



## **Environmental Standards**

2025 – 2026 Multifamily Consolidated Request for Proposals  
2026 – 2027 Housing Tax Credits Funding Rounds

Last Updated: April 2025

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April 2025

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## Chapter 1 – Overview

1. All properties receiving Minnesota Housing funding assistance must be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances. If a hazard could afflict the health and safety of occupants or conflict with the intended utilization of the property, evaluation and mitigation shall be performed.
2. Projects receiving funding may require environmental assessments. All environmental assessments should be performed early in the planning process to ensure mitigation measures and costs are integrated into the scope of work.
3. Hazardous Site Adjacency Conditions: Minnesota Housing, at its sole discretion, may decide to decline funding a project if the proposed site is adjacent to or in the vicinity of a hazardous condition(s) which has the potential to affect health and safety of occupants and could impair the customary use and enjoyment of the property. Hazards may include, but are not limited to:
  - a) High pressure gas, storage tanks containing flammable or explosive material (above or underground), liquid petroleum pipelines, or other volatile and explosive products
  - b) Contaminated Soils
  - c) Operating and abandoned oil and gas wells
  - d) Abandoned wells
  - e) Slush pits
  - f) Heavy traffic
  - g) Airport noise and hazards
  - h) Runway clear zones
  - i) Radio/TV transmission towers
  - j) Overhead high voltage transmission towers and lines
  - k) Excessive smoke, fumes, odors
  - l) Inadequate surface drainage
  - m) Flood
  - n) Erosion
  - o) Excessive noise
  - p) Other recognized or unrecognized hazards such as lead-based paint, asbestos, radon, etc.

## Chapter 2 – Phase I Environmental Assessments

### 2.01 Background

1. Owners (Developers/Borrowers) should be aware of the environmental implications associated with their property.
2. Before committing loan proceeds to a particular use, the Minnesota Housing Finance Agency (Minnesota Housing) may require an independent environmental assessment company conduct a Phase I Environmental Assessment of the entire property. All applicable federal, state and local regulations shall be adhered to.

### 2.02 Purpose

To thoroughly investigate the entire property for the presence or absence of recognized environmental conditions.

### 2.03 Requirements

1. Minnesota Housing requires a Phase I Environmental Site Assessment (Phase I ESA) of a property if any of the following conditions exist:
  - a) The Minnesota Housing loan will be in first lien position, whether amortizing or non-amortizing;
  - b) Minnesota Housing's source of funding is through a federal program and/or includes housing tax credits;
  - c) Prior to commencing foreclosure; or
  - d) For junior mortgages of \$500,000 or more
2. If a Phase I ESA is required, it shall be conducted by a qualified environmental assessor in strict conformance to the most current ASTM Phase I Environmental Assessment (E 1527) standards.
  - a) Use Guide E2600-10 for the ASTM E1527-13 vapor encroachment assessment.
3. ASTM E 1527 Clarified Expiration Date
  - a) A key consideration is how long a Phase I Environmental Site Assessment remains viable; that is, how much time may elapse before it must be redone or updated prior to the intended acquisition of other transaction triggering the need for a Phase I Environmental Site Assessment. As the 2021 version of the ASTM E 1527 standard makes clear, each of the following components must occur within 180 days of the acquisition or other transaction:
    - i. Interviews with owners, operators, and occupants
    - ii. Environmental lien search
    - iii. Review of the government records
    - iv. Site reconnaissance
    - v. Declaration by the environmental professional.

- b) In addition, all other components must occur within one year prior to the date of acquisition or other transaction. Importantly, the date on the cover of the report generally does not represent the date the individual components of all appropriate inquiries were completed and should not be used when evaluating compliance with the 180-day or one-year deadlines. Instead, the dates of the individual components must be examined. Making this task earlier, the 2021 version of the ASTM E 1527 standard requires the report to list the dates of each of the components subject to the 180-day requirement.
  - c) Exception. When funding from Minnesota Housing excludes federal funding (HOME, National Housing Trust Fund, etc.) the expiration date may be extended to no more than 1 year prior to application.
4. As normal environmental assessment work proceeds, Environmental Assessor shall look for evidence of methamphetamine (meth) manufacturing labs. Some signs that may indicate evidence of a former drug lab include:
- a) Dark stains from chemicals in the bathtubs, sinks, toilets, or walls;
  - b) Signs of chemical burns or spills;
  - c) Visible areas in the yard where chemicals have been dumped;
  - d) Packaging or containers from chemicals or cold medicine;
  - e) Burn piles in the yard with signs of meth ingredients;
  - f) Dead or dying vegetation; and
  - g) Chemical (sweet, bitter, ammonia or solvent) odors.
5. A complete report describing scope, methods and conclusions of the Phase I ESA shall be prepared, and copies sent to the Owner. An executive summary shall be contained in the report that briefly describes the presence or absence of recognized environmental conditions.
6. Minnesota Housing will require an Environmental Review Reliance Letter on the environmental company's letterhead if the actual report does not name Minnesota Housing as having the right to rely on the contents of the Phase I ESA. The required language to be contained in this letter is available.
7. Existing structures: An asbestos inspection/survey and/or lead evaluation/hazard reduction may be required by Minnesota Housing and/or applicable regulations. Please refer to the following for more information:
- a) Minnesota Housing's Asbestos Inspection/Survey Requirements
  - b) Minnesota Housing's Lead-Based Paint Policy

## 2.04 Disclosure

Owners are required to comply with all applicable disclosure requirements. This includes, but not limited to, providing Minnesota Housing and any Contractors, who are bidding or performing work on the property, with copies of all environmental assessment reports; and providing the Environmental



Assessor with the scope of proposed work, such that the Environmental Assessor is aware of any materials that are likely to be disturbed during the proposed site improvement activities.

## Chapter 3 – Phase II Environmental Assessments

### 3.01 Background

1. Owners (Developers/Borrowers) should be aware of the environmental implications associated with their property.
2. Before committing loan proceeds to a particular use, the Minnesota Housing Finance Agency (Minnesota Housing) may require a Phase I Environmental Assessment and in some cases, Minnesota Housing may also require a Phase II Environmental Assessment of recognized environmental conditions at the property. The Phase II Environmental Assessment may be a result of unresolved issues from the Phase I Environmental Assessment, or this requirement may be based on separate issues. In either case, all applicable federal, state and local regulations shall be adhered to.

### 3.02 Purpose

To thoroughly investigate the presence and extent of recognized environmental conditions.

### 3.03 Requirements

1. Minnesota Housing requires a Phase II Environmental Site Assessment (Phase II ESA) if the Phase I Environmental Site Assessment reveals the presence of recognized environmental conditions; or, if other issues are present that determines it is necessary.
2. If a Phase II ESA of recognized environmental conditions is required, it shall be conducted by a qualified environmental assessor in strict conformance to most current ASTM Phase II Environmental Assessment (E1903) standards.
3. A complete report describing scope, methods, and conclusions of the Phase II ESA shall be prepared and multiple copies sent to the Owner. An executive summary shall be contained in the report that briefly describes the presence or absence or recognized environmental conditions.
4. Minnesota Housing will require an Environmental Review Reliance Letter on the environmental company's letterhead if the actual report does not name Minnesota Housing as having the right to rely on the contents of the Phase II ESA.

