



# **Multifamily Rental Housing Design/Construction Standards**

*April 2020*

*(Applicable to 2021 Housing Tax Credits)*





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## Chapter 1 – Overview and Applicability

The Minnesota Housing Finance Agency (Minnesota Housing) is committed to meeting Minnesotans' needs for decent, safe and sustainable affordable housing. Since building codes, local regulations and ordinances primarily focus on health, safety and/or protecting property values, they cannot be relied on to meet all expectations. Therefore, in an effort to better meet customer needs and communicate expectations, Minnesota Housing has developed design/construction standards for multifamily rental housing.

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost effective durable building materials and systems that minimize the consumption of natural resources during construction and in long-term maintenance and operation. In addition, Minnesota Housing welcomes new ideas and looks forward to implementing ideas that will provide long-lasting benefits to its customers.

While developing these design/construction standards, Minnesota Housing sought input from funding partners; development partners, including owners, developers, attorneys, architects and contractors; along with input from its production and asset management staff.

This version of the Rental Housing Design/Construction Standards (RHDCS) is applicable to multifamily rental housing developments selected by Minnesota Housing based upon the year of the initial HTC allocation or award. This allows for consistent application of standards by tax credit year.

Developments selected for financing on a year round (pipeline) basis are generally subject to the design standards in effect at the time of application. If the year round funding request is combined with tax credits, the tax credit year determines the design standards. Refer to the beginning summary section of each standard to learn whether the standard is applicable to the project. The project activity or funding source generally dictates when and how a standard applies. Projects involving Adaptive Reuse or "gut" rehabilitation of rental housing must comply, to the maximum extent feasible, with standards for rehabilitation and new construction. When strict compliance to these standards is not feasible, contact the Minnesota Housing staff architect assigned to the project to discuss whether a waiver or variance is warranted.

All dwelling units and common space in mixed-use projects must comply with all of the applicable requirements outlined in these standards. Exception: If the affordable and market rate dwelling units/spaces are condominiumized as separate properties and funded separately, only the affordable units and spaces funded by Minnesota Housing must comply.

Unless specifically excluded elsewhere, projects receiving funding from Minnesota Housing must comply with Minnesota Housing's typical process for design, construction and submittals noted in the Minnesota Housing Architect's Guide and the Minnesota Housing Contractor's Guide, as applicable.

## Chapter 2 – General Occupancy New Construction Minimum Standards

### 2.01 Background

Once a decision is made to construct a new multifamily housing project to serve a particular housing need, selecting an appropriate site location is important. If Minnesota Housing funding is requested to construct a new housing project, the decision to build on a particular site must include determining whether the site can be developed and if it complies with Minnesota Housing standards.

The following standards are supplemental to basic standards established by applicable building codes, local zoning and other applicable regulations. Where two standards govern the same condition, conformance to the most restrictive standard is required. Regardless of whether the local jurisdiction has adopted or not adopted the Minnesota State Building Code, all improvements receiving Minnesota Housing funding must be in compliance with the most current Minnesota State Building Code in effect at the time of the application for funding.

### 2.02 Purpose

The purpose is to make sure multifamily rental housing financed by Minnesota Housing is of decent quality, energy efficient, functional, sustainable and effective in reducing long-term maintenance costs.

### 2.03 Requirements

The following new construction minimum standards involving site design, building design, mechanical and electrical systems, and building components must be adhered to if receiving Minnesota Housing funding for new construction.

- A. **Site Design:** Site improvements must comply with the following standards associated with grading, drainage, parking, garages, sidewalks, play equipment/area and signage as follows:
1. **Grading/Drainage:** The site must be well drained. Surface water must be directed away from the structure. Snow removal/storage must be addressed.
  2. **Parking** must comply with the following requirements:
    - (a) Number of parking spaces must be in accordance with the local zoning requirements. For sites with no local zoning requirements, provide:
      - i. At least one parking space (off street/onsite) for each one-bedroom Dwelling Unit.
      - ii. At least two parking spaces (off street/onsite) for each two-bedroom or larger Dwelling Unit.
      - iii. Adaptive Reuse type projects or Efficiency Units may have less than one parking space for each Dwelling Unit.
      - iv. For special occupant population types (senior housing, supportive housing, congregate Sleeping Units, high density projects, and mixed-use projects), the exact number of parking spaces must be reviewed by Minnesota Housing on a case-by-case basis.
    - (b) Parking spaces must be at least 8'-6" wide except at designated handicapped parking space(s) and must be in compliance with applicable codes.

- (c) Parking spaces, drive lanes, vehicle access aisles, and pedestrian accessibility access aisles must be paved (concrete, bituminous, pavers, or other Minnesota Housing approved material).
  - (d) Provide a poured concrete curb and gutter at outer perimeter of drive lanes and parking.
    - i. Exceptions: Not required for semi-private driveway leading up to attached garage or if omission of a curb and gutter is part of a planned surface storm water management system.
3. **Garages:**
- (a) If private garages are provided, they must meet the following:
    - i. A full partition extending from floor to ceiling made of solid material must separate each garage stall within any bank of garages.
    - ii. Continuous foundations and frost footings are required at all attached garages and detached garages larger than two stalls.
    - iii. Minimum size requirements:
      - a. Clear Width: 11'-0" (single stall), 20'-0" (double stall)
      - b. Net Area: 231 sq. ft. (single stall), 420 sq. ft. (double stall)
      - c. Overhead Door: 9'-0" wide (single stall), 16'-0" wide (double stall)
    - iv. Garages required to be accessible must comply with minimum quantity, dimensions and clearances as required by applicable accessibility codes.
  - (b) If an underground parking garage is provided, the exterior entrance drive slope must not exceed 7 percent, unless heated. We encourage site designs that do not require heated entrance drives.
4. **Exterior Sidewalks:** Sidewalks must be a minimum of four feet wide and made of concrete reinforced with continuous wire mesh.
5. **Play Area/Play Equipment:** A play area for children, along with appropriate play equipment, must be provided for children, unless exempt.
- (a) The entire play area must be filled with natural or synthetic protective materials and equipped with reasonable play equipment for the size of the lot. The perimeter must be designed to keep play area material from spilling, such as curb or sidewalk.
  - (b) The size of the play area must be provided in proportion to the child population of the project.
  - (c) The play area and equipment must be in compliance with equipment manufacturer requirements.
  - (d) Avoid locating any play area(s) where children are required to cross roadways.
  - (e) Provide drain tile beneath all permeable play area surface materials with outlet to nearest storm sewer or drainage ditch.
  - (f) Provide shade, seating and trash receptacle near all play areas.
  - (g) Play areas must be on an accessible route with accessible entrance onto the play area surface.
  - (h) Play area equipment is not required if any of the following conditions apply: The project contains only one-bedroom or smaller units; the project is on a zero lot line site; there is a



public park within a ¼ of a mile of the project (measured from the closest property line in a straight-line to the park) unless separated by a busy street; the project is restricted to 100 percent senior only residents or if Minnesota Housing agrees it is not economically viable.

6. **Signage:** Signage to be provided as follows:
  - (a) If a temporary construction sign is provided, it must be at least 4'x 8' in size and erected onsite at time of construction start. It must contain the project name, [Minnesota Housing Logo](#), names of other funders (or their logos – please confirm with other funders), Equal Housing Opportunity logo, owner's name, general contractor's name, architect's name, and leasing information and phone number.
  - (b) Every project must have a permanent project sign that is visible from the nearest street. It must provide the name of the project, an Equal Housing Opportunity logo, and leasing information and phone number. Nighttime lighting is recommended.
- B. **Building Design:** The building design must be reasonably appropriate for the intended site, resident population and anticipated market, and must be in compliance with the following minimum standards:
  1. **Laundry:** Housing must have access to laundry facilities and must comply with the following requirements:
    - (a) Common laundry is required unless laundry equipment is provided in each Dwelling/Efficiency Unit.
    - (b) If common laundry, one washer and one dryer must be provided for every 12 Dwelling Units. Provide folding table and seating area. For senior housing, one-bedroom Dwelling Units or Efficiency Units, provide one washer and one dryer for every 16 units.
    - (c) If laundry equipment is provided in each Dwelling/Efficiency Unit, stackable equipment is acceptable in non-accessible units.
    - (d) Every clothes washer must have a disaster pan with floor drain, or be located in a room with appropriate flooring whereby the floor slopes to floor drain.
    - (e) Avoid locating clothes washers near areas with carpeting.
  2. **Elevator:** Housing required to have an elevator must meet the following requirements associated with an elevator:
    - (a) The maximum length of travel from any housing unit to an elevator must not exceed 250 lineal feet.
    - (b) The number of required elevators in each building must be dictated by the number of Stories above grade as follows:
      - i. Three to five Stories above grade: one elevator required
      - ii. Six to nine Stories above grade: two elevators required
      - iii. Ten or more Stories above grade: consult with Minnesota Housing
  3. **Dwelling, Efficiency, and Sleeping Unit:** Housing must meet the following requirements associated with decent living space:

- (a) Living room: Minimum dimension must be 11'-6" and appropriately sized for anticipated household size. The room must have a window (or glass patio door) to exterior for natural lighting.
- i. Exception. Efficiency and Sleeping Units: Minimum dimension must be at least 10'-0".
- (b) Primary or master bedroom
- i. Minimum dimension must be 10'-0"
  - ii. Minimum square footage must be 115 sq. ft.
  - iii. A window for natural light must be provided.
    - a. Exceptions. Windowless bedrooms designed to meet applicable building codes may be allowed:
      - If the local Tenant-Based Rental Assistance (TBRA) voucher administrator receives approval for an acceptability criteria variation from their HUD field office that allows TBRA to be used in units with windowless bedrooms; Or
      - Without an acceptability criteria variation if 100% of the units receive Project-based Rental Assistance (PBRA).
    - i. Closet (five lineal ft. of net rod/shelf length)
    - ii. Door and walls to ceiling for privacy. Exception: Efficiency Units/Sleeping Units.
- (c) Secondary bedroom(s)
- i. Minimum dimension 9'-6"
  - ii. Minimum square footage must be 100 sq. ft.
  - iii. A window for natural light must be provided.
    - a. Exceptions. Windowless bedrooms designed to meet applicable building codes may be allowed:
      - If the local Tenant-Based Rental Assistance (TBRA) voucher administrator receives approval for an acceptability criteria variation from their HUD field office that allows TBRA to be used in units with windowless bedrooms, Or
      - Without an acceptability criteria variation if 100% of the units receive Project-based Rental Assistance (PBRA).
    - iv. Closet (4 lineal ft. of net rod/shelf length)
    - v. Door and walls to ceiling for privacy
- (d) Kitchen
- i. Kitchen counter work minimum area must be 6'-0" for one-bedroom Dwelling Units, 7'-0" for two- and three-bedroom Dwelling Units and 8'-0" for larger Dwelling Units. This distance is measured in lineal footage along the front, excluding sink, refrigerator and range.
  - ii. In addition to the minimum work area noted above, Dwelling Units with three or more bedrooms must include a peninsula or island with counter-height stool seating for at least two people or the Dwelling Units must accommodate an eat-in kitchen.

- iii. A range/oven is required in all Dwelling Units and Efficiency Units. All two-bedroom or larger Dwelling Units must have a 30" wide self-cleaning oven. All one-bedroom Dwelling Units and Efficiency Units can use a 24" minimum self-cleaning oven. Avoid locating the oven at the end of a counter. Provide a grease shield behind all ovens or ranges and on abutting partitions. The shields must be high-pressure plastic laminate, enameled or stainless steel.
- iv. Provide a "frost-free" refrigerator with 15" minimum wide counter on the latch side. The refrigerator must be a minimum of 14 cu. ft. for one-bedroom Dwelling Units and Efficiency Units. Larger Dwelling Units must have a larger refrigerator appropriately sized.
- v. Provide hard surface flooring in kitchen.

(e) Dining

- i. Dining area must:
  - a. Have hard-surface flooring
  - b. Be distinct from the living area
  - c. Be provided in two-bedroom and larger Dwelling Units
  - d. Have a window to the exterior or be open to the living room
- ii. The dining area must be appropriately sized for the intended household size and accommodate the following:
  - a. Two-bedroom Dwelling Units: Table with four chairs
  - b. Three-bedroom Dwelling Units: Table with six chairs
  - c. Four-bedroom or larger Dwelling Units: Table with seven chairs
- iii. Dining area exceptions:
  - a. An eat-in kitchen may be substituted for a dining area as long as the kitchen can accommodate an appropriately sized table with chairs for the intended household size, plus two guests.
  - b. A 4'-0" long snack bar located on rear side of kitchen countertop may be used in lieu of designated dining room/area in one-bedroom Dwelling Units and Efficiency Units.

