



Multifamily Rental Housing Design/Construction Standards

2025 – 2026 Multifamily Consolidated Request for Proposals

2026 – 2027 Housing Tax Credits Funding Rounds

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Contents

Chapter 1 – Overview and Applicability.....	1
Chapter 2 – General Occupancy New Construction Minimum Standards	3
2.01 Background	3
2.02 Purpose	3
2.03 Requirements.....	3
Chapter 3 – General Occupancy Rehabilitation Minimum Standards.....	14
3.01 Background	14
3.02 Purpose	14
3.03 Rehabilitation Classification.....	14
3.04 Rehabilitation Classification Definitions	14
3.05 Needs Assessment and Inspection Requirements.....	15
3.06 Other Requirements for Properties Undergoing Rehabilitation	22
Chapter 4 – Housing Tax Credits Only Design and Construction Standards.....	24
4.01 Background	24
4.02 Purpose	24
4.03 Requirements.....	24
4.04 Design and Construction Related Submittals	24
4.05 General Notes for HTC Only Projects.....	26
4.06 Other Minnesota Housing Building Standards Applicable to HTC Only Projects	27
Chapter 5 – Accessibility, Universal Design, and Senior Housing Standards.....	29
5.01 Background	29
5.02 Requirements for New Construction with Four or More Housing Units.....	29
5.03 Federal Programs (HOME and NHTF)	30
5.04 Type A Accessible Unit Grab Bars	30

5.05	Requirements for Existing Building Rehabilitation Projects	30
5.06	Accessibility Analysis and Survey	30
5.07	Universal Design.....	31
5.08	Senior Housing Projects	31
Chapter 6 – Visitability Requirement.....		33
Chapter 7 – Design, Construction, and Property Standards for Federally Funded Projects		34
7.01	Background	34
7.02	Purpose	34
7.03	Property Standards – New Construction Projects	35
7.04	Property Standards – Rehabilitation Projects.....	36
7.05	Build America, Buy America Act	38
7.06	Post-Construction Capital Expenditure Analysis.....	38
Chapter 8 – Critical Physical Needs and Preservation Funded Projects.....		39
8.01	Background	39
8.02	Purpose	39
8.03	Requirements.....	39
Chapter 9 – Energy Rebate Analysis		42
9.01	Background	42
9.02	Energy Rebate Analysis Submittals.....	42
9.03	Local Utility Incentives	43
9.04	Federal Energy Incentives.....	43
Appendix A – Abbreviations, Acronyms, Terms, and Definitions.....		44
Appendix B – Uniform Physical Conditions Standards for Multifamily Housing Rehabilitation Involving Federal Programs		52
	Requirements for Sites.....	52

Requirements for Building Exteriors	55
Requirements for Building Systems	58
Requirements for Common Areas.....	61
Requirements for Units	67
Appendix C – Legal Addendum	74
1.01 Conflict and Control	74
1.02 Fraud	74
1.03 Misuse of Funds	74
1.04 Conflict of Interest	74
1.05 Assistance to Employees and Affiliated Parties.....	77
1.06 Suspension	78
1.07 Disclosure and Reporting.....	78
1.08 Electronic Signatures	78
1.09 Fair Housing Policy	79
1.10 Minnesota Government Data Practices.....	80
1.11 Prevailing Wage	80

Chapter 1 – Overview and Applicability

- A. The Minnesota Housing Finance Agency (Minnesota Housing) is committed to meeting Minnesotans’ needs for decent, safe, and Sustainable Housing that is affordable. 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, to better meet customer needs and communicate expectations, Minnesota Housing has developed design/construction standards for multifamily rental housing.
- B. 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.
- C. 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.
- D. The version of the *Rental Housing Design/Construction Standards (RHDCS)* that is applicable to multifamily rental housing developments selected by Minnesota Housing is generally based upon the year of the initial housing tax credit (HTC) award/allocation or initial funding award. The year is indicated in the corresponding funding round in Minnesota Housing’s Multifamily Customer Portal. This allows for consistent application of standards and minimizes the impact if the project has multiple awards from various years or experiences delays post-selection. If a project receives a partial allocation from Minnesota Housing and a supplemental request from a subsequent year, the RHDCS in effect at time of initial selection will generally be applicable. Additional design requirements will be applicable if points are awarded (regardless of award or allocation), which require the project to include specific enhanced design elements (such as Universal Design and/or higher threshold of Enhanced Sustainability points) from a subsequent year or allocation year. Consult Minnesota Housing staff before applying for additional funding or HTCs.
- E. 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.
- F. All Dwelling Units and common space in mixed-use projects must comply with all 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.

- G. 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 Minnesota Housing’s *Architect’s Guide* and the *Contractor’s Guide*, as applicable. Both guides are available on Minnesota Housing’s [Building Standards](#) webpage.
- H. Plan Reviews
1. Plan reviews by Minnesota Housing staff architects review general compliance with Minnesota Housing’s Building Standards, which encompass the *Multifamily Rental Housing Design/Construction Standards*, *Minnesota Overlay and Guide to the Enterprise Green Communities Criteria (MN Overlay and EGCC)*, and other requirements included on Minnesota Housing’s [Building Standards](#) webpage.
 2. Plan reviews are limited to the information, such as drawings and specifications, that were submitted to Minnesota Housing for review.
 3. Plan reviews are intended to communicate expectations and/or deficiencies noted by Minnesota Housing staff to the Owner and must not be relied upon by any other person or entity.
 4. Minnesota Housing assumes no responsibility for any person’s or entity’s reliance on plan reviews.
- I. Right to Reject Design. Minnesota Housing reserves the right to object, at its sole discretion, to overall building design or specific project design features and elements at application or during due diligence plan review. Objections may include, but are not limited to, non-compliance with Minnesota Housing’s Building Standards, non-compliance with codes or other regulations, rentability, functionality, usability, or access to daylight of dwelling units.

Chapter 2 – General Occupancy New Construction Minimum Standards

2.01 Background

- A. 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.
- B. 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 follow 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 must be adhered to if receiving Minnesota Housing funding for new construction. The project design must be reasonably appropriate for the intended site, resident population, and anticipated market, and must follow the minimum standards below.

For the purpose of measuring interior room sizes, area, or dimensions, the measurements must be from the finished surface of the walls. Measurements cannot include closets or wall thickness, but may include built-in cabinets, baseboard radiant heating, or other fixed amenities if the Fair Housing Act Guidelines are met.

Exception: HVAC closets may impede into a room if the Fair Housing Act Guidelines can still be met.