### 3.04 Disclosure

Owners are required to comply with all applicable disclosure requirements. This includes, but not limited to, providing Minnesota Housing and any Contractors, who are bidding or performing work on the property, with copies of all environmental assessment reports; and providing the Environmental Assessor with the scope of proposed work, such that the Environmental Assessor is aware of any materials that are likely to be disturbed during proposed site improvement activities.

## Chapter 4 – Reliance Letter

1. Minnesota Housing will require, prior to loan closing/loan commitment, a reliance letter using the formatted [Phase I Reliance Letter](#) template
2. Using this template, the entity who prepared the Phase I Environmental Assessment must include their company letterhead, indicate project name/location, provide information as indicated, and sign the letter.
3. The letter must then be uploaded to our mortgage checklist portal for Minnesota Housing review and approval.

## Chapter 5 – Subsurface Soil Exploration

### 5.01 Background

The geotechnical characteristics of subsurface soils can greatly affect the economics of a development. If subgrade soils are not suitable for proposed site improvements, soils correction must be undertaken to avoid structural failure. Information regarding subsurface soils is normally obtained through subsurface exploration.

### 5.02 Purpose

To investigate subsurface soil and water conditions through subsurface exploration and provide a report of findings including recommendations regarding earthwork, fill and compaction, foundation design, floor slab support, wall backfill, subgrade preparation, pavement design, and subsurface water control.

### 5.03 Requirements

1. The Minnesota Housing Finance Agency (Minnesota Housing) requires subsurface exploration prior to Determining Feasibility on all new construction, building addition and/or substantial new pavement projects.
2. The Owner (Developer/Borrower) is responsible for retaining a licensed Geotechnical Engineer to perform subsurface exploration services.
3. The exploration method used shall be core borings in accordance with ASTM D 1586. The design Architect's licensed Structural and/or Civil Engineer shall determine quantities and location of core borings.
4. The Geotechnical Engineer shall prepare a report on subsurface findings. This report shall include boring logs along with written analysis and recommendations for earthwork, fill and compaction, foundation design, floor slab support, wall backfill, subgrade preparation, and pavement design as well as identify any special needs for subsurface water control.
5. Copies of the report shall be submitted to the Owner, Architect, Structural Engineer, Civil Engineer, and Minnesota Housing. Unusual, irregular, or suspect subsurface conditions may lead Minnesota Housing to require additional subsurface investigation.

## Chapter 6 – Radon Mitigation

### 6.01 Background

1. Per the Minnesota Department of Health, Indoor Air Unit, radon is a colorless, odorless radioactive gas that seeps up from the earth. When inhaled, it gives off radioactive particles that can damage the cells that line the lung. Long term exposure to radon can lead to lung cancer. In fact, more than 21,000 lung cancer deaths are caused by radon, making it a serious health concern for Minnesotans.
2. In Minnesota, more than two in five homes have radon levels that pose a significant health risk, and nearly 80 percent of Minnesota counties are rated high radon zones. Some factors that further contribute to Minnesota's high radon levels include:
  - a) Minnesota's geology produces an ongoing supply of radon.
  - b) Minnesota's climate affects how our homes are built and operate.

### 6.02 Requirements

All multifamily projects receiving funding from Minnesota Housing must meet requirements as described.

### 6.03 Testing

1. All radon testing/measurement must be provided by an individual certified by the National Radon Proficiency Program (NRPP) or the National Radon Safety Board (NRSB). In addition, this individual must be licensed by the Minnesota Department of Health Radon Licensing Program and approved to conduct radon work in multifamily buildings.
2. Testing protocols must be as per the American National Standards Institute – American Association of Radon Scientist and Technologist (ANSI-AARST) Standard: “Protocol for Conducting Radon and Radon Decay Product Measurements in Multifamily Buildings” (ANSI/AARST MAMF 2017 with January 2021 Revisions or successor ANSI-AARST Standard).
3. Testing must be documented with radon report submitted to Minnesota Housing at the project phases noted below. All radon reports must include the results of any testing performed, the details of any mitigation deemed necessary, and the timing to complete any such mitigation.

### 6.04 Post-Mitigation Reporting

A certificate of completion must be submitted to Minnesota Housing and appended to the radon report once radon testing and/or mitigation are completed.

## 6.05 Resident Notification

1. Residents must be informed of forthcoming testing in the manner described in the ANSI-AARST MAMF.
2. Residents must be informed both prior to and after mitigation activities. In the case of new construction, incoming residents must be informed of radon mitigation activities.
3. Regardless of project type, an exterior radon mitigation system is not allowed.

## 6.06 Refinancing With or Without Rehabilitation

1. Testing must be performed no earlier than one (1) year prior to submitting an application for funding to Minnesota Housing regardless of whether or not the refinancing includes rehabilitation. In addition, testing is required regardless of whether or not an underground garage is present.
2. If the refinancing does not include rehabilitation and testing results find radon levels to be 4 picocuries of radon per liters of air (pCi/L) or greater, an active radon mitigation system must be installed to fix the building prior to closing. If test results are within 2-4 pCi/L, an active mitigation system is not required but is strongly encouraged. When required, the following procedures must be used for the active radon mitigation system:
  - a) Consult with a radon contractor or mitigation service provider as described earlier to identify and design a radon control system; and/or
  - b) Consult with the Minnesota Department of Health, Indoor Environments & Radiation Section, indoor Air Unit (refer to the Radon Technical Assistance in the "Resources and Links" section below)
3. If the refinancing does include rehabilitation and testing results find levels to be 4pCi/L or greater, a mitigation system must be installed to fix the building prior to loan closing or it must be included in the rehabilitation scope of work per the Substantial Rehab or Moderate Rehab mitigation requirements below. If test results are within 2-4 pCi/L, an active mitigation system is not required but is strongly encouraged.

## 6.07 New Construction without an Underground Parking Garage

All new multifamily type buildings without underground parking garage must provide a passive sub-slab depressurization system. For system design, the subfloor preparation, vent pipe, electric outlet and other requirements under the Minnesota State Building Code 1303.2400-1303.2403 for all new residential structures must apply to new multifamily construction with the following amendments:

1. Vertical vent pipes with electric outlet, meeting the following requirements:
  - a) An electric outlet must be provided at the top/attic location of each vertical vent pipe to allow conversion to an active system.