(f) Bathroom. Defined as follows:

- i. Defined as follows:
  - a. Full bathroom includes a lavatory sink, water closet and tub with showerhead.
  - b. Three-quarter (3/4) bathroom includes a lavatory sink, water closet and shower
  - c. Half bathroom/powder room (1/2) includes a lavatory sink and water closet
  - d. Compartmentalized full bathroom includes all items of a full bathroom; however, the tub with showerhead and water closet can be in a private room with a door. At least one vanity (lavatory) is in the separate alcove. Minnesota Housing encourages this design in three-bedroom and larger Dwelling Units.
- ii. Minimum bathroom requirements based upon unit type:

Unit Type	Minimum # of Bathrooms required
Sleeping Units	$\frac{3}{4}$ Bath
Efficiency Units	$\frac{3}{4}$ Bath
1 BR Dwelling Units	$\frac{3}{4}$ Bath
2 BR Dwelling Units	1 Full Bath
3 BR Dwelling Units	1 Full Bath + $\frac{1}{2}$ Bath
>3 BR Dwelling Units	1 Full Bath + $\frac{3}{4}$ Bath
2-story Townhouse with <u>no</u> bedrooms on Ground level	$\frac{1}{2}$ Bath Ground Level and 1 Full Bath Upper Level
2-story Townhouse with at least one Ground level bedroom	$\frac{3}{4}$ Bath Ground Level and 1 Full Bath Upper Level

iii. Minimum accessories:

- a. Towel bar(s) within reach of lavatory and tub/shower
- b. Toilet paper holder
- c. Shower curtain rod (if applicable)
- d. Mirror
- e. A dedicated drawer, cabinet or shelf space for safe medicine storage is required in at least one bathroom of each Dwelling Unit.

(g) Storage space/closets

- i. Entry coat closet is required for one-bedroom and larger Dwelling Units in close proximity to the main entry.
- ii. Designated linen/towel storage space is required in a cabinet design or a closet.
- iii. General storage space for household cleaning supplies, vacuum, etc. is required.

(h) Multi-story Dwelling Unit living areas

- i. Individual Dwelling Units with multi-stories must have a kitchen/kitchenette, living area, dining (or eat-in kitchen) on the same or main level.
- ii. Refer to Chapter 7, *Visitability Standards*, for additional multi-story Dwelling Unit requirements.

C. **Mechanical, Electrical and Plumbing (MEP) Systems:** Housing must have plumbing, mechanical and electrical systems that comply with the following standards:

1. **Independent Technical Analysis:** Minnesota Housing reserves the right to require an independent technical analysis of any or all building components to determine life expectancy and anticipated ongoing lifecycle costs, as well as a maximum 10-year payback on energy-efficient investment premiums.

2. **Plumbing Systems:** Plumbing systems must meet the following requirements:
  - (a) All kitchen sinks must be double compartment (33"x 22" min.), 7" deep minimum with the exception of one-bedroom Dwelling Units and Efficiency Units, which may have a single compartment sink.
  - (b) Disaster pan with floor drain must be provided under any water heater or clothes washer located above ground level. On ground level floors, a floor drain may be provided in lieu of a disaster pan if floor slopes to drain.
  - (c) Water softening is required where the hardness exceeds 14 grains, except where special circumstances exist.
  - (d) Plumbing chases and plumbing walls must not be located within building exterior walls.
3. **Private Well and Septic:** Sites not served by municipal water and/or sewer may be approved to have private wells and/or sewers if they are code compliant and drinking water is tested and meets safe drinking water standards prescribed by Minnesota Department of Health.
4. **Heating, Ventilating and Air Conditioning (HVAC) System:** Air conditioning (AC) or the ability for tenant supplied through-wall AC units must be provided at all units. AC sleeves must be provided with a tight-fitting, insulated cover. Owner supplied through-wall AC units must be ENERGY STAR.
5. **Electrical Systems:** The following requirements must be met:
  - (a) Ceiling or wall mounted light fixture in all bedrooms
  - (b) Task lighting above kitchen range and kitchen sink
  - (c) Exterior light fixtures and lamps must be rated for -20 degree Fahrenheit weather
  - (d) Separately Metered Commercial Space: All applicable utilities serving commercial space such as water service, gas service, electrical service, etc. must be metered separately from all housing space (Dwelling Units, common space, etc.)
  - (e) At least one phone jack must be provided at each dwelling unit.
  - (f) **Broadband Infrastructure:** To provide a platform for all residents to participate in the digital economy, all multifamily new construction projects must include unit-based, Broadband (aka High-speed Internet) Infrastructure. Broadband Infrastructure is defined as cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure – including wireless infrastructure with a minimum broadband speed of 25 Megabits per second (Mbps) download and 3 Mbps upload. If receiving federal assistance, speed will be mandated by the U.S. Department of Housing and Urban Development (HUD). The cost for this infrastructure is an approved construction cost.
    - i. Exceptions:
      - a. Internet service (and its ongoing service fee) is not required and not allowed to be paid for with acquisition or construction funds.
      - b. Broadband Infrastructure is not required if:
        - The location of the property makes installation infeasible due to lack of Internet service
        - The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity or create an undue financial burden

- c. The applicability of any of the above exceptions will be at the sole discretion of Minnesota Housing
- D. **Building Components:** Minnesota Housing encourages the advancement of sustainable building strategies. Refer to Chapter 8, *Sustainable Housing*, for requirements and guidance in meeting Mandatory and Optional Criteria. The following building components must also meet the following minimum standards:
1. **Millwork**
    - (a) All new kitchen cabinets and new bathroom cabinets must have solid wood face-frames, solid wood doors and solid wood drawer fronts. Cabinet box construction may be particle board with melamine surface finish. Exposed end panels must be surfaced with plastic laminate of wood veneer. Exposed end panels in supportive housing units and areas must be plywood or solid wood for durability.
    - (b) Drawer-box construction must have dovetail or other Minnesota Housing approved reinforced joint construction.
    - (c) All millwork must meet the Kitchen Cabinet Manufacturers Association (KCMA) ANSI/KCMA A161.1 standards. KCMA Certification is suggested, but not required.
  2. **Exterior Windows and Doors**
    - (a) All new windows and doors must be ENERGY STAR-qualified. Confirm that the most updated ENERGY STAR requirements are met at the time of purchase. Confirm that the applicable Minnesota region is designated for ENERGY STAR requirements.
    - (b) Special windows, such as those required for high-rise buildings, that are unable to meet ENERGY STAR qualifications are acceptable if they include double pane, low-e glass and thermally broken frames.
    - (c) All windows and windows within doors must be furnished with window coverings for privacy and control of heat/solar shading.
    - (d) All operable windows and operable windows within doors must have insect screens.
    - (e) The sill of all windows must be solid wood, stone, man-made solid surface material, or other material approved by Minnesota Housing.
    - (f) When possible, design the building garage overhead openings with two doors in lieu of one large door. This allows less energy to escape and provides an alternative opening in case of maintenance and repair.
    - (g) Door viewers or sidelight must be provided at Dwelling Unit main entrances.
    - (h) Window fall protection must be provided at all new and replacement window locations whenever lowest part of window opening is within 36-inches of floor.
  3. **Roofing**
    - (a) Low-slope roofing
      - i. Must have a minimum of  $\frac{1}{4}$ " per foot (finished) slope unless otherwise approved by Minnesota Housing staff architect and building official.
      - ii. Approved systems must be either:

- a. A 60 mil PVC membrane fully adhered or induction welded
  - b. A 60 mil TPO membrane fully adhered, induction welded, or ballasted
  - c. A 60 mil EPDM membrane fully adhered
  - d. A four-ply asphalt/gravel built-up assembly
- iii. Warranty: Full system warranty, 20 years from substantial completion, is required.
- (b) Sloped roofing: A minimum 30-year shingle.
4. **Patio and Entrance Slabs** must comply with the following requirements:
- (a) Stoop/footing frost protection required at all entrance slabs with  $\frac{1}{4}$ " per foot maximum slope.
  - (b) Where soils are frost susceptible, stoop/footing frost protection required at all patio slabs.
  - (c) Protect front entrance slab from rain/snow accumulation with an overhang or canopy.
5. **Closet Doors:** Conventional, residential grade, bi-fold doors and hardware package are not acceptable in new construction. Side-hinged, swinging type or other Minnesota Housing approved doors must be provided. If approved by Minnesota Housing, closets may be provided without doors under the following conditions:
- (a) Closets within Efficiency Units
  - (b) Walk-thru closets separating a bedroom and ensuite bathroom
6. **Fire Protection**
- (a) All townhomes and rental single family homes must have at least one fire extinguisher in each Dwelling Unit.
  - (b) Range hood fire suppression canisters, although not required, are encouraged to be installed if the range hood over the stove will allow.
- E. **Schematic Design Concept/Cost Estimate:** The owner must have an architect develop a reasonable schematic design concept. The owner must also have a third-party entity (architect, professional engineer, general contractor, or qualified cost estimator) prepare a cost estimate that conforms to all applicable Minnesota Housing standards. Refer to the Formal Application section of Minnesota Housing's [Architect's Guide](#).

## Chapter 3 – General Occupancy Rehabilitation Minimum Standards

### 3.01 Background

The following standards apply to any rental housing project receiving rehabilitation funding.

For rehabilitation projects (also including substantial and adaptive reuse), any building components or systems being replaced/installed new must also meet the requirements in Chapter 2, *General Occupancy New Construction Minimum Standards*. For example: roofing, kitchen cabinets, windows, etc.

Architectural services are likely to be essential to the success of the project. Refer to Minnesota Housing's [Architect's Guide](#) to determine if architectural services are required for the project.

The following rehabilitation standards are supplemental to basic standards established by applicable building codes, local zoning and other applicable regulations. Where two standards govern the same condition, conformance to the most restrictive standard is required. Regardless if the local jurisdiction has adopted or not adopted Minnesota State Building Code, housing must be in compliance with Minnesota State Building Code.

### 3.02 Purpose

The purpose is to make sure rental housing receiving rehabilitation funding is of decent quality, energy efficient, functional, sustainable and effective in reducing long-term maintenance costs.

### 3.03 Rehabilitation Classification

For the purpose of applying our design standards and sustainability requirements, all rehabilitation projects must be classified as substantial or moderate at time of application for funding. This classification may not necessarily align with building code definitions; it is only intended to identify a compliance path for our purposes. Minnesota Housing has discretion for determining and approving category type of rehabilitation classification and compliance path. Limited scope status may only be considered by Minnesota Housing after funding is awarded.

### 3.04 Rehabilitation Classification Definitions

A. **Substantial Rehabilitation** (or gut rehab) is defined as a project that meets one of the following:

1. Includes the replacement or improvements or both of at least two major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, HVAC and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space.
2. The work area exceeds 50 percent of the aggregate area of the building per the 2015 Minnesota Conservation Code for Existing Buildings Section 505 Level 3 Alteration.

B. **Moderate Rehabilitation** is defined as a project that meets one of the following:

1. Does not fall into the Substantial Rehabilitation classification as defined above
2. Where the work is limited to the 2015 Minnesota Conservation Code for Existing Buildings definition of Section 502 Repairs, Section 503 Level 1 Alteration or Section 504 Level 2 Alteration

C. **Limited Scope Rehabilitation** status may be considered by Minnesota Housing based upon the cost, funding source, and number of Dwelling Units, number of Stories, or other purpose.



- D. **Adaptive Reuse** refers to the process of reusing an existing building for a purpose other than which it was originally built or designed for.

### 3.05 Requirements

A. **Needs Assessment (Physical Needs Assessment [PNA] or Capital Needs Assessment [CNA]):**

Multifamily projects proposing any rehabilitation and applying for funds through the Minnesota Housing Consolidated RFP, year round funding application, or other Minnesota Housing funding are required to submit a needs assessment. The primary difference between a CNA and a PNA is that a CNA is performed in accordance with another party's established protocol that is approved by Minnesota Housing, versus one that is performed in accordance with Minnesota Housing's protocol for a PNA, which is described in more detail below.