2.03.A. Grading/Drainage

The site must be well drained. Surface water must be directed away from the structure. Snow removal/storage must be addressed.

2.03.B. Parking

1. 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 comply 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 driveways leading up to an attached garage or if omission of a curb and gutter is part of a planned surface storm water management system.

2.03.C. Garages

1. If private garages are provided, they must meet the following:
 - a) A full partition extending from floor to ceiling made of solid material must separate each garage stall within any bank of garages.
 - b) Continuous foundations and frost footings are required at all attached garages and detached garages larger than two stalls.
 - c) Minimum size requirements:
 - i. Clear Width: 11'-0" (single stall), 20'-0" (double stall)
 - ii. Net Area: 231 sq. ft. (single stall), 420 sq. ft. (double stall)
 - iii. Overhead Door: 9'-0" wide (single stall), 16'-0" wide (double stall)
 - d) Garages required to be accessible must comply with minimum quantity, dimensions, and clearances as required by applicable accessibility codes.

2. If an underground parking garage is provided, the exterior entrance drive slope must not exceed 7%, unless heated. We encourage site designs that do not require heated entrance drives.

2.03.D. Exterior Sidewalks

Sidewalks must be a minimum of four feet wide and made of concrete reinforced with continuous wire mesh.

2.03.E. Play Area/Play Equipment

1. Requirements:
 - a) A play area for children, along with appropriate play equipment, must be provided for children, unless exempt.
 - b) 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.
 - c) The size of the play area must be provided in proportion to the child population of the project.
 - d) The play area and equipment must follow equipment manufacturer requirements.
 - e) Avoid locating any play area(s) where children are required to cross roadways.
 - f) Provide drain tile beneath all permeable play area surface materials with outlet to nearest storm sewer or drainage ditch.
 - g) Provide shade, seating, and trash receptacle near all play areas.
 - h) Play areas must be on an accessible route with accessible entrance onto the play area surface.
2. Play area equipment is not required if any of the following conditions apply:
 - a) The project contains only one-bedroom or smaller units;
 - b) the project is on a zero lot line site;
 - c) 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;
 - d) the project is restricted to 100% senior only residents;
 - e) or if Minnesota Housing agrees it is not economically viable. For example, a scattered site development whereby the number of units in proximity is limited (<12).

2.03.F. Signage

1. 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's Logo](#), names of other funders (or their logos – please confirm with other funders), Equal Housing

Opportunity logo, owner's name, general contractor's name, and architect's name, leasing information ((if available at the time sign is made and installed) and phone number.

2. 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.

2.03.G. Laundry

1. All housing must have access to laundry facilities on site in common laundry room(s) or within Dwelling Units.
2. If common laundry is provided:
 - a) One washer and one dryer must be provided for every 12 Dwelling Units.
 - b) For senior housing, one-bedroom Dwelling Units or Efficiency Units, provide one washer and one dryer for every 16 units.
 - c) Provide a folding table and a seating area.
 - d) At least one washer and one dryer in each common laundry room must meet accessibility requirements.
 - e) Provide a floor drain with flooring that slopes to the floor drain.
3. If laundry equipment is provided in each Dwelling/Efficiency Unit:
 - a) Stackable equipment is acceptable in non-accessible units and non-universal design units.
 - b) Every in-unit clothes washer must have at least one of the following:
 - i. A disaster pan, with or without drain; or
 - ii. A floor drain near the clothes washer in the room the clothes washer is located;
or
 - iii. A hose-fed appliance leak detection alarm/automatic shut-off system
4. All clothes washers must be equipped with braided, metallic sheathed water supply hoses.
5. Avoid locating clothes washers near areas with carpeting.
6. Clothes dryers must be exhausted directly to the outdoors using rigid-type ductwork (except for condensing dryers, which must be plumbed to a drain).

2.03.H. Elevator

1. 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
- c) For the purpose of establishing number of Stories, any level that serves as a main entry for the building must be considered as a Story. An underground parking level is not considered a Story.

2.03.I. Dwelling Unit Living Room and Bedrooms

1. Living room

- a) Minimum dimension must be 11'-6" and appropriately sized for anticipated household size.
 - i. Exception. A Minimum dimension of at least 10'-0" is allowed in the living area of Efficiency Units, Sleeping Units, and one-bedroom Dwelling Units where the occupancy is limited to one adult resident.
- b) The room must have a window (or glass patio door) to exterior for natural lighting.

2. Primary Bedroom

- a) Required at all one-bedroom Dwelling Units and at one of the Bedrooms within Dwelling Units with two or more Bedrooms
 - i. Exception. One-bedroom Dwelling Units where the occupancy is limited to one adult resident may include "Secondary Bedroom" requirements
- b) Minimum dimension must be 10'-0"
- c) Minimum square footage must be 115 sq. ft.
- d) A window for natural light must be provided
 - i. Exceptions. Windowless Bedrooms designed to meet applicable building codes may be allowed:
 - 1. If the local Tenant-Based Rental Assistance (TBRA) voucher administrator receives approval for an acceptability criteria variation from their United States Department of Housing and Urban Development (HUD) field office that allows TBRA to be used in units with windowless Bedrooms; Or
 - 2. Without an acceptability criteria variation if 100% of the units receive Project-Based Rental Assistance (PBRA)
- e) Closet (five lineal ft. of net rod/shelf length)
- f) Door and walls to ceiling for privacy

3. Secondary Bedroom(s)

- a) Minimum dimension be 9'-6"
- b) Minimum square footage must be 100 sq. ft.
- c) A window for natural light must be provided
 - i. Exceptions. Windowless Bedrooms designed to meet applicable building codes may be allowed:
 - 1. 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

2. Without an acceptability criteria variation if 100% of the units receive Project-Based Rental Assistance (PBRA)
 - d) Closet (4 lineal ft. of net rod/shelf length)
 - e) Door and walls to ceiling for privacy

2.03.J. Efficiency Units

1. Efficiency Units without a partially or fully enclosed Sleeping Area must include a minimum open area of 220 open sq. ft.
2. Minimum overall area must meet “Dwelling Unit Living Room” requirements
3. Sleeping Area. A partially or fully enclosed Sleeping Area within an Efficiency Unit must meet the minimum dimension and minimum sq. ft. required for a “Secondary Bedroom”

2.03.K. Dwelling Unit Kitchen

1. 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.
2. 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.
3. A range/oven is required in all Dwelling Units and Efficiency Units.
 - a) All two-Bedroom or larger Dwelling Units must have a 30” wide self-cleaning oven.
 - b) All one-Bedroom Dwelling Units and Efficiency Units can use a 24” minimum self-cleaning oven.
 - c) Avoid locating the oven at the end of a counter.
 - d) 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.
4. Provide a “frost-free” refrigerator with 15” minimum wide counter on the latch side.
 - a) The refrigerator must be a minimum of 14 cu. Ft. for one-bedroom Dwelling Units and Efficiency Units.
 - b) Larger Dwelling Units must have a larger refrigerator appropriately sized.
5. Provide hard surface flooring in kitchen.