- b) Provide at least one 4" diameter (in lieu of 3") vertical vent pipe per 3,000 square feet of building footprint
  - c) Townhome Buildings
    - i. At townhome buildings without a continuous gas-permeable material below the concrete slab between dwelling units, at least one 4" diameter vertical vent pipe per dwelling unit must be provided.
    - ii. If the gas-permeable material below the concrete slab is connected and continuous at townhome buildings, one 4" diameter vertical vent pipe per 3,000 square feet of building footprint must be provided. Horizontal sleeves (4" in diameter at 10'-0" on center) through foundations and footings are allowed as part of a connected and continuous gas-permeable material and radon control system.
2. All ground-connected dwelling units and at least 10% of randomly selected dwelling units on upper-level floors (at least one per each floor) must be tested when the project is complete (prior to initial occupancy). If testing finds radon levels to be 4 pCi/l or greater, the passive system must be converted to an active system by:
    - a) Adding a fan that remains in full operation continuously and is approved by manufacturer for radon use.
    - b) In apartment buildings with common area, the continuously operating fan must be tied to a common area's power source.
    - c) In rental townhome buildings (without common space), the continuously operating fan(s) must be tied to a common power source (meter) or tied to a unit meter with a sub-meter to allow power cost to be prorated among all units with the building.
  3. Where to Test. Per ANSI/AARST MAMF 2017 with January 2021 Revisions requires:
    - a) Conduct a measurement in each ground contact dwelling unit and those rooms that are used as office space.
    - b) Conduct a measurement in at least 10% of randomly selected dwelling units on upper-level floors with at least one measurement per each floor
  4. If test results are within 2-4 pCi/L, an active mitigation system is not required but is strongly encouraged.

## **6.08 New Construction with an Underground Parking Garage**

1. New multifamily buildings with an underground parking garage are not required to provide a passive sub-slab depressurization system; however, a post-construction test must be provided per ANSI/AARST MAMF 2017 with January 2021 Revisions:
  - a) Conduct a measurement in each ground contact dwelling unit and those rooms that are used as office space.
  - b) Conduct a measurement in at least 10% of randomly selected dwelling units on upper-level floors with at least one measurement per each floor

2. If testing results finds radon levels to be 4 pCi/L or greater, an active radon mitigation system must be installed using one or both of the following procedures:
  - a) Consult with a radon contractor or mitigation service provider as described earlier to identify and design a radon control system; and/or
  - b) Consult with the Minnesota Department of Health, Indoor Environments & Radiation Section, Indoor Air Unit (refer to the Radon Technical Assistance in the "Resources and Links" section below)
3. If test results are within 2-4 pCi/L, an active mitigation system is not required but is strongly encouraged.
4. Exception: Unless required by federal funding or other funding source(s), new construction projects with an underground parking garage funded prior to April 2022, are not required to provide post-construction radon testing.

## 6.09 Substantial Rehabilitation

See Chapter 3 of the Multifamily Rental Housing Design/Construction Standards for definition of Substantial Rehabilitation (Rehab).

All multifamily Substantial Rehab projects must provide, at a minimum, a passive sub-slab depressurization system, which meets the requirements under the Minnesota State Building Code 1303.2400-1303.2403 for all new residential structures with the following amendments:

1. Vertical Pipe installation must be provided by a MDH licensed radon mitigation professional per either of the following Prescriptive or Performance approaches:
  - a) A Prescriptive approach must include:
    - i. At least one 4" diameter (in lieu of 3") vertical vent pipe per 3,000 square feet of building footprint; or,
    - ii. At least one 4" diameter vertical vent pipe per dwelling unit (at townhomes).
    - iii. At each vertical pipe location, the pipe must extend 1" below the concrete slab into a suction pit (void area), that is a minimum 3' in diameter and 1' deep.
  - b) A performance approach, which involves a custom analysis and design by a radon contractor/mitigation service provider certified by the NRPP or the NRSB. In addition, this individual must be licensed by the Minnesota Department of Health Radon Licensing Program. The system shall meet the requirements of ANSI/AARST "Radon Mitigation Standards for Multifamily Buildings" (ANSI/AARST RMS-MF 2018 or successor standard).
2. Testing protocols must be as per the ANSI/AARST MAMF 2017 with January 2021 Revisions or successor ANSI-AARST Standard.
3. All ground-connected dwelling units and at least 10% of randomly selected dwelling units on upper-level floors (at least one per each floor) must be tested when the project is complete



(prior to initial occupancy). If testing finds radon levels to be 4 pCi/l or greater, the passive system must be converted to an active system by:

- a) Adding a fan, which remains in full operation continuously and is approved by the manufacturer for Radon use.
  - b) In apartment buildings with common area, the continuously operating fan must be tied to a common area power source.
  - c) In rental townhome (without common space) buildings, the continuously operating fan(s) must be tied to a common power source (meter) or tied to a unit meter with a sub-meter to allow power cost to be prorated among all units with the building.
4. If test results are within 2-4 pCi/L, an active mitigation system is not required but is strongly encouraged.

## 6.10 Moderate Rehabilitation

See Chapter 3 of the Multifamily Rental Housing Design/Construction Standards for definition of Moderate Rehabilitation (Rehab).

1. Radon testing is required for:
  - a) Projects with work scopes that do not influence radon concentrations in buildings:
  - b) During the preconstruction phase (prior to loan commitment/loan closing) Projects with work scopes that will, or are likely to, increase building depressurization and/or reduce amount of fresh air ventilation:
    - i. During the preconstruction phase (prior to loan commitments/loan closing) and
    - ii. At post construction
  - c) Testing protocols must be as per the ANSI/AARST MAMF 2017 with January 2021 Revisions or successor ANSI-AARST Standard
  - d) Preconstruction phase testing must be performed no earlier than one (1) year prior to submitting an application for funding to Minnesota Housing.
  - e) Exceptions:
    - i. Testing may not be required based upon program funding, limited scope or other reason determined by Minnesota Housing's sole discretion.
    - ii. For projects receiving Publicly Owned Housing Program (POHP) funding or Rental Rehab Deferred Loan (RRDL) funding, testing must be performed not earlier than five (5) years prior to submitting and application for funding to Minnesota Housing
2. Radon mitigation is required for:
  - a) Regardless of testing strategy, if testing results finds radon levels to be 4 pCi/L or greater, an active radon mitigation system must be installed to fix the building as part of the work scope during construction, post construction, or sooner, with following procedures:

- i. Consult with a radon contractor or mitigation service provider as described earlier to identify and design a radon control system; and/or
  - ii. Consult with the Minnesota Department of Health, Indoor Environments & Radiation Section, Indoor Air Unit (see Radon Technical Assistance in the “Resources and Links” section below)
3. If test results are within 2-4 pCi/L, an active mitigation system is not required but is strongly encouraged.
4. All radon mitigation systems must be installed in accordance with ANSI/AARST “Radon Mitigation Standards for Multifamily Buildings” (ANSI/AARST RMS-MF 2018 or successor standard).

## 6.11 Resources

### [Radon in Minnesota Homes](#)

### [AARST-ANSI Radon Measurement and Mitigation Protocols](#)

- For “Protocol for Conducting Radon and Radon Decay Product Measurements in Multifamily Buildings” (ANSI/AARST MAMF 2017 with January 2021 Revisions or successor standard); document is available to view or for purchase
- For “Radon Mitigation Standards for Multifamily Buildings” (ANSI/AARST RMS-MF 2018 or successor standard); document is available to view or for purchase

For a list of certified radon professionals

- [National Radon Proficiency Program](#)
- [National Radon Safety Board](#)

Radon Technical Assistance:

Minnesota Department of Health  
Indoor Air Quality and Radon Website  
Phone: 651.201.4601 or 800.798.9050  
TTY: 651.201.5797  
Email: [health.indoorair@state.mn.us](mailto:health.indoorair@state.mn.us)

## Chapter 7 – Asbestos Inspection Survey

### 7.01 Background

Asbestos work is regulated by several government agencies to ensure the public is protected. Minnesota Housing requires compliance with all applicable regulations as they pertain to asbestos. Since there is evidence that asbestos containing material (ACM) is present in many buildings including those constructed after 1990, an asbestos inspection/assessment must be conducted on all buildings where there is reason to believe ACM may be present prior to starting site improvements receiving Minnesota Housing loan proceeds.