All Adaptive Reuse projects must follow either Substantial Rehabilitation or Moderate Rehabilitation requirements and must include a Needs Assessment. New improvement work as part of an Adaptive Reuse project must follow Chapter 2 *General Occupancy New Construction Minimum Standards*.

1. **CNA:** If the applicant chooses to submit an approved CNA (or if a CNA is required for other funding sources), it must be completed in accordance with any of the following established formats:
  - (a) USDA Rural Development
  - (b) HUD/FHA Project Capital Needs Assessment (PCNA) or Green Capital Needs Assessment (GCNA). HUD Multifamily Accelerated Process (MAP) Appendix 5G
  - (c) ASTM E 2018-08 Standard Guide for Property Conditions Assessment
  - (d) Other Minnesota Housing approved format
2. **PNA:** If the applicant chooses to submit a PNA (rather than a CNA), the PNA must consist of a satisfactorily completed Minnesota Housing [Physical Needs Assessment](#) template (PNA) that involves the following requirements:
  - (a) The PNA must represent the property's "as-is," pre-rehabilitation condition.
    - (b) Life Expectancy of systems. The PNA must provide a Life Expectancy analysis including Estimated Age, EUL, and ERL of the following minimum elements identified in the PNA and as necessary to complete the [20 Year Capital Expenditure Template \(20YCE\)](#), that is described below.
  - (c) Inspections must be conducted to identify capital needs and deficiencies under applicable federal, state and local regulations/codes/ordinances as well as other deficiencies as identified by the qualified needs assessor, as follows:
    - i. **Site and Accessory Structures**
      - a. **Site and Roof Drainage:** The site must be well drained. There must be no standing water in non-designated holding pond areas 12 hours after a rain event. Surface drainage must be directed away from the structure, to a designated ponding area, or to a municipal storm sewer system. Include roof drainage provisions when assessing site drainage conditions.
      - b. **Parking and Pavement:** Adequate parking for the resident population must be available for resident use. Any onsite pavement with initial signs of raveling, transverse cracks, longitudinal cracks, or minor block cracking must have preventative

maintenance that includes corrective measures such as crack sealing, seal coating, asphalt patching and repair. Any onsite pavement with severe cracking damage must be replaced. Hard surface parking must be properly striped and any accessible parking spaces properly identified.

- c. **Accessory Structures:** Detached garages, play structures, retaining walls, porches, decks, canopies, trash enclosures, sheds, etc., must be free of life safety hazards and must meet applicable codes unless grandfathered to remain.
- ii. **Structural Integrity:** Structures must be structurally sound and free of any pending or imminent structural collapse or failure. (e.g., decks, basement columns, foundations, floors, walls, roof framing, headers, lintels)
- iii. **Building Envelope:** The building envelope must be weather and water tight. All openings susceptible to water and air penetration must be sealed. Make sure the envelope is adequately insulated or supplement the insulation to the envelope. Typically the attic is the cheapest and easiest to supplement and will provide the greatest cost-to-benefit payback. Make sure all attics are adequately ventilated to prevent ice-damming and all attic bypasses are sealed and insulated.
- iv. **Common Areas:** Stairs, attached/underground garages, furniture, fixtures and equipment, common area cabinetry, common area doors windows, common area finishes, and common area bathrooms must meet applicable codes and regulations and should be free of life safety hazards.
- v. **Dwelling/Efficiency Units:**
  - a. Minimum Dwelling Unit quantity and unit type for Minnesota Housing’s PNA inspection must include:
    - At least 25 percent of all units
    - Each type of unit size (such as 0BR/Sleeping Units, 1BR, 2B, 3BR etc.) and typical unit types in typical buildings
    - All accessible units
    - Those units that are subject to architectural stress such as ground level units, units underneath the roof, units adjacent to elevator cores, and units on the sides of the building that receive the most weathering
  - b. Minimum Dwelling/Efficiency Unit inspectable elements:
    - Functional kitchen: Kitchen must be appropriately sized and equipped with appropriate cabinets, sink, and operational range/oven/hood/refrigerator/exhaust appropriately sized for intended household.
    - Bath cabinets, bath exhaust, plumbing fixtures, flooring, wall/ceiling finish, doors, windows, window coverings, etc.
  - c. Decent living space must be as outlined in Chapter 2, *General Occupancy New Construction Minimum Standards*. Where existing conditions at substantial rehabs or adaptive reuse projects prohibit compliance with full standards, living rooms and bedrooms may have minimum dimension(s) and area smaller by 15 percent, if approved by Minnesota Housing.

- Living room:  $11'-6'' \times 85\% = 9'-9''$ .
  - Primary/master bedroom:  $10'-0'' \times 85\% = 8'-6''$ . 115 sq. ft.  $\times 85\% = 96$  sq. ft.
  - Secondary bedroom(s):  $9'-6'' \times 85\% = 8'-1''$ . 100 sq. ft.  $\times 85\% = 85$  sq. ft.
- vi. **Plumbing and Sanitation Systems:** All plumbing systems must be code compliant, adequately sized and operable with an anticipated minimum seven-year life expectancy. Obsolete, water wasting fixtures must be replaced and no leaks allowed. Minnesota Housing may require sanitary sewer lines to be video-scoped to detect if any unforeseen repair and maintenance is necessary. If present, existing private wells or septic systems must be inspected by a third party entity to determine whether it is code compliant, permitted and functioning properly.
- vii. **Mechanical Systems:** All heating, AC, and ventilation systems must be code compliant, adequately sized, and operable with an anticipated minimum seven-year life expectancy. Bathrooms must have an operating exhaust vent ducted to the exterior. Clothes dryers must be connected to code compliant rigid type vent exhausting to the exterior. To the greatest extent feasible, make sure that all Dwelling Units are air conditioned or equipped with A/C sleeve(s).
- viii. **Electrical Systems:** All electrical systems must be code compliant with circuit breakers and adequately sized for the structure and intended use. All electrical life safety fixtures must be in place and functional including the following:
- a. Smoke detectors: Smoke detectors meeting requirements of Underwriter Laboratories, Inc. and approved by the International Conference of Building Officials must be furnished and installed in all areas as if required for new construction. If code permits, smoke detectors may be battery operated; however, at least one hard-wired smoke detector with battery back-up must be provided in each dwelling and be audible from all sleeping rooms.
  - b. Ground-fault circuit-interrupter (GFCI) protection: The same level of GFCI receptacle protection must be provided in rehabilitation projects as required for new construction, whether or not mandated by code/regulations.
  - c. Arc-fault circuit-interrupter (AFCI) protection. AFCI protection must be provided for receptacle outlets in locations as required per applicable codes/regulations.
  - d. Carbon Monoxide (CO) alarms and Nitrogen Dioxide (NO<sup>2</sup>) alarms must be provided as required per applicable state statute.
  - e. Emergency/exit lighting must be operational and code compliant.
  - f. At least one phone jack must be provided at each dwelling unit.
- ix. **Elevator:** If there is an existing elevator and hoist way in a building then it must be made to be in compliance with 2007 Minnesota Elevator Code as applicable to existing buildings.
- x. **Fire Protection:**
- a. All townhomes and rental single family homes must have at least one fire extinguisher in each Dwelling Unit.
  - b. Range hood fire suppression canisters: Although not required, they are encouraged to be installed if the range hood over the stove will allow.



the year the component/item reaches its Effective Remaining Life (ERL). For Minnesota Housing's purpose, the term for replacement must be 20 years from the time the CNA/PNA is completed. Other aesthetic/marketability needs may be included. In addition, some components may require repairs/replacement several times over the 20 year period.

**B. Other Requirements** for properties undergoing rehabilitation:

1. **Post-construction Capital Expenditures Needs Over a Term:** Not required for Minnesota Housing with exception to federally funded projects. Refer to Chapter 9 of this guide for post-construction capital expenditure projection requirements.
2. **Other Inspections:** Minnesota Housing encourages the owner to engage the local building inspector, the Minnesota Housing staff architect, and any other funder's inspecting rehabilitation specialist or architect in the initial inspection process. Conducting these inspections early in the development, planning and budgeting phase will make sure that all local Property Standards, local building codes and other deficiencies are identified and included in the preparation of the bid specification/scope of work.
3. **Preliminary Scope of Work/Cost Estimate:** The owner must provide a preliminary scope of work and cost estimate prepared by a third party entity such as an architect, professional engineer, general contractor, qualified cost estimator or Qualified Rehabilitation Specialist. The scope and estimate must adequately address property deficiencies to make sure of compliance with all applicable building codes and all requirements within this guide. Work scope must include any reasonable accommodation requests for persons with accessibility needs.
4. **Decent, Safe, Sanitary and in Good Repair:** Unless local codes, ordinances or zoning requirements require more stringent standards, existing conditions with no improvements planned must be in compliance with HUD's Uniform Physical Condition Standards (UPCS) (Title 24, Part 5, Subpart G). The type of funding will usually dictate which standard applies. If you are uncertain how UPCS applies to your property, contact your Minnesota housing management officer (HMO). Regardless, the site, buildings and structures and all parts thereof must be kept in good repair. All defective components must be repaired or replaced.
5. **Broadband Infrastructure:** To provide a platform for all residents to participate in the digital economy, all multifamily rehabilitation projects must include unit-based, Broadband (aka High-speed Internet) Infrastructure. Broadband Infrastructure is defined as cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure – including wireless infrastructure with a minimum broadband speed of 25 Mbps download and 3 Mbps upload. If receiving federal assistance, speed will be mandated by HUD. The cost for this infrastructure is an approved construction cost.
  - (a) Exceptions:
    - i. Internet service (and its ongoing service fee) is not required and not allowed to be paid for with acquisition or rehab funds.
    - ii. Broadband Infrastructure is not required if:
      - a. The location of the property makes installation infeasible due to lack of Internet service
      - b. The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity or create an undue financial burden

- c. At rehabilitation projects, the structure of the building makes installation infeasible
  - iii. The applicability of any of the above exceptions will be at the sole discretion of Minnesota Housing.
- C. **Energy Efficiency:** Refer to Chapter 8, *Sustainable Buildings*, for energy efficiency upgrade requirements.

**Chapter 4 – Intentionally Omitted**

## Chapter 5 – Housing Tax Credit Only Design and Construction Standards

### 5.01 Background

This chapter is intended for projects receiving an allocation or award of 4% or 9% Housing Tax Credits (HTC) with no other capital funding from Minnesota Housing. Projects receiving other capital funding from Minnesota Housing in addition to HTC must follow Minnesota Housing’s Building Standards as promulgated elsewhere.

If Minnesota Housing’s allocated 9% HTC are apportioned to a sub allocator, the project is still required to meet the requirements of this guide; however, no submittals to Minnesota Housing are required.

### 5.02 Purpose

Make sure rental housing financed by HTC is cost reasonable and of similar quality and livability as any other housing financed by or in part with other Minnesota Housing funding.

### 5.03 Requirements

- A. **Design and Construction Standards:** The design and construction of any project receiving HTC funding for new construction and/or rehabilitation must comply with all applicable requirements of the Minnesota Housing Multifamily Rental Housing Design/Construction Standards (RHDCS) in effect for given HTC allocation year. Additional design requirements may be applicable if points are claimed or awarded which require the project to include specific design elements (i.e., Universal Design and/or higher threshold of Enterprise Green Communities Criteria - Optional Criteria points)
- B. **Design and construction related submittals:** Projects receiving a HTC allocation or award must follow Table 5.03 – HTC Submittal Requirements. Minnesota Housing, at its sole discretion, may require additional submittals not listed herein of any project to demonstrate conformance with RHDCS and other applicable Building Standards.