2.03.L. Dwelling Unit Dining Area

1. Must have hard-surface flooring
2. Must be distinct from the living area
3. Have a window to the exterior or be open to the living room

4. The dining area must be appropriately sized for the intended household size and accommodate the following:
 - a) Efficiency and One-bedroom Dwelling Units: Table with two chairs
 - b) Two-bedroom Dwelling Units: Table with four chairs
 - c) Three-bedroom Dwelling Units: Table with six chairs
 - d) Four-bedroom or larger Dwelling Units: Table with seven chairs
5. Dining area exceptions:
 - a) An eat-in kitchen may be substituted for a dining area provided 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.

2.03.M. Dwelling Unit Bathroom(s)

1. 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 (1/2) bathroom/powder room 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.
2. Minimum bathroom requirements based upon unit type:

Table 1: Minimum Bathroom Requirements by Unit Type

Unit Type	Minimum Number of Bathrooms Required
Sleeping Units	¾ Bath
Efficiency Units	¾ Bath
1 BR Dwelling Units	¾ Bath
2 BR Dwelling Units	1 Full Bath
3 BR Dwelling Units	1 Full Bath + ½ Bath
>3 BR Dwelling Units	1 Full Bath + ¾ Bath
2-story Townhouse with no Bedrooms on ground level	½ Bath ground level and 1 Full Bath upper level
2-story Townhouse with at least one ground level bedroom	¾ Bath ground level and 1 Full Bath upper level
Senior Units	¾ Bath

3. 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

2.03.N. Dwelling Unit Storage Space and Closets

1. An entry coat closet is required for one-bedroom and larger Dwelling Units near the main entry.
2. A designated linen/towel storage space is required in an enclosed cabinet design or a closet.
3. General storage space for household cleaning supplies, vacuum, etc. is required.

2.03.O. Multi-Story Dwelling Unit Living Areas

1. Individual Dwelling Units with multi-Stories must have a kitchen/kitchenette, living area, dining (or eat-in kitchen) on the same or main level.
2. Refer to Chapter 6 (Visitability Requirement) of this document, for additional multi-Story Dwelling Unit requirements.

2.03.P. Mechanical and Plumbing Systems

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
 - a) All kitchen sinks may be single bowl or double bowl and must be appropriately sized for the anticipated resident household with the following minimum dimensions:
 - i. Depth 7" minimum. Note: At accessible units and other locations where the kitchen sink is required to have an open area below, a depth of 5" minimum may be used.
 - ii. Width 30" (overall sink unit) minimum at 2 bedroom or larger dwelling units.
 - iii. Width 22" (overall sink unit) minimum at Efficiency and 1 bedroom dwelling units where a single bowl sink is provided.
 - b) Refer to laundry requirements above for clothes washer leak control/detection and dryer venting.
 - 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 the 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.

2.03.Q. Electrical Systems

1. Provide ceiling or wall mounted light fixtures in all Bedrooms
2. Provide task lighting above kitchen range and kitchen sink. An exhaust hood with integral light will meet kitchen range task lighting requirements.
3. Exterior light fixtures and lamps must be rated for -20 degree Fahrenheit weather
4. 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.)
5. At least one phone jack must be provided at each dwelling unit.
6. Broadband Infrastructure
 - a) To provide a platform for all residents to participate in the digital economy, all multifamily new construction projects must include unit-based, Broadband (also known as 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 HUD. The cost for this infrastructure is an approved construction cost.
 - b) Internet service (and its ongoing service fee) is not required and not allowed to be paid for with acquisition or construction funds.
 - c) Broadband Infrastructure is not required if:
 - i. The location of the property makes installation infeasible due to lack of internet service
 - ii. 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
 - iii. The applicability of any of the above exceptions will be at the sole discretion of Minnesota Housing

2.03.R. Millwork

1. All new kitchen cabinets and new bathroom cabinets must have:
 - a) Solid wood face-frames, solid wood doors and solid wood drawer fronts

- b) Cabinet box construction may be particle board with melamine surface finish
 - c) Exposed end panels must be surfaced with a laminate veneer, veneer plywood, or solid wood. For increased durability, exposed end panels in Supportive Housing units/projects must be either plywood or solid wood.
 - d) Drawer-box construction must have dovetail or other Minnesota Housing approved reinforced joint construction
2. All millwork must meet the Kitchen Cabinet Manufacturers Association (KCMA) ANSI/KCMA A161.1 standards. KCMA Certification is suggested, but not required.
 3. Solid surface counter tops (manufactured quartz, natural stone, concrete, etc.) may be used at dwelling unit kitchens and common area locations if the kitchen sink base cabinet includes a drip pan or leak/liner protection.

2.03.S. Exterior Windows and Doors

1. All new windows and doors must be ENERGY STAR-qualified (most current version). 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.
 - a) Exception: Version 6 ENERGY STAR-qualified windows and doors are allowed if the ENERGY STAR energy model/certification will allow an earlier version. Also, Version 6 ENERGY STAR-qualified windows and doors are allowed at rehabilitation projects.
2. 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.
3. All windows and windows within doors must be furnished with window coverings for privacy and control of heat/solar shading.
4. All operable windows and operable windows within doors must have insect screens.
5. The sill of all windows must be solid wood, stone, man-made solid surface material, or other material approved by Minnesota Housing.
6. 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.
7. Door viewers or sidelight must be provided at Dwelling Unit main entrances. Door viewers at Type A Units must have one at standing height and the other at accessible (wheelchair) height.
8. 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.

2.03.T. Roofing

1. Low-slope roofing
 - a) Must have a minimum of ¼" per foot (finished) slope unless otherwise approved by Minnesota Housing staff architect and building official.

- i. Approved systems must be either:
 1. A 60 mil PVC membrane fully adhered, or induction welded
 2. A 60 mil TPO membrane fully adhered, or induction welded
 3. A 60 mil EPDM membrane fully adhered
 4. A four-ply asphalt/gravel built-up assembly
 5. A hot asphalt adhered fleece-backed EPDM
 - b) Warranty: Full system warranty, 20 years from substantial completion, is required.
2. Sloped roofing: A minimum 30-year shingle.