### 7.02 Purpose

To determine if there are ACM's present in the structure.

### 7.03 Requirements

1. Minnesota Housing requires an asbestos inspection/assessment survey on all buildings prior to rehabilitation (rehab) and demolition where ACM materials may be present and will be disturbed during the proposed rehab activities.
2. A Minnesota-licensed Asbestos Inspector must perform any asbestos inspection/assessment in accordance with Minnesota Department of Health (MDH) regulations. In addition, the Minnesota Department of Labor and Industry, Minnesota Pollution Control Agency (MPCA) and the U.S. Environmental Protection Agency also have requirements for when and how an asbestos inspection/survey is conducted. The most restrictive state and federal regulations shall apply.
3. If an asbestos inspection/assessment was previously conducted and it is determined to be reliable, no additional testing may be required.
4. Inspection/assessment report(s) shall be provided to the Owner.
5. If any of the testing reveals the presence of ACM, an asbestos management plan and asbestos removal plan shall be included in the final report. Any asbestos related work must be conducted in accordance with all applicable regulations.
6. ACM or presumed asbestos containing material may remain in place if it is in good condition and not likely to be disturbed or become hazardous, unless applicable regulations or the Owner dictate otherwise. ACM or presumed asbestos containing material that is damaged, hazardous or likely to become hazardous must be abated or encapsulated.

### 7.04 Clarifications

Asbestos related work includes the enclosure, removal or encapsulation of asbestos containing material in a quantity that meets or exceeds 260 linear feet of friable asbestos containing material on

pipe, 160 square feet of friable asbestos-containing material on other facility components, or, if linear feet or square feet cannot be measured, a total of 35 cubic feet of friable asbestos containing material on or off all facility components in one facility. In the case of single or multifamily residences, “asbestos related work” also means the enclosure, removal, or encapsulation of greater than ten but less than 260 linear feet of friable asbestos-containing material on pipes, greater than six but less than 160 square feet of friable asbestos-containing material on other facility components, or, if linear feet or square feet cannot be measured, greater than one cubic foot but less than 35 cubic feet of friable asbestos containing material on or off all facility components in one facility. This provision excludes asbestos containing floor tiles and sheeting, roofing materials, siding, and all ceilings with asbestos containing material in single-family residences and buildings with no more than four dwelling units. Asbestos related work includes asbestos abatement area preparation, enclosure, removal, or encapsulation operations; and air quality monitoring specified in rule to assure that the abatement and adjacent areas are not contaminated with asbestos fibers during the project and after completion.

## **7.05 Other Resources**

[U.S. Department of HUD "The Lead-Safe Housing Rule"](#)

[Minnesota Department of Health](#)

[Minnesota Pollution Control Agency](#)

[U.S. Environmental Protection Agency](#)

[U.S. Department of Labor - Occupational Safety and Health Administration \(OSHA\)](#)

## **7.06 Disclosure**

Owners are required to comply with all applicable disclosure requirements. This includes, but not limited to, providing Minnesota Housing and any Contractors, who are bidding or performing work on the property, with copies of all environmental assessment reports; and providing the Environmental Assessor with the scope of proposed work, such that the Environmental Assessor is aware of any materials that are likely to be disturbed during proposed site improvement activities.

## Chapter 8 – Lead-Based Paint

### 8.01 Background

1. Before committing loan proceeds to a particular use, Minnesota Housing may require the residential property undergo lead hazard evaluation and reduction.
2. On December 16, 2004, the Minnesota Housing Board adopted the following policy regarding lead hazards in housing:
3. Minnesota Housing recognizes that lead hazards in housing are a threat to occupant health and safety and is committed to meeting Minnesotans' need for safe housing.
4. It is the policy of Minnesota Housing to generally comply with the requirements of 24 CFR part 35 when providing federal assistance. It is also the policy of Minnesota Housing that programs funded with other than federal funds will address lead hazards when the program requires the treatment of other health hazards. Where lead identification and reduction are required by this policy, it will generally be conducted in accordance with the standards of 24 CFR part 35, except that lead hazard abatement shall not be required solely on the basis of the amount of assistance provided, and as the standards may otherwise be modified in procedural manuals and guidelines adopted by Minnesota Housing. For buildings that receive both federal and non-federal funds for the same purpose, the agency shall defer to the federal requirements.
5. Types of Properties and Rehabilitation Exempted from HUD's "Lead Safe Housing Rule" (24 CFR part 35) and Minnesota Housing Lead-based Paint Policy
  - a) Housing built after January 1, 1978;
  - b) Housing exclusively for the elderly or people with disabilities, unless a child under age 6 is expected to reside there;
  - c) Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, and emergency shelters (with max. stay - 100 days);
  - d) Property that has been found to be free of lead-based paint by a certified lead-based paint inspector;
  - e) Property where all lead-based paint has been removed;
  - f) Any rehabilitation or housing improvement that does not disturb a painted surface; or
  - g) Emergency repair actions needed to safeguard against imminent danger to human life, health, or to protect property from further structural damage.

### 8.02 Purpose

To reduce exposure to occupants of harmful lead-based paint chips and/or lead-dust hazards that may already exist in a dwelling unit or may inadvertently result from rehabilitation activities.

## 8.03 Requirements

1. Unless exempt, the following requirements for lead hazard evaluation and reduction shall apply to rental properties receiving Minnesota Housing assistance:
  - a) The lead hazard evaluation and lead hazard reduction methods used shall comply with all applicable regulations. When two or more standards govern the same condition or when a property will be assisted by more than one Minnesota Housing program, conformance to the most restrictive standard is required.
  - b) If residential property receives no funds that are subject to 24 CFR part 35 in conjunction with Minnesota Housing financing, the requirements of 24 CFR part 35 shall apply, except as modified below:
2. Minnesota Housing Capital Funding:
  - a) Rehabilitation: Lead hazard evaluation and reduction shall comply with Subpart J- Rehabilitation as modified below:
    - i. All references to “grantee, participating jurisdiction, or CILP recipient” shall be replaced with “Owner (Borrower/Developer)”;
    - ii. Throughout Subpart J, the term “Federal rehabilitation assistance” shall be replaced with “Minnesota Housing rehabilitation assistance”;
    - iii. §35.900. Delete in its entirety. Replace with “The purpose of this subpart J is to establish procedures to eliminate as far a practicable lead-based paint hazards in residential property that receives Minnesota Housing assistance for purpose of rehabilitation.”;
    - iv. §35.910(a). The word “federally” shall be changed to “Minnesota Housing”;
    - v. §35.915, §35.920, §35.925, and §35.940 shall not apply;
    - vi. §35.930(c). The first sentence shall be modified to read: “Residential property receiving an average of more than \$5,000 per unit in Minnesota Housing rehabilitation assistance.”;
    - vii. §35.930(d) shall not apply;
    - viii. §35.935 shall be replaced with the following: “In the case of a rental property receiving Minnesota Housing rehabilitation assistance, the property owner shall incorporate ongoing lead-based paint maintenance activities into regular building operations, in accordance with §35.1355(a).”;
    - ix. §35.940 shall not apply.
    - x. Note: Minnesota Housing reserves the right to require a risk assessment on any property regardless of what is dictated by level of rehabilitation assistance
  - b) Acquisition: Lead hazard evaluation and reduction shall comply with Subpart K- Acquisition, Leasing Support Services, or Operation, except as modified below:
    - i. Throughout Subpart K, the term “Federal assistance” shall mean “Minnesota Housing assistance”;