**Table 5.03 – HTC Submittal Requirements**

Submittal Phase	9% HTC Only	4% HTC Only
<ul style="list-style-type: none"> <li>▪ Initial Application</li> <li>▪ (42M submittals for 4% tax credits)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preliminary Architectural Requirements.                             <ul style="list-style-type: none"> <li>○ Concept/schematic design (site plan, building plans, typical D.U. plans, building elevations, and building section), if new construction</li> <li>○ Proposed work scope, if rehab. The 20YCE may be used to satisfy this requirement</li> </ul> </li> <li>▪ Capital Needs Assessment or Property Needs Assessment (CNA or PNA) and 20 Year Capital Expenditure (20YCE), if rehab or adaptive reuse</li> <li>▪ Tax Credit Design Standards Certification</li> <li>▪ Multifamily Intended Methods Worksheet (IMW)</li> <li>▪ Construction Cost Estimate</li> <li>▪ Applicant Cert of Environmental Conditions/Issues</li> <li>▪ If there is an Identity of Interest between Owner and General Contractor (GC), provide a Minnesota Housing Qualifications of GC with Identity of Interest form specific to project.</li> <li>▪ Energy Rebate Analysis – Preliminary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Design – 75%-90% Contract Documents</li> <li>▪ (CNA or PNA) and 20YCE, if rehab</li> <li>▪ Tax Credits Design Standards Certification</li> <li>▪ Multifamily Intended Methods Worksheet (IMW)</li> <li>▪ Construction Cost Estimate</li> <li>▪ Applicant Cert of Environmental Conditions/ Issues</li> <li>▪ Universal Design (UD) Worksheet, if points taken for UD</li> <li>▪ If there’s an Identity of Interest between Owner and GC provide a Minnesota Housing Qualifications of GC with Identity of Interest form specific to project.</li> <li>▪ Energy Rebate Analysis – Preliminary</li> </ul>
<ul style="list-style-type: none"> <li>▪ Pre-construction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Plan Review Submittals                             <ul style="list-style-type: none"> <li>○ Design – Schematic Design/Design Dev/Work Scope</li> <li>○ Design – 75–90% Contract Documents</li> <li>○ Design – 100% Contract Documents</li> </ul> </li> <li>▪ Sustainability Submittals                             <ul style="list-style-type: none"> <li>○ IMW</li> <li>○ Energy Modeling (as designed)</li> </ul> </li> <li>▪ Universal Design Worksheet (if points taken for UD and not submitted previously)</li> <li>▪ Applicable Environmental Assessments</li> <li>▪ Other submittals as requested</li> </ul> <p><b>NOTE:</b> Do not release documents for final hard bidding until all Minnesota Housing 75-90% Contract Documents review comments have been incorporated</p>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>

<ul style="list-style-type: none"> <li>▪ Construction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Architect’s observation reports and construction meeting minutes</li> <li>▪ Any proposed change to the approved Contract Documents (e.g., Proposal Requests, Architectural Supplemental Instructions [ASIs]), which alters approved design/scope of work and may not be in conformance with Minnesota Housing Building Standards</li> </ul> <p><b>NOTE:</b> Do not start construction until 100% Contract Documents have been approved by Minnesota Housing</p>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul> <p><b>NOTE:</b> Do not start construction until initial application review comments have been issued by Minnesota Housing and incorporated into contract documents</p>
<ul style="list-style-type: none"> <li>▪ Post-Construction</li> <li>▪ (IRS Form 8609 submittals)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tax Credits Design Standards Certification</li> <li>▪ Sustainability Submittals                             <ul style="list-style-type: none"> <li>○ IMW</li> <li>○ Energy Model (Post-construction verified)</li> </ul> </li> <li>▪ Certificate of Substantial Completion</li> <li>▪ Certificate of Occupancy/Rental Dwelling License, if applicable</li> <li>▪ Applicable environmental documentation</li> <li>▪ If there’s an Identity of Interest between Owner and GC:                             <ul style="list-style-type: none"> <li>○ Contractor’s Certificate of Actual Cost HUD Form 92330A</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Tax Credits Design Standards Certification</li> <li>▪ Sustainability Submittals                             <ul style="list-style-type: none"> <li>○ IMW</li> <li>○ Energy Model (Post-construction verified)</li> </ul> </li> <li>▪ Certificate of Substantial Completion</li> <li>▪ Certificate of Occupancy/Rental Dwelling License, if applicable</li> <li>▪ Applicable environmental documentation, if requested</li> <li>▪ If there’s an Identity of Interest between Owner and GC:                             <ul style="list-style-type: none"> <li>○ Contractor’s Certificate of Actual Cost HUD Form 92330A</li> </ul> </li> </ul>

Notes to Table 5.03:

1. Requirements/submittals are applicable to rehabilitation, new construction, gut rehab, adaptive reuse, etc. unless noted otherwise.

**C. General Notes for HTC Only Projects:**

1. Table 5.03 above is not meant to serve as a comprehensive list of all required tax credits submittals but rather serves as a guide for design and construction related submittal items. For a more comprehensive list, please refer to the applicable checklists in the Multifamily Customer Portal.
2. Failure to comply with these standards or submittal requirements may be subject to penalty during subsequent tax credits selections. The information listed in Chapter 5 of this guide must not supersede or have preference over any requirement of the Housing Tax Credit Qualified Allocation Plan (QAP) or Housing Tax Credit Program Procedural Manual.
3. All drawing submittals must be in a to-scale, PDF electronic format. Hard copies must be provided only upon request.
4. Recipients of HTCs are invited and encouraged to participate in a Project Launch meeting to discuss unique features of the project and to gain a clear understanding of expectations.

**D. Other Minnesota Housing Building Standards applicable to HTC Only projects:**

1. Projects awarded 9% HTC must comply with all Minnesota Housing Building Standards, which include standards found in the Architect's Guide, Contractor's Guide, Environmental Standards, etc., as applicable. All of these standards and guides are available on our [Building Standards](#) webpage.
2. Projects awarded 4% HTC only must comply with the following components of Minnesota Housing's Building Standards, as applicable:
  - (a) To make sure professional services are provided by a qualified architect and/or professional engineer, the owner must commission architectural services in accordance with Chapter 2 of Minnesota Housing's Architect's Guide.
    - i. Exception: Design-build may be acceptable for mechanical, electrical, and plumbing (MEP) systems as long as professional licensing statutes and rules of the State of Minnesota are followed and adhered to for professional practice and detailed performance specifications for such systems are available at time of bidding
  - (b) To promote cost reasonableness, compensation for professional services must be fair and reasonable. Owners are encouraged to refer to Chapter 3 of Minnesota Housing's Architect's Guide for guidance regarding reasonable compensation.
  - (c) To make sure projects are constructed in accordance with approved construction documents, if there is an Identity of Interest between owner and architect and/or architect and contractor, owner must commission a third-party architect to observe construction administration.
  - (d) To promote cost reasonableness, contractor selection/bidding/compensation must follow requirements as described within Chapter 2 of Minnesota Housing Contractor's Guide, as applicable.
    - i. Exception: Requirement that contractor compensation must be in form of fixed price (stipulated sum), does not apply. Exception added to allow other forms of contractor compensation (i.e., cost of work plus a fee or GMP contracts).
  - (e) To promote environmentally safe housing, the owner is expected to comply with all applicable Minnesota Housing Environmental Standards as well as adhere to all other applicable environmental regulations. Owner is expected to keep good record(s) of all environmental documentation.
  - (f) Minnesota Housing, at its sole discretion, and for any given project, may require compliance with additional components of Minnesota Housing's Building Standards.

## Chapter 6 – Accessibility Standards

### 6.01 Background

In an effort to provide housing that reduces barriers for people with disabilities and to be compatible with the Minnesota Accessibility Code, Minnesota Housing has adopted the following standards. The new construction requirements only apply to multifamily projects containing four or more units ( Dwelling Units/Efficiency Units/Sleeping Units) that are financed by Minnesota Housing, including projects receiving only HTCs allocated by Minnesota Housing. Developments receiving only HTCs from a local suballocator are exempt from this standard and need only comply with the Minnesota State Building Code provisions and the suballocator’s requirements.

Regardless of whether or not the local jurisdiction has adopted the Minnesota State Building Code, all new construction projects and rehabilitation of existing properties financed by Minnesota Housing must be in compliance with all applicable accessibility codes and regulations (including the Americans with Disabilities Act). Where two standards govern the same condition, conformance to the most restrictive standard is required.

All projects involving rehabilitation must have an Accessibility Analysis and Survey to identify accessibility deficiencies and determine whether it is feasible to make modifications to eliminate accessibility deficiencies.

### 6.02 Requirements

- A. **New Construction of projects with four or more housing units:** To promote housing that reduces physical barriers for people who are physically disabled, new construction projects must meet the following:
1. In addition to applicable state and local codes, all new construction projects must comply with the Fair Housing Act of 1968, as amended.
  2. A minimum of five percent of the total housing units (with its fraction rounded up) in the project must be designed and constructed to meet accessibility requirements for a Type A Unit as promulgated by the Minnesota Accessibility Code. The five percent requirement applies to townhouses (regardless if being built to Minnesota Building Code or Minnesota Residential Code) as well as all other types of multifamily housing units.
  3. In addition to, and separate from, the five percent Type A Units, at least two percent (but not less than one) of the total housing units must be adaptable for persons with vision/hearing impairments. Adaptable communication features must include rough-in for audible and visual alarms and notification appliances per applicable ICC/ANSI A117.1 requirements and rough-in wiring to allow future installation of visual and audible notification devices.
  4. Accessible parking spaces must be made available to match the number of Type A Units provided. Additional parking spaces must be provided as required for visitor parking and/or commercial space. Required accessible parking spaces in excess of quantities per applicable building codes and ordinances may be left as non-accessible spaces. These spaces must be designed to allow conversion to accessible parking spaces if needed later.

5. If grab bars are not installed at time of initial occupancy in any Type A Unit as permitted by code, the owner must be responsible for installing code-compliant grab bars immediately upon request by a resident.

**B. Rehabilitation of Existing Buildings:** To promote housing that affords people with disabilities equal opportunity to use and enjoy occupied buildings, Minnesota Housing requires existing buildings to have an Accessibility Analysis and Survey conducted by an architect, qualified needs assessor, or Qualified Rehabilitation Specialist prior to finalizing the work scope. Housing that is being rehabilitated must meet the following, as applicable:

1. **Accessibility Analysis and Survey:** Depending upon whether housing is receiving any federal financial assistance, each building receiving Minnesota Housing financial rehabilitation assistance is required to have an Accessibility Analysis and Survey conducted in accordance with the following:
  - (a) Housing receiving **NO** federal financial assistance must have an Accessibility Analysis and Survey that must determine compliance with the following, as applicable:
    - i. The Fair Housing Act of 1968, as amended, that must also include any documented requests for reasonable accommodations and/or reasonable modifications
    - ii. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189)
    - iii. State and local codes
  - (b) Housing receiving federal financial assistance must have an Accessibility Analysis and Survey (in addition to all items listed above for housing receiving no federal financial assistance) to determine compliance with the following:
    - i. The Architectural Barriers Act (1968)
    - ii. Section 504 of the Rehabilitation Act (1973)
  - (c) A summary of Accessibility Analysis and Survey must be submitted to Minnesota Housing prior to finalizing work scope and must include the following:
    - i. Total existing housing unit count, existing accessible housing unit count (Type A and Type B/Adaptable), housing unit types (efficiency, one-bedroom, two-bedroom, etc.), accessible and non-accessible parking count, and other general accessible property information
    - ii. Identification of all accessibility deficiencies including any requests for reasonable accommodations and/or reasonable modifications
    - iii. Determination of feasible and/or infeasible accessibility improvements
    - iv. Cost estimates as needed to support feasibility
    - v. Other information deemed necessary
2. Rehabilitation work scope must include all accessibility improvements that are determined to be reasonable and feasible as identified in the Accessibility Analysis and Survey. Funded improvements must not reduce or have the effect of reducing accessibility of a building or portion of a building.

3. Housing involving gut rehabilitation, Substantial Rehabilitation or Adaptive Reuse must, to the maximum extent feasible, comply with new construction standards unless mandated otherwise by a local building code official.
  - A. **Universal Design:** Projects awarded Universal Design points for application scoring must include all requirements per the Minnesota Housing approved Universal Design Worksheet. Refer to our [Building Standards](#) webpage for a copy of this document.
  - B. **State Visitability Statute:** Refer to Chapter 7, *Visitability Requirements*, for additional accessibility requirements applicable to certain new construction financed by Minnesota Housing.

## Chapter 7 – Visitability Requirement

The 2001 Minnesota Legislature imposed a Visitability requirement on certain new construction financed by Minnesota Housing. This requirement was promoted by the disability community.

The Visitability requirement applies to the following types of new construction that are financed in whole or in part by Minnesota Housing:

- A. Single-family homes
- B. Duplexes
- C. Triplexes
- D. Multi-level townhomes

This requirement does not apply to projects receiving only an HTC allocation.

This requirement does not apply to owner-occupied housing financed by Minnesota Housing mortgage programs except in cases where Minnesota Housing has also provided financing for the construction with state appropriated funds.