2.03.U. Patio and Entrance Slabs

1. Stoop/footing frost protection required at all entrance slabs with ¼" per foot maximum slope.
2. Where soils are frost susceptible, stoop/footing frost protection required at all patio slabs.
3. Protect front entrance slab from rain/snow accumulation with an overhang or canopy.

2.03.V. Closet Doors

1. 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.
2. If approved by Minnesota Housing, closets may be provided without doors under the following conditions:
 - a) All closets within Efficiency Units
 - b) Walk-thru closets separating a Bedroom and ensuite bathroom
 - c) Bedroom walk-in closets
 - d) Bedrooms at 100% Supportive Housing projects

2.03.W. Fire Protection

1. All townhomes and rental single-family homes must have at least one fire extinguisher in each Dwelling Unit.
2. Range hood fire suppression canisters, although not required, are encouraged to be installed if the range hood over the stove will allow.

2.03.X. Schematic Design Concept/Cost Estimate

1. The owner must have an architect develop a reasonable schematic design concept.
2. 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 *Architect's Guide* available on Minnesota Housing's [Building Standards](#) webpage.

Chapter 3 – General Occupancy Rehabilitation Minimum Standards

3.01 Background

- A. The standards in this chapter apply to any rental housing project receiving rehabilitation funding.
- B. 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) of this document. For example: roofing, kitchen cabinets, windows, etc.
- C. Architectural services are likely to be essential to the success of the project. Refer to *Architect's Guide* available on Minnesota Housing's [Building Standards](#) webpage to determine if architectural services are required for the project.
- D. The rehabilitation standards in this chapter 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 the Minnesota State Building Code, housing must be in compliance with the 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 Minnesota Housing 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 Minnesota Housing purposes. Minnesota Housing has discretion for determining and approving the 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

3.04.A. Substantial Rehabilitation

Substantial Rehabilitation (or gut rehab) is defined as a project that meets the following:

1. The work area exceeds 50% of the aggregate area of the building per the 2015 Minnesota Conservation Code for Existing Buildings Section 505 Level 3 Alteration.

3.04.B. Moderate Rehabilitation

Moderate Rehabilitation (Rehab) 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

3.04.C. Limited Scope Rehabilitation

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

3.04.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 Needs Assessment and Inspection Requirements

3.05.A. Needs Assessment Requirements

1. Multifamily projects proposing any rehabilitation and applying for funds through the Minnesota Housing's Consolidated Request for Proposal year-round funding application, or other Minnesota Housing funding are required to submit a needs assessment.
 - a) Exceptions:
 - i. Substantial Rehabilitation projects where all systems other than envelope components will be replaced as part of the work scope are not required to provide a needs assessment; however, any components that remain untouched, such as roof, exterior windows/doors, masonry, exterior walls, site elements, utilities, etc. must have their age, expected useful life, and condition explained through a scope of work narrative provided at application.
 - ii. Properties which have been condemned, such that the building or structure is immediately dangerous to the health, welfare and safety of the occupants or the public, as deemed by a governmental entity with authority to do so, are not required to provide a PNA or CNA. If a condemnation can be remedied with rehabilitation, any components that remain untouched (roof, exterior windows/doors, masonry, exterior walls, site elements, utilities, etc.) must have their age, expected useful life, and condition explained through a scope of work narrative provided at application.

2. Capital Needs Assessment (CNA) vs. Physical Needs Assessment (PNA). 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.
3. 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) of this document.
4. 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) United States Department of Agriculture (USDA) and Rural Development (RD)
 - b) HUD/FHA (Federal Housing Administration) 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
5. 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 \(PNAT\)](#) that involves the following requirements:
 - a) The PNAT must represent the property's "as-is," pre-rehabilitation condition.
 - b) Life expectancy of systems. The PNAT must provide a life expectancy analysis including estimated age, Effective useful life (EUL), and Estimated remaining life (ERL) of the following minimum elements identified in the PNAT and as necessary to complete the [20 Year Capital Expenditure Template \(20YCE\)](#), that is described below.

3.05.B. Inspections Overview

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.

3.05.C. Site and Roof Drainage Requirements and Inspections

1. 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 and to a designated ponding area or to a municipal storm sewer system. Include roof drainage provisions when assessing site drainage conditions.
2. 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.

3. Every project must have a permanent project sign that is visible from the nearest street. Signage must include the name of the project, an Equal Housing Opportunity logo, and leasing information and phone number. Nighttime lighting is recommended.

3.05.D. Accessory Structure(s) Inspections

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.

3.05.E. Structural Integrity Inspections

1. 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)
2. Masonry, Stucco, and Structural Concrete Visual Inspection.
 - a) Buildings older than thirty years with exterior masonry facades (brick, stone, terra cotta, concrete manufactured stone, etc.), with stucco facades, misalignment, or with structural concrete (floor, roof, wall assemblies) must include an eye-level visual, non-destructive inspection via ladder, lift, scaffold, through adjacent windows, or camera-equipped drone. Document noticeable bowing, sagging, spalling, or other signs of failure. Include condition of exterior exposed steel lintel/beams, grout, and caulking. All findings, with photos, must be included in a formal report made up of an executive summary, background/property description, findings, and recommended next steps for remediation.
3. Special Enhanced Assessments.
 - a) If a visual inspection suggests imminent structural failure or questionable building envelope/façade integrity, provide a special enhanced assessment with applicable special consultants. This assessment must be formalized in a report including an executive summary, background/property, photos, opinion of said assembly conditions, remediation recommendations, and remediation cost estimates based visual inspections, destructive investigations, X-Ray imaging and other methods.

3.05.F. Building Envelope Inspections

The building envelope must be weather and watertight. 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.

3.05.G. Common Area Inspections

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.