- ii. Replace §35.1000(a) with: “The purpose of this subpart K is to establish procedures to eliminate as far as practicable lead-based paint hazards in a residential property that receives Minnesota Housing assistance under one or more of its programs for acquisition, leasing, support services, or operation. Leasing, support services, or operation do not include project-based or tenant-based rental assistance.”;
  - iii. Replace §35.1000(b) with: “The recipient remains responsible for ensuring compliance with this subpart, regardless of whether the recipient performs the required activities itself, or contracts with another entity to perform any of the required activities.”;
  - iv. Delete §35.1000(c);
  - v. Delete §35.1020;
  - vi. Throughout Subpart K, replace “grantee or participating jurisdiction” with “recipient”.
- c) Minnesota Housing Publicly Owner Housing Program (POHP) funded projects may follow the following guidance promulgated by U.S. Department of Housing and Urban Development (HUD):
- i. Must abate the lead-based paint in the area that is being affected by the work (for example, waste stacks, etc.) and move on.
  - ii. Worksite clearance is acceptable.
3. Minnesota Housing Non-Capital Funding:
- a) Operating Subsidy: Lead hazard evaluation and reduction shall comply with Subpart K-Acquisition, Leasing Support Services, or Operation as modified above. (See “Acquisition.”)
  - b) Project-Based Rental Assistance: Minnesota Housing does not provide project-based assistance unless there is an expectation and plan that federal assistance will be provided within a short period of time to replace Minnesota Housing’s temporary assistance. The lead rules that apply in the situation of Minnesota Housing providing project-based temporary assistance are those that will apply when federal assistance becomes available, with appropriate edits to accommodate Minnesota Housing as the source of rental assistance rather than the federal government. Subpart H is modified as described below:
    - i. Section 35.700 is amended to read: “Purpose. The purpose of this subpart H is to establish procedures to eliminate as far as practicable lead-based paint hazards in housing units receiving project-based temporary rental assistance.”;
    - ii. Section 35.715(a) is amended to read: “Risk Assessment. Each owner shall complete a risk assessment in accordance with §35.1320(b).”;
    - iii. Section 35.715(d) is deleted;
    - iv. Section 35.720. The introductory paragraph is amended to read: “The requirements of this section shall apply to a multifamily residential property that

is receiving an average of up to and including \$5,000 per assisted dwelling unit annually in project-based temporary assistance and to a single-family residential property that is receiving project-based temporary assistance.”;

- v. Section 35.720(c) is deleted;
  - vi. Section 35.725 is deleted;
  - vii. Section 35.730 is amended to read: “If a child less than six years of age living in an assisted unit is found to have an environmental intervention blood lead level, the owner shall comply with all applicable Minnesota Department of Health regulations and orders and notify Minnesota Housing of same.”
- c) Tenant-Based Rental Assistance: Subpart M Tenant-Based Rental Assistance is modified as described below: Sections 35.1200(a) amend to read: “Purpose. The purpose of this subpart M is to establish procedures to eliminate as far as practicable lead-based paint hazards in housing occupied by families receiving tenant-based rental assistance. Tenant-based rental assistance means rental assistance that is not attached to a structure;”
- i. Delete § 35.1200(b)(2) through (6);
  - ii. Renumber §35.1200(b)(7) to §35.1200(b)(2) and modify it to read: “The grantee or recipient that will administer the tenant-based rental assistance shall function as the designated party. It may assign to another entity the activities of the designated party in this subpart, but remains responsible for their compliance with this subpart. The grantee or recipient shall ensure that the owner to whom it pays rent subsidy complies with the requirements in this subpart that are applicable to owners.”
    - 1. If residential property receives Federal assistance that is subject to Code of Federal Regulations (24 CFR part 35) in conjunction with Minnesota Housing assistance for the same purpose (e.g.: rehabilitation; acquisition; rental assistance; etc.), the requirements of 24 CFR part 35 shall apply as required by level of Federal assistance.
    - 2. If residential property receives assistance that is subject to Code of Federal Regulations (24 CFR part 35) for two or more purposes (e.g.: rehabilitation and acquisition, or rehabilitation and rental assistance; etc.), the requirements associated with each purpose shall apply.

## 8.04 Other Resources

[U.S. Department of HUD "The Lead-Safe Housing Rule"](#)

[Minnesota Department of Health](#)

[Minnesota Pollution Control Agency](#)



[U.S. Environmental Protection Agency](#)

[U.S. Department of Labor - Occupational Safety and Health Administration \(OSHA\)](#)

[Lead-Based Paint Pre-Construction Certification](#)

[Protect Your Family From Lead](#)

[U.S. Environmental Protection Agency \(EPA\) The Lead-Safe Certified Guide to Renovate Right](#)

## **8.05 Disclosure**

Owners are required to comply with all applicable disclosure requirements. This includes, but not limited to, providing Minnesota Housing and any Contractors, who are bidding or performing work on the property, with copies of all environmental assessment reports; and providing the Environmental Assessor with the scope of proposed work, such that the Environmental Assessor is aware of any materials that are likely to be disturbed during proposed site improvement activities.

## Chapter 9 – Visual Assessment for Deteriorated Paint

### 9.01 Background

Housing built prior to 1978 shall have a visual assessment conducted by a person trained to identify deteriorated paint.

### 9.02 Purpose

A lead-based paint visual assessment examines the condition of the painted surfaces on the property.

### 9.03 Requirements

The Visual Assessment is a surface-by-surface inspection for deteriorated paint consisting of a visual search for cracking, scaling, chalking, peeling, or chipping paint. The Visual Assessment should also include a search for dust and debris, including paint chips. The person(s) conducting the Visual Assessment for deteriorated paint must be trained using the [Visual Assessment Training Module](#). This Visual Assessment is normally conducted prior to rehabilitation (initial inspection) and on an annual basis as part of the post rehabilitation activities and ongoing maintenance.

## **Chapter 10 – Mold**

### **10.01 Background**

The presence of mold can be a sign of other more serious issues of concern, such as water and moisture penetration through a building envelope.