Visitability is defined as designs that allow persons with mobility impairments to enter a residence and comfortably stay for a duration. There are three specific design elements that must be incorporated in each Dwelling Unit to satisfy the state Visitability requirement. The Dwelling Unit must include:

- A. At least one no-step entrance
- B. Thirty-two inch clear opening doorways throughout the dwelling
- C. At least a one-half bathroom on the main level that meets minimum clear floor space for half baths (powder room) as required by Fair Housing Act Part B: Usable Bathrooms

## Chapter 8 – Sustainable Housing

### 8.01 Background

Minnesota Housing’s Sustainable Housing Standards are applicable for all new construction and rehabilitation and require compliance with the 2015 version of the Enterprise Green Communities Criteria (EGCC) and most current version of the MN Overlay and Guide to the 2015 Enterprise Green Communities Criteria.

Current and previous Sustainable Housing Standards are available on Minnesota Housing’s [Building Standards](#) webpage.

### 8.02 Exception

The State of Minnesota Sustainable Building Guidelines are applicable for projects receiving Publicly Owned Housing Program (POHP) general obligation bond proceeds. Refer to Minnesota Housing POHP Program Guide for more information. The Minnesota Housing Sustainable Housing Standards do not apply if the project is receiving POHP general obligation bond proceeds and it is determined the project must comply with The State of Minnesota Sustainable Building Guidelines.

### 8.03 Energy Rebate Analysis

If required by the Minnesota Housing Underwriting Guide, an Energy Rebate Analysis (ERA) must be provided.

- A. At the application phase, submit a preliminary/draft explanation of energy rebates being considered. The preliminary/draft explanation should include the following: utility name; utility type (e.g., electric or natural gas); utility program name (if applicable, e.g., Energy Design Assistance or Multi-Family Building Efficiency Program); and total estimated rebate amount. Also indicate whether the developer has already been in contact with the utility about potential rebates for this project.
- B. Prior to closing/loan commitment, submit a final ERA as follows:
  1. Prepared by a third-party entity with no identity of interest to the developer, borrower or owner of the development property. The third-party entity must be a licensed architect, licensed engineer, needs assessor, HERS Rater or other entity deemed qualified by Minnesota Housing to provide this service.
  2. The ERA must be on the letterhead of the entity it was prepared by and must include contact information and date it was prepared.
  3. The ERA must include a list of eligible utility company, local, regional, state or federal rebate programs.
  4. The ERA must include recommendations of applicable rebates to be included with estimated rebate amounts or estimated tax credit amounts.
  5. Include calculations, energy models or other technical data to support recommendations.
  6. Include letters, program data information, or other documentation from utility providers to support noted programs.
  7. If renewable energy strategies are proposed, a cost-benefit analysis must be included.

Visit [www.dsireusa.org](http://www.dsireusa.org) for potential rebate information in your project’s area.



## **Chapter 9 – Design, Construction, and Property Standards for Federally Funded Projects (i.e., National Housing Trust Fund/HOME)**

### **9.01 Background**

The National Trust Fund Program (NHTF) and HOME Investment Partnerships Program (HOME) are both federally funded programs and are subject to applicable Code of Federal Regulations (CFR). Projects receiving funding from both or either federal program(s) are required to comply with applicable Property Standards at 24 CFR Part 93, Subpart G, §93.301 (if receiving NHTF funds) and/or 24 CFR Part 92, Subpart F, §92.251 (if receiving HOME funds), including part (a) *New construction projects* and part (b) *Rehabilitation projects*. In addition, the project must comply with all other applicable Minnesota Housing policies, including this guide.

Regardless if a project is new construction and/or rehabilitation, all building materials used during construction or rehabilitation must be new and compliant with applicable building codes and Minnesota Housing approved plans and specifications. Construction materials must also be installed in accordance with manufacturers' recommendations. Construction contracts and construction documents must describe the work to be undertaken in adequate detail and in compliance with Minnesota Housing [Building Standards](#).

Minnesota Housing must review and approve written cost estimates for construction or rehabilitation and determine that the costs are reasonable. Minnesota Housing staff must be given access to the site to conduct progress and final inspections to make sure work was done in accordance with approved plans and specifications, applicable codes and the construction contract. For rehabilitation, Minnesota Housing will also conduct an initial property inspection to identify the minimum deficiencies that must be addressed in order for housing to meet UPCS.

The standards identified in this chapter may be changed by either statute, regulatory action of the federal government and/or building code change, which may be put into effect by the governing authorities having jurisdiction. Any change will be in effect on the effective date of the change. When previously approved designs are affected by new action(s), as described herewith, owners must discuss with Minnesota Housing the effect of the change on the project and whether previously approved plans and specifications must be altered. Where two standards govern the same condition, conformance to the most restrictive standard is required.

In addition, the owner must maintain the housing as decent, safe and sanitary housing in good repair at the time construction or rehabilitation is completed and throughout the affordability period as required by federal regulations (24 CFR § 92.252 (HOME) and/or 24 CFR § 93.302 (NHTF)). The affordability period may vary depending upon funding type and amount.

### **9.02 Purpose**

The purpose is to make sure projects funded with NHTF and/or HOME funds comply with all applicable building codes/standards, federal regulations and applicable requirements of this guide.

### 9.03 Property Standards (New Construction Projects)

The following federal regulations and Minnesota Housing [Building Standards](#) apply to new construction projects receiving NHTF and/or HOME funds, as applicable:

- A. **State and Local Codes, Ordinances, and Zoning Requirements:** (24 CFR §93.301(a)(1))/(24 CFR §92.251(a)(1)): Housing that is newly constructed with NHTF and/or HOME funds must be designed to meet all applicable state and local codes, ordinances, and zoning requirements. NHTF and/or HOME assisted new construction projects must meet state or local residential and building codes, as applicable or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing ) of the International Code Council. The housing must meet the applicable requirements upon project completion.
- B. **Accessibility:** (24 CFR §93.301(a)(2)(i))/(24 CFR §92.251(a)(2)(i)): The housing must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. “Covered Multifamily Dwellings,” as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). In addition, housing must meet Minnesota Housing’s Accessibility Standards contained within Chapter 6 of this guide.
- C. **Energy Efficiency:** (24 CFR §93.301(a)(2)(ii)): Any housing that is receiving NHTF funds must meet the energy efficiency standards established pursuant to Section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709). In addition, all housing must meet EGCC as amended per applicable MN Overlay. Depending upon type and size of the project, the owner must commission either a HERS Rater or licensed mechanical engineer to determine applicable Building Performance requirements/strategies and to help ensure conformance to the most stringent requirements.
- D. **Disaster Mitigation:** (24 CFR §93.301(a)(2)(iii))/(24 CFR §92.251(a)(2)(iii)): The state of Minnesota does not impose additional standards that require housing to be improved to mitigate potential disasters. If a local governing authority has adopted standards to mitigate potential disasters, which are applicable to the project at hand, or if Minnesota or HUD adopts disaster mitigation requirements, those standards must be adhered to.
- E. **Construction Documents and Cost Estimates:** (24 C.F.R. § 93.301(b)(1)(iv)/§ 92.251 (b)(1)(iv)): To make sure that the work to be undertaken will meet NHTF and applicable Minnesota Housing Building Standards, the construction documents (work write-ups) must be prepared by a qualified entity (architect, engineer, or approved rehabilitation specialist) in sufficient detail and must be reviewed and approved by Minnesota Housing’s staff architect. In addition, the Minnesota Housing staff architect will review cost estimate and construction bids for cost reasonableness.
- F. **Broadband Infrastructure:** (24 CFR §93.301(a)(2)(vi))/(24 CFR §92.251(a)(2)(vi)): In a building with more than four rental units, the construction must include installation of Broadband Infrastructure, as this term is defined in 24 CFR §5.100, except where Minnesota Housing determines, and in accordance with §93.407(a)(2)(iv), documents the determination that:
  1. The location of the new construction makes installation of Broadband Infrastructure infeasible; OR
  2. The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity or create an undue financial burden.

- G. **Other New Construction Standards:** Housing must also meet all applicable Minnesota Housing’s General Occupancy New Construction Standards as described within Chapter 2 of this guide.

## 9.04 Property Standards (Rehabilitation Projects)

The following federal regulations and Minnesota Housing [Building Standards](#) apply to all rehabilitation projects receiving Minnesota Housing’s NHTF and/or HOME funds, as applicable:

- A. **Health and Safety:** (24 CFR §93.301(b)(1)(i))/(24 CFR §92.251(b)(1)(i)): If the housing is occupied at the time of initial inspection, all Life-Threatening Items (LTI) must be identified and addressed immediately including all LTI associated with UPCS, as listed in **Appendix A** of this guide. All other deficiencies or items (non-Life-Threatening) not addressed immediately must be addressed in the rehabilitation work scope.
- B. **Major Systems:** (24 CFR §93.301(b)(1)(ii))/(24 CFR §92.251(b)(1)(ii)): All major systems must be assessed and include: structural support; roofing; cladding and weatherproofing (e.g., windows doors, siding gutters plumbing, electrical, heating, ventilation, and AC). The owner must estimate (based on age and condition) the remaining useful life of these systems upon project completion of each major system. For rental housing, if the remaining useful life of one or more major system (that is/are scheduled to remain) is less than the applicable period of affordability, then the owner must establish a replacement reserve with monthly payments that are deemed adequate by Minnesota Housing to repair or replace the system(s) as needed. To assist the owner in assessing major systems the owner must commission an architect or rehabilitation specialist to carry out this assessment.
- C. **Capital Needs Assessment:** (24 CFR §93.301(b)(1)(ii), §93.301(b)(1)(ix))/(24 CFR §92.251(b)(1)(ii), §92.251(b)(1)(ix)): For multifamily housing projects of 26 units or more, the owner must undertake a capital needs assessment (CNA) in a format approved by Minnesota Housing. The CNA must determine all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project. The CNA must include determining the useful life of major systems upon project completion (including structural support, roofing, cladding and weatherproofing (e.g., windows, doors, siding, gutters, plumbing, electrical, and heating, ventilation, and AC). If the remaining useful life of one or more major system is less than the affordability period, the owner must establish a replacement reserve with monthly payments that is deemed adequate by Minnesota Housing to replace the system(s) as needed).
- D. **Lead-based Paint:** (24 CFR §93.301(b)(1)(iii))/(24 CFR §92.251 (b)(1)(iii)). Unless exempt from HUD’s lead-based paint regulations, housing must meet the lead-based paint requirements at 24 CFR Part 35. To determine applicable requirements under Subpart J - Rehabilitation, the level of federal assistance and the hard costs of rehabilitation must be evaluated and the level of federal rehabilitation assistance determined. The level of federal rehabilitation assistance will dictate appropriate lead hazard evaluation and reduction requirements. All notices required by 24 CFR Part 35 must be provided in accordance with the regulations.
- E. **Accessibility:** (24 CFR §93.301(b)(1)(iv))/(24 CFR §92.251(b)(1)(iv)). The housing must meet the accessibility requirements in 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented as 28 CFR Parts 35 and 36, as applicable. “Covered Multifamily Dwellings,” as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). Rehabilitation may include improvements that are not required by regulation or state law that permit use by a person with disabilities. In addition, housing must meet Minnesota Housing’s Accessibility Standards contained

within Chapter 6 of this guide. The owner must commission an Accessibility Analysis and Survey per Minnesota Housing’s Accessibility Standards. Funded improvements must not reduce or have the effect of reducing accessibility of a building or portion of a building.