3.05.H. Dwelling/Efficiency Units Inspections

1. Minimum Dwelling Unit quantity and unit type for CNAs must be per the format in said approved format's requirements. For Minnesota Housing's PNAT, inspections must include:
 - a) At least 25% of all units
 - b) Each type of unit size (such as 0BR/Sleeping Units, 1BR, 2B, 3BR etc.) and typical unit types in typical buildings
 - c) All accessible units
 - d) 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
2. Minimum Dwelling/Efficiency Unit inspectable elements:
 - a) 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.
 - b) Bath cabinets, bath exhaust, plumbing fixtures, flooring, wall/ceiling finish, doors, windows, window coverings, etc.
3. Decent living space must be as outlined in Chapter 2 (General Occupancy New Construction Minimum Standards) of this document. Where existing conditions at Substantial Rehabilitation or Adaptive Reuse projects prohibit compliance with full standards, living rooms and Bedrooms may have minimum dimension(s) and area smaller by 15%, if approved by Minnesota Housing.
 - a) Living room: $11'-6'' \times 85\% = 9'-9''$
 - b) Primary Bedroom: $10'-0'' \times 85\% = 8'-6''$. $115 \text{ sq. ft.} \times 85\% = 96 \text{ sq. ft.}$
 - c) Secondary Bedroom(s): $9'-6'' \times 85\% = 8'-1''$. $100 \text{ sq. ft.} \times 85\% = 85 \text{ sq. ft.}$

3.05.I. Plumbing and Sanitation Systems Inspections

1. All plumbing systems must be code compliant, adequately sized, and operable with an anticipated minimum seven-year life expectancy.
2. Obsolete, water wasting fixtures must be replaced and no leaks allowed.

3. 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 without an identity of interest to the Owner, Architect, or Contractor to determine whether it is code compliant, permitted, and functioning properly.

3.05.J. Heating, Ventilation, and Air Conditioning Systems Inspections

All heating, ventilation, and air conditioning (HVAC) systems must be code compliant, adequately sized, and operable with an anticipated minimum ten-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 AC sleeve(s).

3.05.K. Electrical Systems Inspections

1. 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 need to meet the requirements of Underwriter Laboratories, Inc. and approved by the International Conference of Building Officials and 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 mandated by code/regulations.
 - c) Arc-fault circuit-interrupter (AFCI) protection. Arch-Fault Circuit Interruption (AFCI) protection is required if scope of work involves extensions, modifications, or replacements of branch circuit wiring whereby it is required by code and/or if electric distribution panels are replaced, which contain 120-volt, single-phase, 10, 15, and 20-ampere branch circuits supplying outlets or devices installed in locations otherwise required to have AFCI protection
 - d) Carbon Monoxide (CO) alarms and Nitrogen Dioxide (NO₂) alarms must be provided as required per applicable state statute.
 - e) Emergency/exit lighting must be operational and code compliant.
2. At least one phone jack must be provided at each Dwelling Unit.

3.05.L. Elevator Inspections

If there is an existing elevator and hoist way in a building, they must comply with the 2007 Minnesota Elevator Code, as applicable to existing buildings.

3.05.M. Fire Protection Inspections

1. All townhomes and rental single-family homes must have at least one fire extinguisher in each Dwelling Unit.
2. Range hood fire suppression canisters: Although not required, they are encouraged to be installed if the range hood over the stove will allow.

3.05.N. Environmental Standards (Remediation) Inspections

It is essential to perform all environmental assessments early in the planning process to make sure that all mitigation measures and costs are integrated into the scope of work. Project activities must comply with requirements for Phase I/Phase II Environmental Site Assessments (ESAs), lead-based paint evaluation and reduction, lead-based paint visual inspection requirements, asbestos inspection surveys, radon mitigation, historic preservation, contamination and clandestine drug lab cleanup. These requirements can be found on Minnesota Housing's Building Standards webpage.

3.05.O. Accessibility Inspections

Refer to Chapter 5 (Accessibility, Universal Design, and Senior Housing Standards) of this document for Accessibility Analysis and Survey requirements for existing buildings.

3.05.P. Needs Assessor Qualifications

1. All PNATs must be prepared by a needs assessor who is a licensed architect, licensed professional engineer, or an individual who meets the definition of a Qualified Rehabilitation Specialist as defined in the Minnesota Housing *Architect's Guide*. The needs assessor (for Minnesota Housing's purpose) may be a member of the project team but must not have an identity of interest with the owner and/or developer.
2. CNA needs assessor qualifications and requirements must be per the approved CNA format requirements.

3.05.Q. Age of PNAT/CNA

The age of any needs assessment report from time of application (or at time of Preservation pre-application, if required) must be one year or less. If over one year, but less than two years, the needs assessment report may be used to comply with this needs assessment requirement; however, an

updated 20YCE (less than six months old) must be included. Provide complete new PNAT/CNA if older than two years.

3.05.R. Incomplete Needs Assessment

1. Minnesota Housing reserves the right not to accept any PNAT or CNA if it does not adequately, determined at Minnesota Housing's sole discretion, include a complete assessment of a property's condition.
2. Minnesota Housing reserves the right to have any incomplete PNAT or CNA updated and re-submitted.
3. The cost for new or updated PNATs or CNAs will be the responsibility of the developer or owner.

3.05.S. 20-Year Capital Expenditure

1. A [20-Year Capital Expenditure](#) (20YCE) must be completed for each rehabilitation project regardless if providing a CNA or PNA. If a CNA already includes a similar 20-year capital expenditure analysis, it may be used to satisfy the need for a 20YCE, except when an ETool form of CNA is provided. If working on a project that involves scattered sites and/or multiple building types, use the [20 Year Capital Expenditure Template for Multiple Building/Scattered Sites](#).
2. Each component listed within the 20YCE must be categorized under one of the following three types of need categories:
 - a) Need Category One – CRITICAL NEEDS: Critical needs are those described in Chapter 8 (Critical Physical Needs and Preservation Funded Projects) of this document and are required to be identified only if the project is claiming or is receiving Preservation funding based upon "Risk of Loss Due to Critical Physical Needs." Otherwise, Critical Needs must be categorized as short-term needs.
 - b) Need Category Two – SHORT-TERM NEEDS (Year One): Short-term needs are remedies to physical deficiencies, such as deferred maintenance, that may not warrant immediate attention but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventative maintenance. Short-term needs that have outlived their Effective Useful Life (EUL) must be included in a proposed rehabilitation (20YCE Year One).
 - c) Need Category Three – CAPITAL NEEDS OVER A TERM: Capital needs over a term may include component replacement and major maintenance over a term due to Expected Useful Life (EUL) estimates. The cost for a component or building item replacement must be indicated in 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/PNAT is completed. Other aesthetic/marketability needs may be included. In addition, some components may require repairs/replacement several times over the 20-year period.

3.06 Other Requirements for Properties Undergoing Rehabilitation

3.06.A. Post-Construction Capital Expenditures Needs Over a Term

Not required for Minnesota Housing with exception to federally funded projects. Refer to Chapter 7 (Design, Construction, and Property Standards for Federally Funded Projects) for post-construction capital expenditure projection requirements.

