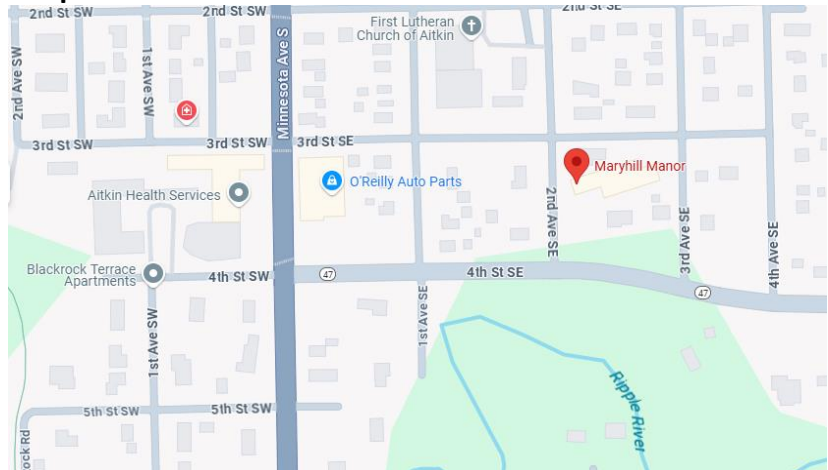
**Map 2** shows the location of the property in Aitkin

**Picture 1** shows a picture of the property

**Map 1**



**Map 2**



**Picture 1**



**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 25-XXXX  
Modifying Resolution No. MHFA 24-040**

**RESOLUTION APPROVING FUNDING MODIFICATION PUBLICLY OWNED HOUSING PROGRAM (POHP)**

WHEREAS, the Minnesota Housing Finance Agency Board (Board) at its June 27, 2024 meeting previously authorized a commitment for Maryhill Manor development herein named by its Resolution No. MHFA 24-040; and

WHEREAS, Agency staff have determined that there are increased development costs; and

WHEREAS, the development continues to be in compliance with Minnesota Statute chapter 462A and Agency's rules, regulations and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby increases the funding commitment on the development noted above and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. The Publicly Owned Housing Program (POHP) loan shall not exceed \$517,280; and
2. The loan must close on or before December 27, 2026; and
3. All other terms and conditions of the Resolution No. MHFA 24-040 remain in effect.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR



## Item: Funding Modification, Publicly Owned Housing Program – Hill Lake Manor, D7776, Hill City

**Action Item:** 7.I  
**Date:** 7/24/2025  
**Staff Contacts:** Susan Bergmann, 651.296.3797, susan.bergmann@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

On June 27, 2024, the Minnesota Housing board committed deferred funding under the Publicly Owned Housing Program (POHP) to the Housing and Redevelopment Authority of Aitkin County for Hill Lake Manor under Resolution No. MHFA 24-040 in the amount of \$244,000.

Agency staff recommends the adoption of a resolution to increase the loan amount for Hill Lake Manor by \$136,050, increasing the total POHP loan from \$244,000 to \$380,050.

### Fiscal Impact

POHP loans are funded by State of Minnesota General Obligation (GO) bond proceeds, and the loans do not earn interest for the Agency.

### Agency Priorities

- |   |   |
|---|---|
| <input type="checkbox"/> Improve the Housing System                           | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services    |
|   | <input type="checkbox"/> Strengthen Communities             |

### Attachments

- Background
- Maps and Pictures
- Resolution

## Background

*Note there are three similar funding modification request memos for the Housing and Redevelopment Authority of Aitkin County. Although Maryhill Manor, Hill Lake Manor and Pioneer Villa are owned by the same entity, each is a separate project requiring a different funding request.*

Hill Lake Manor is a 30-unit, two-story building in Hill City. It was built in 1973 and is owned and managed by the Housing and Redevelopment Authority of Aitkin County (HRA). Although the population served is designated as general occupancy, over half the residents are elderly or disabled. The proposed scope of work includes replacing the original boilers and heating system. This work is considered a health and life safety issue as the boiler is unable to maintain a building temperature of 68 degrees as required by a recent 2023 law enacted by the Minnesota Legislature.

The funding modification is being requested primarily because the bid from the general contractor came in higher than estimated. The POHP request for proposal uses a concept-based application, so project costs are not expected to be final at the time of application. The HRA took appropriate steps to solicit as many bids as possible but only received one due to limited contractor capacity in the region. Both the HRA and Minnesota Housing architects determined the bid to be reasonable given the current economic conditions and bidding environment. The HRA is increasing its contribution to the project and maintaining the 20% leverage.

There are sufficient POHP funds available to cover this request.