- F. **Disaster Mitigation:** (24 CFR § 93.301(b)(1)(vi))/(24 CFR § 92.251(b)(1)(vi)). The state of Minnesota does not impose any additional standards to mitigate the impact of potential disasters. If a local governing authority has adopted standards to mitigate potential disasters, which are applicable to the project at hand, or if Minnesota and/or HUD adopt disaster mitigation requirements, those standards must be adhered to.
- G. **State and Local Codes, Ordinances, and Zoning Requirements:** (24 CFR §93.301(b)(1)(vii))/(24 CFR §92.251 (b)(1)(vii)): The housing must meet all applicable state and local codes, ordinances and requirements or, in the absence of a state and local building code, the International Building Code of the International Code Council. Minnesota Housing encourages owners to contact their local building inspector early in the work scope development process to make sure the property and all work is in conformance with state and local codes, ordinances, and zoning requirements.
- H. **Uniform Physical Condition Standards:** (24 CFR §93.301(b)(1)(viii))/(24 CFR §92.251(b)(1)(viii)): Upon completion, the project and units must be decent, safe, sanitary and in good repair as described in 24 CFR §5.703. The minimum deficiencies that must be corrected under Minnesota Housing’s rehabilitation standards is based on inspectable items and inspected areas in accordance with HUD-prescribed physical inspection procedures (Uniform Physical Conditions Standards) pursuant to 24 CFR §5.705, Refer to **Appendix A**.
- I. **Broadband Infrastructure:** (24 CFR §93.301(b)(1)(x))/(24 CFR §92.251(b)(1)(x)): A building with more than four rental units and undergoing Substantial Rehabilitation as defined in 24 CFR §5.100, must provide for installation of Broadband Infrastructure, as this term is also defined in 24 CFR § 5.100, except where Minnesota Housing determines and, in accordance with §93.407(a)(2)(iv)/§92.508(a)(3)(iv), documents the determination that:
  1. The location of the Substantial Rehabilitation makes installation of Broadband Infrastructure infeasible;
  2. The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity or creates an undue financial burden; or
  3. The structure of the housing to be substantially rehabilitated makes installation of Broadband Infrastructure infeasible.
- J. **Other Rehabilitation Standards:** Housing must also meet Minnesota Housing’s General Occupancy Rehabilitation Minimum Standards as described within Chapter 3 of this guide.

## 9.05 Post-Construction Capital Expenditure Analysis

A post-rehabilitation CNA must be provided to Minnesota Housing upon construction close out by the owner. Refer to the HOME and NHTF Combined Program Guide. It must include applicable capital projections through the end of the affordability period. Minnesota Housing’s staff architect will review the capital expenditure projections based on the completed work to make sure that an appropriate useful life timeline and items are included.

## Chapter 10 – Critical Needs and Preservation Housing Projects

### 10.01 Background

This chapter is applicable only if pursuing Preservation funding through *Risk of Loss Due to Critical Physical Needs*. Refer to the current Multifamily Housing Tax Credit Self-scoring Worksheet and Request for Proposals Deferred Loan Priority Checklist available at the [Application Resources for Multifamily Financing](#) webpage to determine eligibility requirements. Applicants claiming *Risk of Loss Due to Critical Physical Needs* must determine (by third party assessment) the following:

- A. Whether or not there are any Critical Physical Needs. Critical Physical Needs are deficiencies that if left unattended will likely jeopardize the property's federal assistance.
- B. Whether or not repair/replacement of major physical plant components (including Critical Physical Needs) that have been identified will result in 15+ years of sustained operations.
- C. Whether or not identified scope of Critical Physical Needs exceeds the available reserves by at least \$5,000 per unit.

Refer to Chapter 3 *Rehabilitation* of this guide for definitions and general information related to needs assessments, 20-Year Capital Expenditure Template, needs categories and other standard rehabilitation procedures.

### 10.02 Purpose

The purpose is to make sure projects submitting a proposal for Preservation funding through Minnesota Housing that claim *Risk of Loss Due to Critical Physical Needs* are in a physical condition likely to cause the project to be in imminent danger of losing its federal subsidy.

### 10.03 Requirements

Applicants claiming *Risk of Loss due to Critical Physical Needs* must provide the following to Minnesota Housing at time of initial application for funding in order for Minnesota Housing to consider the applicant's claim:

- A. **Minnesota Housing Physical Needs Assessment Template (PNA) or other Minnesota Housing approved CNA format**, which supports the following conclusions regarding any identified Critical Physical Needs:
  1. As-is condition of a property's physical condition is determined to be deficient in accordance with HUD's UPCS. UPCS deficiencies that have the following characteristics may be considered Critical Physical Needs:
    - (a) Condition(s) determined to be critical via a certified HUD UPCS/Real Estate Assessment Center (REAC) Deficiencies Inspection Report. Other Deficiencies and Deficiently Levels defined in the [REAC Dictionary of Deficiency Definitions 2012 version](#) may be considered a Critical Physical Need if approved by Minnesota Housing. Health and safety hazards including building or fire code violation.
    - (b) Conditions that adversely affect egress
    - (c) Conditions that prevent sustaining occupancy
    - (d) Material existing of potential unsafe conditions

- (e) Conditions that, if not remedied, having the potential to result in or contribute to critical element/system failure within one year or will most probably result in a significant escalation of remedial costs
  - (f) Site drainage issues causing water penetration into the building through situations that impact life and safety
  - (g) Repairs or replacements of code-required electrical items such as smoke detectors, fire alarms, GFCI protection, AFCI protection, carbon monoxide (CO) alarms or nitrogen dioxide (NO<sup>2</sup>) alarms
  - (h) Non-aesthetic, elevator life and safety work including work in compliance with the 2007 Minnesota Elevator Code
  - (i) Kitchen and Bath Cabinets and Counters:
    - i. Replacement due to other critical/immediate needs work. Example: If cabinets are removed/damaged due to the destructive repair and replacement of plumbing main lines, new cabinets may be included as critical/immediate needs
    - ii. Replacement if there's a presence of mold or other life and safety concern
    - iii. **NOTE:** Damaged cabinets and countertops such as missing loose doors/drawers, delamination, holes, or other wear-and-tear are not necessarily critical/immediate needs. (These items must be included under Non-Critical Rehabilitation Needs.)
  - (j) Parking lot and other paved surfaces with systemic tripping hazards or other site life and safety corrections
  - (k) Environmental remediation for mold, radon, friable asbestos, lead-based paint hazards (deteriorated paint), etc. Remediation due to a proposed rehabilitation activity is not considered a critical/immediate need.
  - (l) Remedies to correct non-compliant accessibility features. Typically non-grandfathered improvements based upon the age of the building/site. Refer to Accessibility paragraph for more information.
2. Other building components and mechanical system deficiencies for which UPCS does not provide a measure, which are confirmed to exist by a qualified, independent third-party professional assessor. A deficiency that has the following characteristics may be considered a Critical Physical Need:
- (a) All components are of imminent structural collapse or failure
  - (b) Building envelope work limited to the replacement of siding, trim, stucco, masonry, windows, doors, roofing, sheathing, roof substrate, weather barrier, waterproofing, etc., that, due to its inability to adequately prevent water or air penetration, has resulted in mold or other unsafe, interior health and life safety conditions
  - (c) Remedies to replace systemic leaky or failed water and sewer piping. Sewer scoping and jet cleaning are maintenance items and not a Critical Need.
  - (d) Repairs or replacements of mechanical equipment, controls, ductwork, etc., that, due to their inability to properly heat, cool, or ventilate, has resulted in mold or other unsafe, interior health and life safety conditions. Abandoned and non-functioning equipment or low cubic feet per minute (CFM) ventilation systems are considered a Critical Need.

**B. Accessibility.**

1. Remedies to bring existing conditions to current accessibility codes are typically not considered Critical Need.
2. Accessibility improvements are not Critical Need unless required by a building official or occupancy was threatened without improvement.
3. Accessibility improvements must be included in the general work scope (non-Critical Need).

**C. Minnesota Housing 20-Year Capital Expenditure (20YCE) Template.**

In addition to short-term needs and needs over term, Critical Needs must be identified in the Critical Needs column and must only include cost of repairs, replacements, and remedies that address the conditions described above.

**D. Critical Physical Needs – Additional Narrative:**

When claiming and identifying a Critical Need on the 20YCE, it must be supported by an attached narrative to explain how and why the identified condition meets the definition of “Critical Need.” Items with zero years or negative ERL are not automatically considered a Critical Need but instead must meet one of the conclusions in 10.3A.1 (a) through (l).

**E. Forensic/Destructive inspections**, X-ray imaging, plumbing pipe video-scoping, special testing, or third party professional opinion (architect, engineer, environmental specialist, etc.) may be required to confirm if repair or replacement is a Critical Need.

**F. Energy efficiency upgrades** are not considered Critical Need.

**G. Link to [Three Year Critical Needs Model](#)**

## Chapter 11 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

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

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

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

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

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

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



## **Chapter 12 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting**

### **12.01 Fraud**

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

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the ways described in section 12.05.

### **12.02 Misuse of Funds**

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

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

Any borrower or grantee (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the ways described in section 12.05.

### **12.03 Conflict of Interest**

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

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

Organizational conflicts of interest occur when:

- A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties
- A contracting party's objectivity in carrying out the award is or might be otherwise impaired due to competing duties or loyalties

- A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors

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

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

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in section 12.05.

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

#### **12.04 Suspension**

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

#### **12.05 Disclosure and Reporting**

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

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

## Appendix A: Uniform Physical Conditions Standards for Multifamily Housing Rehabilitation Involving Federal Programs

**NOTE:** LTI = Life-threatening Item that must be addressed immediately if the housing is occupied.

<b>REQUIREMENTS FOR SITE</b>			
<b><i>Inspectable Item</i></b>	<b><i>Observed Deficiency</i></b>	<b><i>Type and Degree of Deficiency</i></b>	<b><i>LTI</i></b>
Fencing and Gates	Damaged/Falling/Leaning	Fence or gate is missing or damaged to the point it does not function as it should	
	Holes	Hole in fence or gate is larger than 6" by 6"	
	Missing Sections	An exterior fence, security fence or gate is missing a section, which could threaten safety or security	
Grounds	Erosion/Rutting Areas	A rut/groove is 6-8" wide and 3-5" deep. And/or runoff has extensively displaced soils, which has caused visible damage or potential failure to adjoining structures or threatens the safety of pedestrians or makes the grounds unusable	
	Overgrown/Penetrating Vegetation	Vegetation is extensive and dense; it is difficult to see broken glass, holes and other hazards. And/or Vegetation contacts or penetrates an unintended surface. And/or Vegetation has visibly damaged a component, area or system of the property or has made them unusable or unpassable	
	Ponding/Site Drainage	There is an accumulation of more than 5" deep and/or a large section of the grounds – more than 20% – is unusable for its intended purpose due to poor drainage or ponding	
Health and Safety	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Air Quality – Propane/Natural Gas/ Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Electrical Hazards – Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards – Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Flammable Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris – Outdoors	Too much garbage has gathered – more than the planned storage capacity – or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	

Health and Safety Cont.	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards – Tripping	Any physical defect in walkways or other traveled area that poses a tripping risk	
	Infestation – Insects	Evidence of infestation of insects – including roaches and ants throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation – Rats/Mice/Vermin	Evidence of rats or mice – sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Mailboxes/Project Signs	Mailbox – Missing/Damaged	Mailbox cannot be locked or is missing	
	Signs Damaged	The project sign is not legible or readable because of deterioration or damage	
Parking Lots/Driveways/Roads	Cracks	Cracks that are large enough to affect traffic ability over more than 5% of the property's parking lots/driveways/roads or pose a safety hazard	
	Ponding	3" or more of water has accumulated making 5% or more of a parking lot/driveway unusable or unsafe	
	Potholes/Loose Material	Potholes or loose material that have made a parking lot/driveway unusable/unpassable for vehicles and/or pedestrians or could cause tripping or falling	
	Settlement/Heaving	Settlement/heaving has made a parking lot/driveway unusable/unpassable or creates unsafe conditions for pedestrians and vehicles	
Play Areas and Equipment	Damaged/Broken Equipment	More than 20% of the equipment is broken or does not operate as it should or any item that poses a safety risk	
	Deteriorated Play Area Surface	More than 20% of the play surface area shows deterioration or the play surface area could cause tripping or falling and thus poses a safety risk	
Refuse Disposal	Broken/Damaged Enclosure-Inadequate Outside Storage Space	A single wall or gate of the enclosure has collapsed or is leaning and in danger of falling or trash cannot be stored in the designated area because it is too small to store refuse until disposal	
Retaining Walls	Damaged/Falling/Leaning	A retaining wall is damaged and does not function as it should or is a safety risk	
Storm Drainage	Damaged/Obstructed	The system is partially or fully blocked by a large quantity of debris , causing backup into adjacent areas or runoffs into areas where runoff is not intended	

Walkways/Steps	Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable	
	Cracks/Settlement/Heaving	Cracks, hinging/tilting or missing sections that affect traffic ability over more than 5% of the property's walkways/steps or any defect that creates a tripping or falling hazard	
	Spalling/Exposed Rebar	More than 5% of walkways have large areas of spalling – larger than 4" by 4" --that affect traffic ability	