3.06.B. 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.

3.06.C. 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 compliance with all applicable building codes and all requirements within this document. Work scope must include any reasonable accommodation requests for persons with accessibility needs.

3.06.D. 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 comply with HUD's Uniform Physical Condition Standards (UPCS) (Title 24, Part 5, Subpart G) or National Standards for the Physical Inspection of Real Estate (NSPIRE) as applicable. The type of funding will usually dictate which standard applies. If you are uncertain how UPCS or NSPIRE applies to your property, contact your Minnesota Housing asset manager or compliance officer. Regardless, the site, buildings and structures and all parts thereof must be kept in good repair. All defective components must be repaired or replaced.

3.06.E. Broadband Infrastructure

1. To provide a platform for all residents to participate in the digital economy, all multifamily rehabilitation projects must include unit-based, Broadband (also known as 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.

2. Exceptions:

- a) Internet service (and its ongoing service fee) is not required and not allowed to be paid for with acquisition or rehab funds.
- b) Broadband Infrastructure is not required if:
 - i. The location of the property makes installation infeasible due to lack of internet service
 - ii. 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
 - iii. At rehabilitation projects, the structure of the building makes installation infeasible
 - iv. The applicability of any of the above exceptions will be at the sole discretion of Minnesota Housing.

3.06.F. Energy Efficiency

Refer to sustainability requirements on Minnesota Housing's [Building Standards](#) webpage.

Chapter 4 – Housing Tax Credits Only Design and Construction Standards

4.01 Background

- A. This chapter is intended for projects receiving an allocation or award of 4% or 9% federal Low Income 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 in these Design/Construction Standards. See Chapter 1 (Overview and Applicability) of this document for more HTC information.
- B. If a project receives 9% HTCs that were apportioned from Minnesota Housing to a sub allocator, the project is still required to meet the requirements of these Design/Construction Standards; however, no submittals to Minnesota Housing are required.

4.02 Purpose

The purpose is to make sure rental housing financed by HTCs is cost reasonable and of similar quality and livability as any other housing financed by or in part with other Minnesota Housing funding.

4.03 Requirements

- A. The design and construction of any project receiving an allocation or award of HTC for new construction and/or rehabilitation must comply with all applicable requirements of these design/construction standards in effect for the given HTC allocation year indicated at the time of initial application.
- B. The year is indicated in the corresponding funding round in Minnesota Housing’s multifamily customer Portal. If a project receives a partial allocation from Minnesota Housing and a supplemental request from a subsequent allocation year, the RHDCS in effect at time of initial HTC selection will generally be applicable.
- C. Additional design requirements may be applicable if points are awarded (regardless of allocation year), which require the project to include specific design elements (i.e., Universal Design and/or higher threshold of Enhanced Sustainability points). Consult Minnesota Housing staff before applying for additional HTCs in a subsequent HTC allocation year.

4.04 Design and Construction Related Submittals

Projects receiving an HTC allocation or award must follow Table 2: HTC Submittal Requirements. Minnesota Housing, at its sole discretion, may require additional submittals not listed here for any project to demonstrate conformance with RHDCS and other applicable Building Standards.

Requirements and submittals are applicable to rehabilitation, new construction, Adaptive Reuse, etc. unless noted otherwise.

Table 2: HTC Submittal Requirements

Submittal Phase	9% HTC Only	4% HTC Only
Initial Application (42M initial application 4% HTCs)	<ul style="list-style-type: none"> • Preliminary Architectural requirements. <ul style="list-style-type: none"> ○ Concept/schematic design (site plan, building plans, typical Dwelling Unit plans, building elevations, and building section), if new construction ○ Proposed work scope if rehab. The 20YCE may be used to satisfy this requirement • Capital Needs Assessment or Physical Needs Assessment Template (CNA or PNAT) and 20 Year Capital Expenditure (20YCE), if rehab or Adaptive Reuse • <i>Universal Design Worksheet (UDW)</i>, if Universal Design selection points are claimed • <i>Multifamily Intended Methods Worksheet (IMW)</i> • Construction cost estimate • <i>Applicant Certificate of Environmental Conditions/Issues</i> • If there is an identity of interest between Owner and Contractor, follow applicable requirements. • Energy rebate analysis – preliminary 	<ul style="list-style-type: none"> • 75 - 90% Contract Documents • (CNA or PNAT) and 20YCE, if rehab or Adaptive Reuse. • <i>Multifamily Intended Methods Worksheet (IMW)</i> • Construction cost estimate • <i>Applicant Certificate of Environmental Conditions/Issues</i> • Applicable environmental assessments • <i>Universal Design Worksheet (UDW)</i>, if Universal Design selection points are claimed • If there's an Identity of Interest between Owner and Contractor, follow applicable requirements • Energy rebate analysis – Preliminary
Pre-Construction	<ul style="list-style-type: none"> • Plan review submittals <ul style="list-style-type: none"> ○ Design – schematic design/design development/work scope ○ Design – 75–90% Contract Documents ○ Design – 100% Contract Documents • Sustainability submittals <ul style="list-style-type: none"> ○ IMW ○ Energy modeling (as designed) • <i>Universal Design Worksheet</i> (if Universal Design selection points were awarded) 	Not Applicable

Submittal Phase	9% HTC Only	4% HTC Only
	<ul style="list-style-type: none"> • Applicable environmental assessments • Other submittals as requested <p>NOTE: Do not release documents for final hard bidding until all Minnesota Housing 75-90% Contract Documents review comments have been incorporated.</p>	
Construction	<ul style="list-style-type: none"> • Architect’s observation reports and construction meeting minutes • Any proposed change to the approved Contract Documents (e.g., proposal requests, architectural supplemental instructions), which alters approved design/scope of work and may not be in conformance with Minnesota Housing Building Standards <p>NOTE: Do not start construction until 100% Contract Documents have been approved by Minnesota Housing.</p>	<p>Not Applicable</p> <p>NOTE: Do not start construction until initial application review comments have been issued by Minnesota Housing and incorporated into Contract Documents.</p>
Post-Construction (IRS Form 8609 submittals)	<ul style="list-style-type: none"> • Sustainability submittals <ul style="list-style-type: none"> ○ IMW ○ Energy model (Post-construction verified) • Certificate of substantial completion • Certificate of occupancy/rental dwelling license, if applicable • Applicable environmental documentation • If there’s an Identity of Interest between Owner and GC: <ul style="list-style-type: none"> ○ <i>Contractor’s Certificate of Actual Cost HUD Form 92330A</i> • <i>Universal Design Worksheet</i> (if Universal Design selection points were awarded) 	<ul style="list-style-type: none"> • Sustainability submittals <ul style="list-style-type: none"> ○ IMW ○ Energy model (Post-construction verified) • Certificate of substantial completion • Certificate of occupancy/rental dwelling license, if applicable • Applicable environmental documentation • If there’s an Identity of Interest between Owner and GC: <ul style="list-style-type: none"> ○ <i>Contractor’s Certificate of Actual Cost HUD Form 92330A</i> • <i>Universal Design Worksheet</i> (if Universal Design selection points were awarded)

4.05 General Notes for HTC Only Projects

A. Table 2: HTC Submittal Requirements is not meant to serve as a comprehensive list of all required HTC submittals but rather serves as a guide for design and construction related submittal items. For a more comprehensive list, refer to the applicable checklists in the Multifamily Customer Portal.