### **10.02 Purpose**

To identify locations of mold and to determine if further, destructive investigation is needed.

### **10.03 Requirements**

Any visible mold or water infiltration shall be investigated for possible causes and properly mitigated. Any mold on materials that cannot be properly cleaned must be removed. If mold is found on drywall it shall be abated, cut out and disposed.

## **Chapter 11 – Historic Preservation Rehabilitation**

### **11.01 Background**

Buildings and properties with designated historical significance may trigger additional requirements or oversight by entities outside of Minnesota Housing.

### **11.02 Purpose**

Determine the building's historic significance of an existing building or property and conduct an assessment to determine what regulations a historical significance will require prior to and during a rehabilitation.

### **11.03 Requirement**

The project activities must not be performed on properties that are either listed in or determined eligible for listing in the National Register of Historic Places, or identified as historic by state, territory, tribe or municipality, unless the project activities comply with applicable standards and guidelines. A documentation plan for rehabilitation shall be developed and submitted early to the enforcement authority for review and approval. Refer to The National Park Service and Minnesota State Historic Preservation Office for further guidance.

## Chapter 12 – Clandestine Drug Lab Cleanup Guidelines

### 12.01 Background

1. Clandestine (clan) drug laboratories are being discovered throughout many areas of the state. Reports show that chemicals used in the production of illicit drugs can contaminate land, a building and its contents, groundwater, or soil where they are dumped. Chemical waste left behind from manufacturing or “cooking” can often present health and safety risks to occupants and/or the general public.
2. Minnesota Housing requires any Owner/Developer who has actual knowledge of any prior manufacturing of methamphetamines on the premises to disclose that information on the Owner Certification of Environmental Issues form at time of Initial Application. This document can be found in the application materials on our website.
3. In addition, if a Phase I Environmental Assessment is required, Environmental Assessor shall look for evidence of former methamphetamine manufacturing labs. Refer to requirements regarding Phase I Environmental Assessment chapter located in the Environmental Standards.

### 12.02 Purpose

To reduce exposure to occupants from harmful chemical waste left behind from clandestine drug labs.

### 12.03 Requirements

1. If Owner/Developer discloses knowledge of any prior meth manufacturing on the premises and/or Environmental Assessment reveals evidence of a former drug lab, the following requirements shall apply.
  - a) Before Minnesota Housing will commit loan proceeds for specific site improvements, identification of hazardous substances shall be conducted by qualified cleanup company staff to determine cleanup requirements at a specific site based on chemicals found, processes used, and how long the lab was used. This work should be done by experienced hazardous materials (HazMat) contractors. Refer to the [MN Department of Health Meth Lab Resources - Clean Up Guidance](#)
  - b) Many counties have developed local public health nuisance or meth lab ordinances. Consult your local county to verify if they have any specific ordinances that may apply to your situation. Such ordinances may require specific cleanup and child protection measures.
  - c) It is the responsibility of the Owner/Developer to comply with all applicable regulations and/or ordinances.

## **12.04 Resources**

[MN Department of Health Meth Lab Resources - Clean Up Guidance](#)

## Appendix A – Abbreviations, Acronyms, Terms, and Definitions

Abbreviations, acronyms, terms, and definitions noted here are for interpretation and applicability of all Minnesota Housing [Building Standards](#) (guides, standards, overlays, templates, and forms).

Table 1: Abbreviations, Acronyms, Terms, and Definitions

Term	Definition
20YCE	Twenty-year Capital Expenditure
AC	Air conditioning
Accessibility Analysis and Survey	A Minnesota Housing required 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 in conjunction with new plans. Applicability and other requirements are based on funding sources.
ACM	Asbestos Containing Material. ACM is material that contains more than one percent asbestos by microscopic visual estimation by area.
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.
A&E	This is an abbreviation for Architect and Consulting Engineer.
AFCI	Arc-fault circuit-interrupter
AFUE	Annual Fuel Utilization Efficiency
Americans with Disabilities Act (ADA)	An act defined in 42 U.S.C. 12131-12189, that is a civil rights law that protects people with disabilities from discrimination in many areas of public life.
ANSI-AARST MAMF	An acronym that stands for American National Standards Institute/American Association of Radon Scientists and Technologists Measurement of Air in Multifamily Buildings
Architect	The Architect of Record and professional entity contracted with the Owner to provide architectural services. It is also the entity responsible for signing (sealing) documents per <a href="#">Minnesota Administrative Rules 1800.4200</a>
Asbestos	Asbestos is a name for a group of fibrous minerals that occur naturally in the ground and are resistant to heat and corrosion. These toxic and carcinogenic groups of minerals can cause serious health problems with exposure. Prior to being banned by the Environmental Protection Agency, asbestos was used in many building products such as insulation, flooring and fiber compounds within manufactured materials. Asbestos includes asbestiform varieties of chrysotile (serpentine), crocidolite (riebeckite), amosite (cummingtonite-grunerite), anthophyllite, tremolite, and actinolite.

Term	Definition
ASTM E1527	An acronym that stands for American Society for Testing and Materials. This E1527 standard defines the standard practice for conducting Phase I Environmental Site Assessment (ESA).
Bath and Bathroom	A room within a dwelling unit where a water closet and lavatory sink are included. It may or may not include either (or both) bathtub and shower.
Bedroom	A Sleeping Area within a Dwelling Unit with all walls continuous to the ceiling, a closet, and a door.
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).
Building Standards	<p>Minnesota Housing’s minimum design standards applicable to projects funded by Minnesota Housing. Visit the <a href="#">Building Standards</a> on Minnesota Housing’s webpage to view all Building Standards and documents. They include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• <i>Rental Housing Design/Construction Standards and Guides</i></li> <li>• <i>Architect’s Guide</i></li> <li>• <i>Contractor’s Guide</i></li> <li>• <i>Sustainability</i></li> <li>• <i>Environmental Standards</i></li> <li>• <i>Forms and Templates</i></li> </ul>
CFM	Cubic Feet per Minute
CFR	Code of Federal Regulations
CNA	Capital Needs Assessment
COP	Coefficient of Performance
Construction Documents	Also know, as the “Contract Documents”, they are the written documents that define the roles, responsibilities, and work under the construction contract, and are legally-binding under the Owner-Architect Agreement and the Owner-Contractor Agreement. They include drawings (plans), project manual (specifications), addenda, change orders, and formal revisions as detailed.
Consulting Engineer	A Consulting Engineer is a professional licensed in Minnesota who provides expertise and leadership in engineering disciplines that include civil, structural, sanitary, environmental, mechanical, electrical, geotechnical, chemical, industrial and agricultural engineering. The Consulting Engineer’s scope of work is included in the Architect’s basic services included in the Owner-Architect Agreement.
Contractor	The single prime general contractor.
Correction Order	A formal directive may be issued by Minnesota Housing if at any time during the construction of a project, the Contractor has failed to perform