### Sources and Uses

The following table provides a financial comparison of the sources and uses at the time of selection and the current proposed amount.

**Table 1: Sources and Uses**

Sources	Amount at Selection	Current Amount	Difference
POHP Loan	\$ 244,000	\$ 380,050	\$ 136,050
Property Capital Fund	\$ 61,000	\$ 95,014	\$ 34,014
<b>Total Sources</b>	<b>\$ 305,000</b>	<b>\$ 475,064</b>	<b>\$ 170,064</b>

Uses	Amount at Selection	Current Amount	Difference
Construction	\$ 250,000	\$ 365,755	\$ 115,755
Contingency	\$ 17,500	\$ 25,606	\$ 8,106
Environmental Abatement	\$ 12,500	\$ 25,000	\$ 12,500
Soft Costs	\$ 25,000	\$ 58,703	\$ 33,703
<b>Total Development Costs *</b>	<b>\$ 305,000</b>	<b>\$ 475,064</b>	<b>\$ 170,064</b>

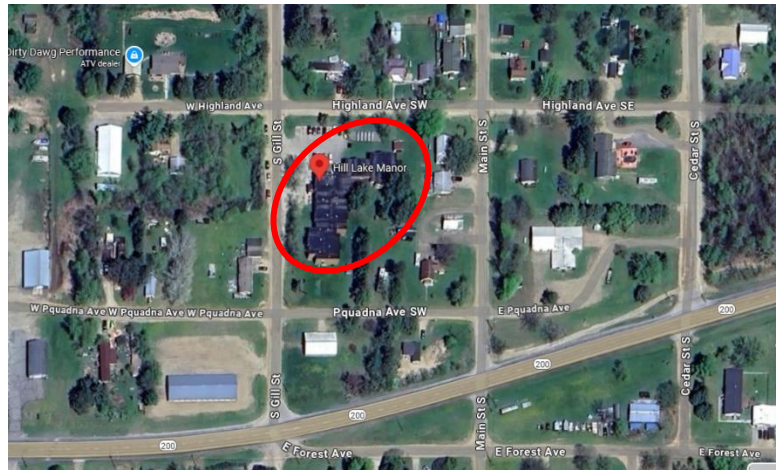
\* Total Development Costs are final. Individual line item amounts may change until closing.

## Maps and Pictures

**Map 1:** Hill City, Minnesota



**Map 2:** Hill Lake Manor is located towards the southern end of town.



**Picture 1:** Front entry of Hill Lake Manor



**Picture 2:** Hill Lake Manor



**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102**

**RESOLUTION NO. MHFA 25-XXX  
Modifying Resolution No. MHFA 24-040**

**RESOLUTION APPROVING FUNDING MODIFICATION PUBLICLY OWNED HOUSING PROGRAM (POHP)**

WHEREAS, the Minnesota Housing Finance Agency Board (Board) at its June 27, 2024 meeting, previously authorized a commitment for Hill Lake Manor development herein named by its Resolution No. MHFA 24-040; and

WHEREAS, Agency staff have determined that there are increased development costs; and

WHEREAS, the development continues to be in compliance with Minnesota Statute chapter 462A and Agency's rules, regulations and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby increases the funding commitment on the development noted above and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. The Publicly Owned Housing Program (POHP) loan shall not exceed \$380,050; and
2. The loan must close on or before December 27, 2026; and
3. All other terms and conditions of the Resolution No. MHFA 24-040 remain in effect.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR



## Item: Funding Modification, Publicly Owned Housing Program – Pioneer Villa, D7777, McGregor

**Action Item:** 7.J  
**Date:** 7/24/2025  
**Staff Contacts:** Susan Bergmann, 651.296.3797, susan.bergmann@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

On June 27, 2024, the Minnesota Housing board committed deferred funding under the Publicly Owned Housing Program (POHP) to the Housing and Redevelopment Authority of Aitkin County for Pioneer Villa under Resolution No. MHFA 24-040 in the amount of \$244,000.

Agency staff recommends the adoption of a resolution to increase the loan amount for Pioneer Villa by \$105,850, increasing the total POHP loan from \$244,000 to \$349,850.

### Fiscal Impact

POHP loans are funded by State of Minnesota General Obligation (GO) bond proceeds, and the loans do not earn interest for the Agency.