- B. Failure to comply with these standards or submittal requirements may be subject to penalty during subsequent HTC selections. The information listed in Chapter 4 (Housing Tax Credits Only Design and Construction Standards) of this document must not supersede or have preference over any requirement of the applicable Housing Tax Credit Qualified Allocation Plan (QAP).
- C. All drawing submittals must be in a to-scale, PDF electronic format. Hard copies must be provided only upon request.
- D. 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.
- E. To promote environmentally safe housing, the owner is expected to comply with all applicable Minnesota Housing Minand adhere to all other applicable environmental regulations. The owner is expected to keep detailed record(s) of all environmental documentation. The owner must submit to Minnesota Housing all environmental assessments/reports/testing that determined a recognized environmental condition exists or existed related to the subject property and evidence that the recognized conditions have been mitigated.

4.06 Other Minnesota Housing Building Standards Applicable to HTC Only Projects

4.06.A. Building Standards – 9% HTC

Projects allocated 9% HTC must comply with all Minnesota Housing Building Standards, which include standards found in the *Architect's Guide*, *Contractor's Guide*, etc., as applicable. These standards and guides are available on Minnesota Housing's [Building Standards](#) webpage.

4.06.B. Building Standards – 4% HTC

1. 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 if 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.
2. 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.
3. To make sure projects are constructed in accordance with approved construction documents, if there is an Identity of Interest between the owner and architect and/or architect and contractor, the owner must commission a third-party architect to observe construction administration.

4. To promote cost reasonableness, contractor selection/bidding/compensation must follow requirements as described within Chapter 2 of Minnesota Housing's *Contractor's Guide*, as applicable.
 - a) Exception: The requirement that contractor compensation must be in the form of fixed price (stipulated sum) does not apply. Exception added to allow other forms of contractor compensation (for example, cost of work plus a fee or guaranteed maximum plus contracts).
5. Minnesota Housing, at its sole discretion, and for any given project, may require compliance with additional components of Minnesota Housing's Building Standards.

Chapter 5 – Accessibility, Universal Design, and Senior Housing Standards

5.01 Background

- A. 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 sub allocator are exempt from this standard and need only comply with the Minnesota State Building Code provisions and the sub allocator’s requirements.
- B. Regardless of whether the local jurisdiction has adopted the Minnesota State Building Code, all new construction projects and rehabilitation of existing properties financed by Minnesota Housing must comply 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.
- C. 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.

5.02 Requirements for New Construction 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:

5.02.A. Fair Housing Act of 1968

In addition to applicable state and local codes, all new construction projects must comply with the Fair Housing Act of 1968, as amended.

5.02.B. Type A Accessible Units

- 1. A minimum of 5% 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.
- 2. The 5% requirement applies to townhouses (regardless of if being built to Minnesota Building Code or Minnesota Residential Code) as well as all other types of multifamily housing units.

5.02.C. Vision/Hearing Impaired Units

- 1. In addition to, and separate from, the 5% Type A Units, at least 2% (but not less than one unit) of the total housing units must be adaptable for persons with vision/hearing impairments.

2. 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.

5.02.D. Accessible Parking Spaces

1. Accessible parking spaces must be made available to match the number of Type A Units provided.
2. Additional parking spaces must be provided as required for visitor parking and/or commercial space.
3. 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.

5.03 Federal Programs (HOME and NHTF)

If projects are awarded HOME and/or NHTF proceeds from Minnesota Housing, refer to additional accessibility requirements outlined in Chapter 7 (Design, Construction, and Property Standards for Federally Funded Projects) of this document.

5.04 Type A Accessible Unit Grab Bars

If grab bars are not installed at the 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.

A project funded by Minnesota Housing must also meet all other applicable accessibility requirements.

5.05 Requirements for Existing Building Rehabilitation Projects

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:

5.06 Accessibility Analysis and Survey

1. Depending upon whether housing is receiving any federal financial assistance, each building receiving Minnesota Housing financial assistance for rehabilitation projects 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, Type B, and 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 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.
- 4. An Accessibility Analysis and Survey form is available on the Building Standards webpage. This template is not required but is available as a reference document for use on a voluntary basis.

5.07 Universal Design

Projects awarded Universal Design points for Consolidated Request for Proposal (RFP) application scoring must include all requirements per the Minnesota Housing approved Universal Design Worksheet (UDW). Refer to Minnesota Housing's [Building Standards](#) webpage for a copy of the UDW.

5.08 Senior Housing Projects

Projects with housing affordable to seniors aged 55 and older where 100% of the units are intended for occupancy by seniors, are considered a Senior Housing project.

1. Senior Housing Projects, regardless of Minnesota Housing funding source(s), must meet Minnesota Housing's Universal Design requirements and provide a Universal Design Worksheet at application and again prior to 100% Construction Document approval.
2. Recommended (not required) Best Practice Senior Design Features:
 - a) Elevator(s) at buildings two Stories or more. At least one elevator should be large enough to accommodate a 24 inch by 84 inch ambulance stretcher.
 - b) Common area toilet room(s) near the main entry/lobby.
 - c) Common rest area with seating next to mail, elevators, and long corridors.
 - d) Provide a covered drop-off at the main entrance with seating.
 - e) Provide trash and recycling collection at one area per each Story.
 - f) Corridors with handrails on at least one side should be a minimum of 6 feet wide; 8 feet wide encouraged.
 - g) At Dwelling Unit main entry doors, provide door knockers or doorbells with viewer and name plate.