Term	Definition
	the work under the contract documents in accordance with the construction documents or has failed to utilize materials in accordance with the construction documents.
CO	Carbon Monoxide
Covered Multifamily Dwellings	As defined at 24 CFR §100.201
Critical Need(s)	Property condition deficiencies that if left unattended will likely jeopardize the property’s federal assistance.
Design/Build MEP	Design, construction, and procurement process whereas the applicable mechanical, electrical, and plumbing (MEP) subcontractor both designs and builds their scope of work. The design work must be by a master electrician, master plumber, professional engineer licensed in Minnesota, or other entity allowed to do so per state statute.
Rental Housing Design/Construction Standards	Minnesota Housing’s Rental Housing Design and Construction Standards (RHDCS)
Dwelling Unit	A Dwelling Unit (DU) is 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).
EER	Energy Efficiency Ratio
EF	Energy Factor
Efficiency Unit (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 (refrigerator, sink, and range). May include a Sleeping Area but does not include a Bedroom. Also known as a single resident occupant (SRO) or studio.
EGCC™	Enterprise Green Communities Criteria (current applicable version unless noted otherwise)
Electrical Subcontractor	A subcontractor (to the Contractor) who performs electrical installation of above-ground and below-ground electrical work as required by an electrician licensed in Minnesota.
Electric Vehicle Supply Equipment	Also known as charging stations or charging docks. Electric Vehicle Supply Equipment (EVSE)’s are devices that provide electric power to a battery-operated vehicle and use that to recharge the vehicle’s batteries.
ENERGY STAR (ES)	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 New Homes program or Multifamily New Construction (ES MFNC) program.

Term	Definition
Enhanced Sustainability	A building characteristic offered in the Consolidated Request for Proposal (RFP) Self-Scoring Worksheet for projects with enhanced sustainability features as defined in the Self-Scoring Worksheet.
Environmental Issues Certification	Applicant Certification of Known Environmental Issues is a form submitted that discloses any known and applicable environmental conditions on the property or site.
Environmental Review Reliance Letter	A reliance letter is a letter from a third-party professional that extends the liability protection of the original environmental assessment to the designated party, by allowing them to rely on the report's findings without having to conduct their own investigation or assessment.
ESAs	Environmental Site Assessments
ERA	Energy Rebate Analysis
Effected Remaining Life (ERL)	The number of years a building component may function as originally intended. It's established by subtracting the age of the component from the Expected Useful Life.
Expected Useful Life (EUL)	The number of years, based upon industry standards for which a building component is expected to function as originally intended.
Federal Housing Administration	The Federal Housing Administration (FHA) provides mortgage insurance on single-family, multifamily, manufactured home, and hospital loans made by FHA-approved lenders throughout the United States and its territories.
Full (Bath)	A bathroom with lavatory sink, water closet, and tub with or without a shower head.
GFCI	Ground-Fault Circuit-Interrupter
Green Capital Needs Assessment	A physical needs assessment which integrates sustainable retrofits into capital improvement, modernization, and the financial planning process.
HERS Rater	A Residential Energy Services Network (RESNET) certified individual required for ENERGY STAR certification program.
HOME	HOME Investment Partnerships Program
HSPF	Heating Seasonal Performance Factor
HTC	Housing Tax Credits also known as Low Income Housing Tax Credits (LIHTC)
HUD	The United States Department of Housing and Urban Development
HVAC	Heating, ventilating and air conditioning system
ICC/ANSI A117.1	International Code Council/American National Standards Institute A117.1 is a nationally recognized standard of technical requirements for providing accessibility and usability for physically handicapped people. This standard is referenced in the Fair Housing Act.

Term	Definition
IMW	Intended Methods Worksheet. A Minnesota Housing Microsoft Excel spreadsheet used to document compliance with the <i>Minnesota Overlay and Guide to the Enterprise Green Communities Criteria</i> . This may be found at Minnesota Housing's <a href="#">Building Standards</a> webpage.
IRS	Internal Revenue Service
KCMA	Kitchen Cabinet Manufacturers Association
Life-Threatening Items	In relation to the Uniform Physical Conditions Standards, Life-Threatening Items are deficiencies which call for immediate attention or remedy.
Limited Scope	A rehabilitation work scope considered by Minnesota Housing to be limited and not considered substantial or moderate rehabilitation based upon the cost, funding source, and number of Dwelling Units, number of Stories, or other purpose.
Mandatory Criteria	Enterprise Green Communities Criteria (as amended by the MN Overlay and Guide) which are required (mandatory) based upon construction type and other project characteristics.
Mbps	Megabits per second
Mechanical Subcontractor	A subcontractor (to the Contractor) who performs mechanical installation and engages in the business of heating, air conditioning, ventilation, refrigeration, and associated sheet metal work.
MDH	Minnesota Department of Health
Minnesota Housing	The Minnesota Housing Finance Agency
MN Overlay	Minnesota Overlay and Guide to the Enterprise Green Communities Criteria. Minnesota Housing's amendment to the Enterprise Green Communities Criteria (current applicable version unless noted otherwise) to better meet Minnesotans' needs.
Moderate (Mod) Rehabilitation (Rehab)	Refer to Chapter 3 of Rental Housing Design/Construction Standards for full definition and applicability.
MF	Multifamily
Multifamily Accelerated Process (MAP)	A system that establishes national standards for approved lenders to prepare, process and submit loan applications for FHA/HUD multifamily construction financing. By using MAP processing, borrowers and lenders can save significant time during the loan application processing.
Multifamily Consolidated Request for Proposals (RFP)	Minnesota Housing's competitive funding round, offered once per year, which provides a means of "one stop shopping" by consolidating and coordinating multiple multifamily housing funding resources into one application process. It deploys significant capital funds and is the primary mechanism that Minnesota Housing uses to award and allocate federal and state resources.

Term	Definition
National Register of Historic Places	The National Register of Historic Places is the United States federal government’s official list of sites, buildings, structures, districts and objects deemed worthy of preservation for their historical significance.
NSPIRE	National Standards for Physical Inspection of Real Estate
Notice To Proceed	The official letter from Minnesota Housing authorizing onsite construction work to start after construction loan closing or end loan commitment.
NHTF	National Housing Trust Fund Program
NO2	Nitrogen Dioxide
Optional (Criteria Points)	Enterprise Green Communities Criteria (as amended by the MN Overlay and Guide) which are selected by a project team for the purpose of meeting minimum optional criteria point thresholds.
Owner	Also referred to as applicant/developer/borrower and is the same entity for the purpose of reference in this guide. The Owner is the party with whom the Architect of Record and Contractor enters a contract.
Owner-Architect Agreement	The agreement for architecture and engineering services which identify or describe initial information, responsibilities of the parties, terms and conditions, scope of services, special conditions, and compensation. The agreement must be one of the American Institute of Architects (AIA) B-Series agreements approved in the Minnesota Housing Architect’s Guide or other Minnesota Housing approved agreement. Also referred to as applicant/developer/borrower and is the same entity for the purpose of reference in this guide. The Owner is the party with whom the Architect of Record and Contractor enters a contract.
Owner-Contractor Agreement	The American Institute of Architects (AIA) <i>A101-2017 Stipulated Sum Agreement</i> , or another industry standard form of agreement approved by Minnesota Housing for construction services. It is a legal document that sets the scope and terms of work for a construction project which includes start and completion dates, cost of labor and materials, contents of the work, dispute resolution, procedures for scope modification and other conditions.
Phase I or Phase II Environmental Site Assessment (Phase I or II ESA)	Phase I ESA is a preliminary review of a property to identify potential environmental contamination through record checks, site inspections and interviews. Phase II ESA is an advanced investigation conducted when a Phase I identifies potential issues involving soil and groundwater sampling.
Plumbing Subcontractor	A subcontractor (to the Contractor) who performs above-ground and below-ground plumbing installation for a construction project as required by a plumber licensed in Minnesota.
PNA	Physical Needs Assessment. An assessment like a Capital Needs Assessment, however a PNA is typically completed on Minnesota Housing