### Agency Priorities

- |   |   |
|---|---|
| <input type="checkbox"/> Improve the Housing System                           | <input type="checkbox"/> Make Homeownership More Accessible |
| <input checked="" type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services    |
|   | <input type="checkbox"/> Strengthen Communities             |

### Attachments

- Background
- Maps and Pictures
- Resolution

## Background

*Note there are three similar funding modification request memos for the Housing and Redevelopment Authority of Aitkin County. Although Maryhill Manor, Hill Lake Manor and Pioneer Villa are owned by the same entity, each is a separate project requiring a different funding request.*

Pioneer Villa is a 30-unit, two-story building in McGregor. It was built in 1973 and is owned and managed by the Housing and Redevelopment Authority of Aitkin County (HRA). Although the population served is designated as general occupancy, over half the residents are elderly or disabled. The proposed scope of work includes replacing the original boilers and heating system. This work is considered a health and life safety issue as the boiler is unable to maintain a building temperature of 68 degrees as required by a recent 2023 law enacted by the Minnesota Legislature.

The funding modification is being requested primarily because the bid from the general contractor came in higher than estimated. The POHP request for proposal uses a concept-based application, so project costs are not expected to be final at the time of application. The HRA took appropriate steps to solicit as many bids as possible but only received one due to limited contractor capacity in the region. Both the HRA and Minnesota Housing architects determined the bid to be reasonable given the current economic conditions and bidding environment. The HRA is increasing its contribution to the project and maintaining the 20% leverage.

There are sufficient POHP funds available to cover this request.

### Sources and Uses

The following table provides a financial comparison of the sources and uses at the time of selection and the current proposed amount.

**Table 1: Sources and Uses**

Sources	Amount at Selection	Current Amount	Difference
POHP Loan	\$ 244,000	\$ 349,850	\$ 105,850
Property Capital Fund	\$ 61,000	\$ 87,464	\$ 26,464
<b>Total Sources</b>	<b>\$ 305,000</b>	<b>\$ 437,314</b>	<b>\$ 132,314</b>

Uses	Amount at Selection	Current Amount	Difference
Construction	\$ 250,000	\$ 365,755	\$ 115,755
Contingency	\$ 17,500	\$ 25,606	\$ 8,106
Soft Costs	\$ 37,500	\$ 45,953	\$ 8,453
<b>Total Development Costs*</b>	<b>\$ 305,000</b>	<b>\$ 437,314</b>	<b>\$ 132,314</b>

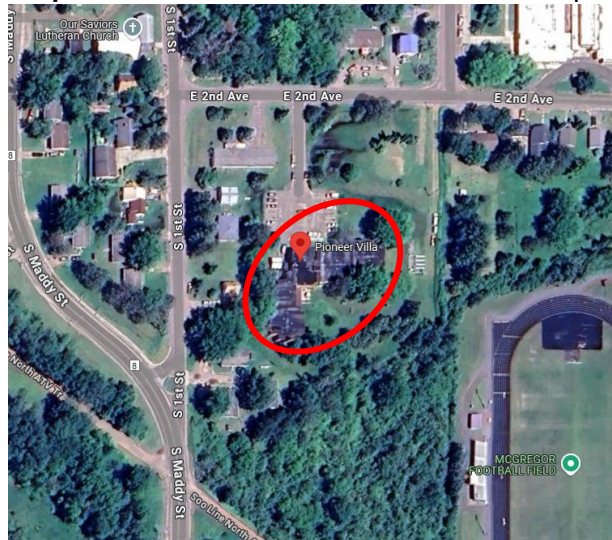
\* Total Development Costs are final. Individual line item amounts may change until closing.

## Maps and Pictures

**Map 1:** McGregor, Minnesota



**Map 2:** Pioneer Villa is located in the south part of town.



**Picture 1:** Front entry of Pioneer Villa



**Picture 2:** Pioneer Villa



**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
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**RESOLUTION NO. MHFA 25-XXXX  
Modifying Resolution No. MHFA 24-040**

**RESOLUTION APPROVING FUNDING MODIFICATION PUBLICLY OWNED HOUSING PROGRAM (POHP)**

WHEREAS, the Minnesota Housing Finance Agency Board (Board) at its June 27, 2024 meeting, previously authorized a commitment for Pioneer Villa development herein named by its Resolution No. MHFA 24-040; and

WHEREAS, Agency staff have determined that there are increased development costs; and

WHEREAS, the development continues to be in compliance with Minnesota Statute chapter 462A and Agency's rules, regulations and policies.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby increases the funding commitment on the development noted above and hereby confirms the renewal of said commitment, subject to any revisions noted:

1. The Publicly Owned Housing Program (POHP) loan shall not exceed \$349,850; and
2. The loan must close on or before December 27, 2026; and
3. All other terms and conditions of the Resolution No. MHFA 24-040 remain in effect.

Adopted this 24<sup>th</sup> day of July 2025

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CHAIR