<b>REQUIREMENTS FOR BUILDING EXTERIOR</b>			
<b><i>Inspectable Item</i></b>	<b><i>Observed Deficiency</i></b>	<b><i>Type and Degree of Deficiency</i></b>	<b><i>LTI</i></b>
Doors	Damaged – Frames/Threshold/Lintels/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim	
	Damaged – Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware	
	Damaged – Surface (Holes/Paint/Rusting/Glass)	Any door that has a hole or holes greater than 1" in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass	
	Damaged/Missing Screen/Storm/Security Door	Any screen door or storm door that is damaged or is missing screens or glass – shown by an empty frame or frames or any security door that is not functioning or is missing	
	Deteriorated/Missing Caulking/Seals	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should	
	Missing Door	Any exterior door that is missing	
Fire Escapes	Blocked Egress/Ladders	Stored items or other barriers restrict or block people from exiting	Yes
	Visibly Missing Components	Any of the functional components that affect the function of the fire escape – one section of a ladder or railing, for example – are missing	
Foundations	Cracks/Gaps	Large cracks in foundation more than 3/8" wide by 3/8" deep by 6" long that present a possible sign of a serious structural problem, or opportunity for water penetration or sections of wall or floor that are broken apart	
	Spalling/Exposed Rebar	Significant spalled areas affecting more than 10% of any foundation wall or any exposed reinforcing material – rebar or other	

Health and Safety	Electrical Hazards – Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards – Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Emergency Fire Exits – Emergency/Fire Exits Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits – Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable/Combustible Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris – Outdoors	Too much garbage has gathered – more than the planned storage capacity – or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards – Tripping	Any physical defect in walkways or other traveled area that poses a tripping risk	
	Infestation – Insects	Evidence of infestation of insects – including roaches and ants throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation – Rats/Mice/Vermin	Evidence of rats or mice – sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Lighting	Broken Fixtures/Bulbs	10% or more of the lighting fixtures and bulbs surveyed are broken or missing	
Roofs	Damaged Soffits/Fascia	Soffits or fascia that should be there are missing or so damaged that water penetration is visibly possible	
	Damaged Vents	Vents are missing or so visibly damaged that further roof damage is possible	
	Damaged/Clogged Drains	The drain is damaged or partially clogged with debris or the drain no longer functions	
	Damaged/Torn Membrane/Missing Ballast	Ballast has shifted and no longer functions as it should or there is damage to the roof membrane that may result in water penetration	

Roofs Cont.	Missing/Damaged Components from Downspout/Gutter	Drainage system components are missing or damaged causing visible damage to the roof, structure, exterior wall surface, or interior	
	Missing/Damaged Shingles	Roofing shingles are missing or damaged enough to create a risk of water penetration	
	Ponding	Evidence of standing water on roof, causing potential or visible damage to roof surface or underlying materials	
Walls	Cracks/Gaps	Any large crack or gap that is more than 3/8" wide or deep and 6" long that presents a possible sign of serious structural problem or opportunity for water penetration	
	Damaged Chimneys	Part or all of the chimney has visibly separated from the adjacent wall or there are cracked or missing pieces large enough to present a sign of chimney failure or there is a risk of falling pieces that could create a safety hazard	
	Missing/Damaged Caulking/Mortar	Any exterior wall caulking or mortar deterioration that presents a risk of water penetration or risk of structural damage	
	Missing Pieces/Holes/Spalling	Any exterior wall deterioration or holes of any size that present a risk of water penetration or risk of structural damage	
	Stained/Peeling/Needs Paint	More than 20% of the exterior paint is peeling or paint is missing and siding surface is exposed thereby exposing siding to water penetration and deterioration	
Windows	Broken/Missing/Cracked Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane	
	Damaged Sills/Frames/Lintels/Trim	Sills, frames, lintels, or trim are missing or damaged, exposing the inside of the surrounding walls and compromising its weather tightness	
	Damaged/Missing Screens	Missing screens or screens with holes greater than 1" by 1" or tears greater than 2" in length	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure	
	Peeling/Needs Paint	More than 20% of the exterior window paint is peeling or paint is missing and window frame surface is exposed thereby exposing window frame to water penetration and deterioration	
	Security Bars Prevent Egress	The ability to exit through egress window is limited by security bars that do not function properly and, therefore, pose safety risks	Yes

<b>REQUIREMENTS FOR BUILDING SYSTEMS</b>			
<b><i>Inspectable Item</i></b>	<b><i>Observed Deficiency</i></b>	<b><i>Type and Degree of Deficiency</i></b>	<b><i>LTI</i></b>
Domestic Water	Leaking Central Water Supply	Leaking water from water supply line is observed	
	Missing Pressure Relief Valve	There is no pressure relief valve or pressure relief valve does not drain down to the floor	
	Rust/Corrosion on Heater Chimney	The water heater chimney shows evidence of flaking, discoloration, pitting or crevices that may create holes that could allow toxic gases to leak from the chimney	
	Water Supply Inoperable	There is no running water in any area of the building where there should be	
Electrical System	Blocked Access/Improper Storage	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency	
	Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
	Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures, or any evidence of water leaks in the enclosure or hardware	
	Frayed Wiring	Any nicks, abrasion or fraying of the insulation that exposes any conducting wire	
	Missing Breakers/Fuses	Any open and/or exposed breaker port	Yes
	Missing Outlet Covers	A cover is missing, which results in exposed visible electrical connections	Yes
Elevators	Not Operable	The elevator does not function at all or the elevator doors open when the cab is not there	
Emergency Power	Auxiliary Lighting Inoperable (if applicable)	Auxiliary lighting does not function	
Fire Protection	Missing Sprinkler Head	Any sprinkler head is missing, visibly disabled, painted over, blocked, or capped	
	Missing/Damaged/Expired Extinguishers	There is missing, damaged or expired fire extinguisher an any area of the building where a fire extinguisher is required	Yes
Health and Safety	Air Quality – Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk	
	Air Quality – Propane/Natural Gas/ Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	



Health and Safety Cont.	Electrical Hazards – Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards – Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Elevator – Tripping	An elevator is misaligned with the floor by more than 3/4 of an inch. The elevator does not level as it should, which causes a tripping hazard	
	Emergency Fire Exits – Emergency/Fire Exits Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits – Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris – Indoors	Too much garbage has gathered – more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards – Tripping Hazards	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation – Insects	Evidence of infestation of insects – including roaches and ants – throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	
	Infestation – Rats/Mice/Vermin	Evidence of rats or mice – sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
	HVAC	Boiler/Pump Leaks	Evidence of water or steam leaking in piping or pump packing
Fuel Supply Leaks		Evidence of any amount of fuel leaking from the supply tank or piping	
General Rust/Corrosion		Significant formations of metal oxides, significant flaking, discoloration, or the development of a noticeable pit or crevice	
Misaligned Chimney/Ventilation System		A misalignment of an exhaust system on a combustion fuel-fired unit (oil, natural gas, propane, wood pellets etc.) that causes improper or dangerous venting of gases	Yes

Roof Exhaust System	Roof Exhaust Fan(s) Inoperable	The roof exhaust fan unit does not function	
Sanitary System	Broken/Leaking/Clogged Pipes or Drains	Evidence of active leaks in or around the system components or evidence of standing water, puddles or ponding – a sign of leaks or clogged drains	
	Missing Drain/Cleanout/Manhole Covers	A protective cover is missing	

<b>REQUIREMENTS FOR COMMON AREAS</b>			
<b><i>Inspectable Item</i></b>	<b><i>Observed Deficiency</i></b>	<b><i>Type and Degree of Deficiency</i></b>	<b><i>LTI</i></b>
Basement/Garage /Carport	Baluster/Side Railings – Damaged	Any damaged or missing balusters or side rails that limit the safe use of an area	
Closet/Utility/Mechanical	Cabinets – Missing/Damaged	10% or more of cabinet, doors, or shelves are missing or the laminate is separating	
Community Room	Call for Aid – Inoperable	The system does not function as it should	
Halls/Corridors/Stairs	Ceiling – Holes/Missing Tiles/Panels/Cracks	Any holes in ceiling, missing tiles or large cracks wider than 1/4 of an inch and greater than 11” long	
Kitchen	Ceiling – Peeling/Needs Paint	More than 10% of ceiling has peeling paint or is missing paint	
Laundry Room	Ceiling – Water Stains/ Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew – such as a darkened area – over a ceiling area greater than 1 foot square	
Lobby	Countertops – Missing/Damaged	10% or more of the countertop working surface is missing, deteriorated, or damaged below the laminate; not a sanitary surface to prepare food	
Office	Dishwasher/Garbage Disposal-Inoperable	The dishwasher or garbage disposal does not operate as it should	
Other Community Spaces	Doors- Damaged Frames/Threshold/Lintels/ Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim	
Patio/Porch/Balcony	Doors – Damaged Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware	
Restrooms	Doors – Damaged Surface (Holes/Paint/Rust/Glass)	Any door that has a hole or holes greater than 1” in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass	

Storage	Doors – Damaged/Missing Screen/Storm/Security Door	Any screen door or storm door that is damaged or is missing screens or glass – shown by an empty frame or frames or any security door that is not functioning or is missing	
	Doors – Deteriorated/Missing Seals (Entry Only)	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should	
	Doors – Missing Door	Any door that is missing that is required for the functional use of the space	
	Dryer Vent – Missing/Damaged/ Inoperable	The dryer vent is missing or it is not functioning because it is blocked. Dryer exhaust is not effectively vented to the outside	
	Electrical – Blocked Access to Electrical Panel	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency	
	Electrical – Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
	Electrical – Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware	
	Electrical – Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
	Electrical – Missing Breakers	Any open and/or exposed breaker port	
	Electrical – Missing Covers	A cover is missing, which results in exposed visible electrical connections	Yes
	Floors – Bulging/Buckling	Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types	
	Floors – Floor Covering Damaged	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams	
	Floors – Missing Floor/Tiles	More than 5% of the flooring or tile flooring is missing	
	Floors- Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface	
	Floors – Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6” by 6”	
	Floors – Water Stains/Water Damage/ Mold/Mildew	Evidence of a leak, mold or mildew – such as a darkened area – covering a flooring area greater than 1 foot square	
	GFI – Inoperable	The GFI does not function	
	Graffiti	Any graffiti on any exposed surface greater than 6” by 6”	

Storage Cont.	HVAC – Convection/ Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans	
	HVAC – General Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration – or a pit or crevice	
	HVAC – Inoperable	HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged	
	HVAC – Misaligned Chimney/ Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
	HVAC – Noisy/Vibrating/Leaking	HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged	
	Lavatory Sink – Damaged/Missing	Sink has extensive discoloration or cracks in over 50% of the basin or the sink or associated hardware have failed or are missing and the sink can't be used	
	Lighting – Missing/Damaged/Inoperabl e Fixture	More than10% of the permanent lighting fixtures are missing or damaged so they do not function	
	Mailbox – Missing/Damaged	The U.S Postal Service mailbox cannot be locked or is missing	
	Outlets/Switches/Cover Plates-Missing/Broken	Outlet or switch is missing or a cover plate is missing or broken, resulting in exposed wiring	Yes
	Pedestrian/Wheelchair Ramp	A walkway or ramp is damaged and cannot be used by people on foot, in wheelchair, or using walkers	
	Plumbing – Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration	
	Plumbing – Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
	Range Hood /Exhaust Fans – Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air	
	Range/Stove – Missing/Damaged/Inoperabl e	One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning	
	Refrigerator – Damaged/Inoperable	The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way, which substantially impacts its performance	
	Restroom Cabinet – Damaged/Missing	Damaged or missing shelves, vanity top, drawers, or doors that are not functioning as they should for storage or their intended purpose	

Storage Cont.	Shower/Tub – Damaged/Missing	Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing	
	Sink – Missing/Damaged	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing	
	Smoke Detector – Missing/Inoperable	Smoke detector is missing or does not function as it should	Yes
	Stairs – Broken/Damaged/Missing Steps	A step is missing or broken	
	Stairs Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable	
	Ventilation/Exhaust System – Inoperable	Exhaust fan is not functioning or window designed for ventilation does not open	
	Walls – Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment	
	Walls – Damaged	Any hole in wall greater than 2” by 2”	
	Walls – Damaged/Deteriorated Trim	10% or more of the wall trim is damaged	
	Walls – Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing	
	Walls – Water Stains/ Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew – such as a common area – covering a wall area greater than 1 foot square	
	Water Closet/Toilet – Damaged/Clogged/Missing	Fixture elements – seat, flush handle, cover etc. – are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed	
	Windows – Cracked/Broken/Missing Panels	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane	
	Windows – Damaged Window Sill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness	
	Windows – Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken	
	Windows – Missing/Deteriorated Caulking/ Seals/Glazing Compound	There are missing or deteriorated caulk or seals-- with evidence of leaks or damage to the window or surrounding structure	