Term	Definition
	Physical Needs Assessment Template (PNAT) and 20YCE forms. Refer to Chapter 3 of RHDCS for full description.
PNAT	Minnesota Housing Physical Needs Assessment Template (PNAT). A Minnesota Housing template available on our <a href="#">Building Standards</a> webpage.
Portal	Minnesota Housing’s multifamily customer portal that uses the Salesforce cloud-based platform.
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	A funding priority and policy focused on preserving properties with existing federal assistance (project based rental assistance or operating subsidies).
Project-Based Rental Assistance (PBRA)	A project-based rental assistance contract that applies to a specific property and is only available to qualified households while they live in an assisted unit in the property. If a household moves from the property or to a unit within the property that is not covered by the PBRA, the rental assistance does not move with them. PBRA generally requires a household to pay 30% of their adjusted income toward the rent payment, and the remainder is subsidized by the rental assistance program. PBRA may come from the U.S. Department of Housing and Urban Development under a Section 8 contract or project-based Section 8 vouchers, from USDA Rural Development’s Multifamily Housing Rental Assistance program, or from a state or local government rental assistance program.
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	A non-licensed professional (or entity) with at least five years of experience providing physical needs assessments and preparing project work scopes for multifamily housing rehabilitation projects.
REAC	Real Estate Assessment Center
Rehab	Rehabilitation
Rental Housing Design/Construction Standards	Minnesota Housing’s design and construction standards applicable to multifamily rental housing developments.
RHDCS	Rental Housing Design and Construction Standards
Rural Development (RD)	A mission area within the United States Department of Agriculture which runs programs intended to improve the economy and quality of life in

Term	Definition
	rural parts of the United States. RD promotes economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools.
SEER	Seasonal Energy Efficiency Ratio
Senior Unit(s) and Senior Housing	Dwelling units or housing developments intended for occupancy by seniors aged 55 or older.
SF	Single Family
Sleeping Area	An area used for sleeping which does not meet the definition of a Bedroom.
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.
Staff Architect	Minnesota Housing Staff Architect responsible for the review of funding applications, review of due diligence submittals, providing construction loan administration, and other duties to help ensure the project is following Minnesota Housing’s Building Standards.
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 (Sub) Rehabilitation	Refer to Chapter 3 of Rental Housing Design/Construction Standards for full definition and applicability.
Supportive Housing	A type of multifamily housing property where supportive services are provided on-site for households with a history of homelessness and barriers to accessing and maintaining housing, thereby improving housing stability, employment, health, and many other qualities of life factors. Supportive Housing design features are applicable to all Dwelling Units in 100% Supportive Housing properties or to the fixed/non-floating Supportive Housing units in partially supportive properties.
Sustainable Building Guidelines	State building guidelines that apply to projects receiving Minnesota Housing Publicly Owned Housing Program general obligation bond proceeds.
Sustainable Housing Policy and Sustainability Standards	Minnesota Housing standards for new construction and rehabilitation that requires compliance with the Enterprise Green Communities Criteria and current version of the MN Overlay and Guide to the Enterprise Green Communities Criteria.
Tenant-Based Rental Assistance (TBRA)	Is provided to qualified households who can use the rental assistance in the private market. However, the rent must be at or below the payment standard for the program and the housing must meet program habitability standards. TBRA generally requires a household to pay 30% of their adjusted income toward the rent payment and the remainder is subsidized by the rental assistance program, although some programs allow participants to pay up to 40% of their adjusted income toward rent.

Term	Definition
	TBRA may be administered by a local housing authority under the U.S. Department of Housing and Urban Development’s Section 8 voucher program or by an administrator of a state or local program. A household may move from one property to another with their TBRA if the new property meets habitability standards and rent requirements; some TBRA programs may allow a household to “port” their TBRA to a unit located in a different county or state and some may limit the location of where the assistance can be used.
tCO2e	Metric tons of carbon dioxide equivalent
Townhome	A dwelling unit meeting the definition of a Townhome in the Minnesota Residential Code Chapter 2 – Definitions.
Type A Unit(s)	Dwelling Units or Sleeping Units which meet the Type A Unit requirements of the Minnesota Accessibility Code.
Type B Unit(s)	Dwelling Units or Sleeping Units which meet the Type B Accessible unit requirements of the Minnesota Accessibility Code.
UEF	Uniform Energy Factor
Universal Design	As defined in the Multifamily Self-Scoring Worksheet.
UPCS	HUD’s Uniform Physical Condition Standards
USDA	The United States Department of Agriculture
Vision/Hearing Impaired Unit	A dwelling unit designed to be adaptable for the installation of future communication features.
Visitability	Designs that allow persons with mobility impairments to enter a residence and comfortably stay for a duration. See <a href="#">Minnesota Statute 462A.34 Visitability Requirement</a> for dwelling units required to meet Visitability.

## **Appendix B – Legal Addendum**

### **1.01 Conflict and Control**

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

### **1.02 Fraud**

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

### **1.03 Misuse of Funds**

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed, and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

### **1.04 Conflict of Interest**

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



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

A conflict of interest includes any situation in which one’s judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

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

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

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

- Terminating the contracting party's participation

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

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

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

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

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

stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.”<sup>1</sup> Violation of federal conflict of interest requirements by business partners, agents or consultants will result in appropriate actions by Minnesota Housing, including the potential termination of the relationship and additional contractual or other remedies. Violation of federal conflict of interest requirements may need to be reported to the federal government in appropriate circumstances.

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

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

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

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party’s internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

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

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<sup>1</sup> See generally, HOME: [24 CFR 92.356](#); including any revisions by the Appendix to the HOME-ARP Notice as amended; HOPWA: [24 CFR 574.625](#); NHTF: [24 CFR 93.353](#). In limited circumstances, a conflict of interest could be waived via an exception request, in writing. For further information, see federal regulations at: HOME: [24 CFR 92.356](#); HOPWA: [24 CFR 574.625](#); NHTF: [24 CFR 93.353](#).

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

## 1.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#) (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## 1.07 Disclosure and Reporting

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

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

## 1.08 Electronic Signatures

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

## 1.09 Fair Housing Policy

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

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real estate related transactions are expected to comply with the applicable statutes, regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

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

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish

design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

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

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

### **1.10 Minnesota Government Data Practices**

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

### **1.11 Prevailing Wage**

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

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

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

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

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

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

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