Storage Cont.	Windows – Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing	
	Windows – Security Bars Prevent Egress	The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks	Yes
Health and Safety	Air Quality – Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk	
	Air Quality – Propane/Natural Gas/ Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/fire and/or pose a health risk if inhaled	Yes
	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Electrical Hazards – Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards – Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Emergency Fire Exits – Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits – Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable/Combustible Materials – Improperly Stored	Flammable or combustible materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris – Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Garbage and Debris – Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards – Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation – Insects	Evidence of infestation of insects – including roaches and ants – throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	

Health and Safety Cont.	Infestation – Rats/Mice/Vermin	Evidence of rats or mice – sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Pools and Related Structures	Fencing – Damaged/Not Intact	Any damage that could compromise the integrity of the fence	
Trash Collection Areas	Chutes – Damaged/Missing Components	Garbage has backed up into chutes, because the collection structure is missing or broken or compactors or components – chute, chute door, and other components – have failed	

<b>REQUIREMENTS FOR UNIT</b>			
<b><i>Inspectable Item</i></b>	<b><i>Observed Deficiency</i></b>	<b><i>Type and Degree of Deficiency</i></b>	<b><i>LTI</i></b>
Bathroom	Bathroom Cabinets – Damaged/Missing	Damaged or missing shelves, vanity tops, drawers, or doors that are not functioning as they should for storage or their intended purpose	
	Lavatory Sink – Damaged/Missing	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing	
	Plumbing – Clogged Drains, Faucets	Drain or faucet is substantially or completely clogged or has suffered extensive deterioration	
	Plumbing – Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
	Shower/Tub – Damaged/Missing	Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing	
	Ventilation/Exhaust System-Absent/Inoperable	Exhaust fan is not functioning or window designed for ventilation does not open	
	Water Closet/Toilet-Damaged/Clogged/Missing	Fixture elements – seat, flush handle, cover etc. – are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed	
Call-for-Aid (if applicable)	Inoperable	The system does not function as it should	
Ceiling	Bulging/Buckling/Leaking	Bulging, buckling or sagging ceiling or problem with alignment	
	Holes/Missing Tiles/Panels/Cracks	Any holes in ceiling, missing tiles or large cracks wider than 1/4 of an inch and greater than 6” long	
	Peeling/Needs Paint	More than 10% of ceiling has peeling paint or is missing paint	
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew – such as a darkened area – over a ceiling area greater than 1 foot square	

Doors	Damaged – Frames/Threshold/Lintels/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel or trim	
	Damaged – Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware	
	Damaged/Missing – Screen/Storm/Security Door	Any screen door or storm door that is damaged or is missing screens or glass – shown by an empty frame or frames or any security door that is not functioning or is missing	
	Damaged Surface – Holes/Paint/Rusting/Glass/Rotting	Any door that has a hole or holes greater than 1” in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass	
	Deteriorated/Missing Seals (Entry Only)	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should	
	Missing Door	Any door that is required for security (entry) or privacy (Bathroom) that is missing or any other unit door that is missing and is required for proper unit functionality	
Electrical System	Blocked Access to Electrical Panel	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency	
	Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
	Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware	
	Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
	GFI – Inoperable	The GFI does not function	
	Missing Breakers/Fuses	Any open and/or exposed breaker port	Yes
	Missing Covers	A cover is missing, which results in exposed visible electrical connections	Yes
Floors	Bulging/Buckling	Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types	
	Floor Covering Damage	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams	
	Missing Flooring Tiles	Any flooring or tile flooring that is missing	
	Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface	



Floors Cont.	Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6" by 6"	
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew – such as a darkened area – covering a flooring area greater than 1 foot square	
Health and Safety	Air Quality – Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk	
	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
	Air Quality – Propane/Natural Gas/Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/ fire and/or pose a health risk if inhaled	Yes
	Electrical Hazards – Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)	Yes
	Electrical Hazards – Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion	Yes
	Emergency Fire Exits – Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit	Yes
	Emergency Fire Exits – Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign	
	Flammable Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
	Garbage and Debris – Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Garbage and Debris – Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris	
	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
	Hazards – Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
	Infestation – Insects	Evidence of infestation of insects – including roaches and ants – throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk	

Health and Safety Cont.	Infestation – Rats/Mice/Vermin	Evidence of rats or mice – sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk	
Hot Water Heater	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
	Inoperable Unit/Components	Hot water from hot water taps is no warmer than room temperature indicating hot water heater is not functioning properly	
	Leaking Valves/Tanks/Pipes	There is evidence of active water leaks from hot water heater or related components	
	Pressure Relief Valve Missing	There is no pressure relief valve or pressure relief valve does not drain down to the floor	
	Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration – or a pit or crevice	
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans	
	Inoperable	HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged	
	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
	Noisy/Vibrating/Leaking	The HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged	
	Rust/Corrosion	Deterioration from rust or corrosion on the HVAC system in the Dwelling Unit	
Kitchen	Cabinets – Missing/Damaged	10% or more of cabinet, doors, or shelves are missing or the laminate is separating	
	Countertops – Missing/Damaged	10% or more of the countertop working surface is missing, deteriorated, or damaged below the laminate – not a sanitary surface to prepare food	
	Dishwasher/Garbage Disposal- Inoperable	The dishwasher or garbage disposal does not operate as it should	
	Plumbing – Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration	
	Plumbing – Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
	Range Hood/Exhaust Fans – Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air	
	Range/Stove – Missing/Damaged/ Inoperable	One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning	

Kitchen Cont.	Refrigerator – Missing/Damaged/ Inoperable	The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way, which substantially impacts its performance	
	Sink – Damaged/Missing	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing	
Laundry Area (Room)	Dryer Vent – Missing/Damaged/ Inoperable	The dryer vent is missing or it is not functioning because it is blocked. Dryer exhaust is not effectively vented to the outside	
Lighting	Missing/Inoperable Fixture	A permanent light fixture is missing or not functioning, and no other switched light source is functioning in the room	
Outlets/Switches	Missing	An outlet or switch is missing	Yes
	Missing/Broken Cover Plates	An outlet or switch has a broken cover plate over a junction box or the cover plate is missing	Yes
Patio/Porch/Balcony	Baluster/Side Railings Damaged	Any damaged or missing balusters or side rails that limit the safe use of an area	
Smoke Detector	Missing/Inoperable	Smoke detector is missing or does not function as it should	Yes
Stairs	Broken/Damaged/Missing Steps	A step is missing or broken	
	Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable	
Walls	Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment	
	Damaged	Any hole in wall greater than 2” by 2”	
	Damaged/Deteriorated Trim	10% or more of the wall trim is damaged	
	Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing	
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew covering a wall area greater than 1 foot square	
Windows	Cracked/Broken/Missing Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane	
	Damaged Window Sill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure	
	Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken	

Windows Cont.	Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing	
	Security Bars Prevent Egress	The ability to exit through the window is limited by security bars that do not function	Yes

## Appendix B – Terms

Term	Definition
20YCE	Twenty-year Capital Expenditure
AC	Air conditioning
Accessibility Analysis and Survey	A Minnesota Housing required written report documenting an existing property’s compliance with applicable accessibility codes and regulations based upon a site inspection and review of existing as-built plans or new plans. Applicability and other requirements are based on funding sources.
Adaptive Reuse	Refers to the process of reusing an old site or building for a purpose other than which it was originally built or designed.
AFCI	Arc-fault circuit-interrupter
Americans with Disabilities Act	42 U.S.C. 12131-12189
Broadband Infrastructure	Cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure – including wireless infrastructure with a minimum broadband speed of 25 Mbps download and 3 Mbps upload (if receiving federal assistance, speed will be mandated by the U.S. Department of Housing and Urban Development.
CFR	Code of Federal Regulations
CNA	Capital Needs Assessment
Covered Multifamily Dwellings	As defined at 24 CFR §100.201
Critical Need or Critical Physical Needs	Property condition deficiencies that if left unattended will likely jeopardize the property’s federal assistance.
Design/Construction Standards (aka RHDCS)	Minnesota Housing Design and Construction Standards contained in this guide.
Dwelling Unit	A single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping (separated bedroom or bedrooms), eating, cooking (full kitchen) and sanitation (3/4 or full bath).
Efficiency Unit (a/k/a SRO or Studio)	A single room (or resident) occupant unit providing complete, independent living facilities, including living, sleeping, and eating. Includes provisions for in-unit sanitation (bathroom) and kitchen facilities.
EGCC	Enterprise Green Communities Criteria (current applicable version unless noted otherwise)

ENERGY STAR	A U.S. Environmental Protection Agency program that helps save money, reduces financial risk from rising energy costs, and protects our climate through energy efficiency. ENERGY STAR labeled/qualified designation may include windows, doors, plumbing fixtures, lighting, and appliances. ENERGY STAR certified buildings follow either the Homes program or Multifamily New Construction (ES MFNC) program.
ESAs	Environmental Site Assessments
ERA	Energy Rebate Analysis
ERL	Effective Remaining Life
EUL	Expected Useful Life
GFCI	Ground-fault circuit-interrupter
HERS Rater	A Residential Energy Services Network (RESNET) certified individual required for ENERGY STAR certification program.
HOME	HOME Investment Partnerships Program
HTC	Housing Tax Credits
HUD	The United States Department of Housing and Urban Development
HVAC	Heating, ventilating and air conditioning system
IRS	Internal Revenue Service
KCMA	Kitchen Cabinet Manufacturers Association
Mbps	Megabits per second
Minnesota Housing	The Minnesota Housing Finance Agency
MN Overlay	Minnesota Housing's amendment to the Enterprise Green Communities Criteria (current applicable version unless noted otherwise).
Moderate Rehabilitation (Rehab)	Refer to Chapter 3
MPCA	Minnesota Pollution Control Agency
NHTF	National Housing Trust Fund Program
PNA	Physical Needs Assessment. Similar to a Capital Needs Assessment, however a PNA is typically completed on Minnesota Housing PNA and 20YCE forms. Refer to Chapter 3.
Predictive Cost Model	A Minnesota Housing developed software tool used to compare a project's proposed costs with the expected costs based upon Minnesota Housing's experience with similar projects and industry-wide standards. The model considers the following project specific attributes: activity type (new construction vs. rehabilitation), building type, unit sizes, gross square foot, amount of non-residential space, location, year built, garage type, and acquisition type (land or structure).
Preservation	Funding priority and policy focused on preserving

	properties with existing federal assistance (project based rental assistance or operating subsidies).
Property Standards	Refer to 24 CFR Part 93, Subpart G, §93.301 (if receiving NHTF funding) and/or 24 CFR Part 92, Subpart F, §92.251 (if receiving HOME funding), including part (a) New construction projects and part (b) Rehabilitation projects.
Qualified Rehabilitation Specialist	As defined in the Minnesota Housing Architect’s Guide.
REAC	Real Estate Assessment Center
Sleeping Unit	Also known as congregate living or dormitory. A room or space in which people sleep, which can also include permanent provisions for living, eating and either sanitation (bathroom) or kitchen facilities but not both.
Story(ies)	Also known as level or floor. That portion of a building included between the upper surface of the floor and the upper surface of the floor or roof next above.
Substantial Rehabilitation	Refer to Chapter 3
Sustainable Building Guidelines	State building guidelines that apply to projects receiving Minnesota Housing Publicly Owned Housing Program general obligation bond proceeds.
Sustainable Housing Standards	Minnesota Housing standards for new construction and rehabilitation that requires compliance with the 2015 Enterprise Green Communities Criteria and most current version of the MN Overlay and Guide to the 2015 Enterprise Green Communities Criteria.
Type A	Accessible Dwelling Units or Sleeping Units which meet the Type A Unit requirements of the Minnesota Accessibility Code.
Type B	Accessible Dwelling Units or Sleeping Units which meet the Type B Unit requirements of the Minnesota Accessibility Code.
Universal Design	As defined in the Multifamily 2018 Housing Tax Credit Self-Scoring Worksheet.
UPCS	HUD’s Uniform Physical Condition Standards
USDA	The United States Department of Agriculture
Visitability	Designs that allow persons with mobility impairments to enter and stay, but not live, in a residence.