Chapter 6 – Visitability Requirement

- A. The 2001 Minnesota Legislature imposed a Visitability requirement on certain new construction financed by Minnesota Housing. This requirement was promoted by the disability community.
- B. The Visitability requirement applies to the following types of new construction projects that are financed in whole or in part by Minnesota Housing:
 - 1. Single-family homes
 - 2. Duplexes
 - 3. Triplexes
 - 4. Multi-level townhomes
- C. This requirement does not apply to projects receiving only an HTC award or allocation.
- D. 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.
- E. 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:
 - 1. At least one no-step entrance
 - 2. Thirty-two-inch clear opening doorways throughout the dwelling
 - 3. 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 Design Manual - Part B: Usable Bathrooms

Chapter 7 – Design, Construction, and Property Standards for Federally Funded Projects

7.01 Background

- A. The National Housing Trust Fund Program (NHTF) and HOME Investment Partnerships Program (HOME) are both federally funded programs and are subject to applicable federal regulations. 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 document.
- B. Regardless of 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's [Building Standards](#).
- C. 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 for housing to meet UPCS or NSPIRE as applicable.
- D. The standards identified in this chapter may be changed by either state 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.
- E. 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.

7.02 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 document.

7.03 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, as outlined elsewhere in these standards.
- 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 in accordance with §93.407(a)(2)(iv), it is determined 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 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 (General Occupancy New Construction Minimum Standards) of this document.

7.04 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 or NSPIRE, as listed in Appendix B of this document. 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 5 (Accessibility, Universal Design, and Senior Housing Standards) of this document. 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 (or NSPIRE):** (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 are 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 B of this document.
- 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 in accordance with §93.407(a)(2)(iv)/§92.508(a)(3)(iv), it is determined 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 (General Occupancy Rehabilitation Minimum Standards) of this document.

7.05 Build America, Buy America Act

The Build America, Buy America (BABA) Act requires any infrastructure project funded by any Federal Financial Assistance (FFA) to apply a domestic content procurement preference, meaning that all iron, steel, manufactured products, and construction materials used in the infrastructure project have been produced in the United States, unless the applicable Federal agency that awards the federal funds has made a waiver determination and issued a waiver of this requirement. This is called the Buy American Preference (BAP).

The purpose of the BABA Act is to bolster America’s industrial base, protect national security, and support high-paying jobs.

More information and requirements are available on Minnesota Housing’s [HOME Investment Partnerships \(HOME\) and National Housing Trust Fund \(NHTF\)](#) webpage.

7.06 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 Investment Partnerships (HOME) and National Housing Trust Fund (NHTF) Combined Program Guide available on Minnesota Housing’s [Program Guides and Manuals](#) webpage. 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 8 – Critical Physical Needs and Preservation Funded Projects

8.01 Background

- A. This chapter is applicable only if pursuing Preservation funding through *Risk of Loss Due to Critical Physical Needs*. Refer to the current Multifamily Self-Scoring Worksheet available at the [Multifamily Consolidated Request for Proposals/Housing Tax Credits Funding Rounds](#) webpage to determine eligibility requirements. Applicants claiming Risk of Loss Due to Critical Physical Needs must determine (by third party assessment) the following:
1. 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 or other state, local or intermediary assistance.
 2. Whether or not repair/replacement of major physical plant components (including Critical Physical Needs) that have been identified will result in 10+ years of sustained operations.
 3. Whether or not identified scope of Critical Physical Needs exceeds the available reserves by at least \$5,000 per unit.
- B. Refer to Chapter 3 (General Occupancy Rehabilitation Minimum Standards) of this document for definitions and general information related to needs assessments, 20-Year Capital Expenditure Template, needs categories, and other standard rehabilitation procedures.

8.02 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, state, local or other subsidy.

8.03 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 for Minnesota Housing to consider the applicant's claim:

- A. **Minnesota Housing Physical Needs Assessment Template (PNAT) 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 or NSPIRE. Deficiencies that have the following characteristics may be considered Critical Physical Needs:
 - a) Condition(s) determined to be critical via a certified HUD UPCS/NSPIRE/Real Estate Assessment Center (REAC) Deficiencies Inspection Report. Other Deficiencies and Deficiently Levels defined in the REAC Dictionary of Deficiency Definitions 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 alarms or nitrogen dioxide 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 below for more information.
2. Other building components and mechanical system deficiencies for which UPCS or NSPIRE 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 a 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 8.03.A.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

Chapter 9 – Energy Rebate Analysis

9.01 Background

If required by the Minnesota Housing Multifamily Underwriting Standards, an Energy Rebate Analysis (ERA) must be provided. The purpose of this requirement is to leverage utility funds and federal energy incentives in order to increase energy efficiency in Minnesota’s affordable housing. In order to comply, each application must contain an Energy Rebate Analysis that outlines the type and amount of available utility and federal energy incentives. The estimated incentive amount should also be listed as a source in the Minnesota Housing underwriting workbook. Refer to Chapter 8 of the Multifamily Underwriting Standards and Master Application Checklist, Minnesota Housing Common Application Forms, Form C-15 for additional information.

9.02 Energy Rebate Analysis Submittals

9.02.A. Application Phase

At the application phase, submit a preliminary/draft explanation of the energy rebates being considered.

1. For utility incentives, 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.
2. For federal energy incentives, the preliminary/draft explanation should include the following: federal incentive program name; incentive type (e.g., tax credit, rebate); total estimated incentive amount. Also indicate whether these funds are provided as-of-right for meeting program criteria or competitively.

9.02.B. Prior to Loan Closing/Loan Commitment

Prior to loan 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 the date it was prepared.
3. The ERA must include a list of eligible utility company, local, regional, state, or federal incentive programs.

4. The ERA must include recommendations of applicable rebates and incentives 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.

9.03 Local Utility Incentives

- A. Minnesota Housing recommends calling the local utility company directly to inquire about incentives for multifamily buildings, as utility websites and other databases often do not have the most recent information available. Developers are encouraged to contact their utility company prior to finalizing the project design; utilities may be able to make design suggestions that could result in higher rebate amounts.
- B. A few utilities have dedicated multifamily programs:
 1. Xcel Energy-CenterPoint Energy: Multi-Family Building Efficiency Program (MFBE)
 2. Energy Resources (MERC): Multifamily Energy Savings Program
- C. For new construction or Substantial Rehabilitation projects in Xcel or CenterPoint Energy utility territory, Minnesota Housing encourages the use of the Energy Design Assistance (EDA) program.
- D. If a utility does not have a dedicated multifamily program, projects will likely still qualify for a mixture of residential and commercial prescriptive energy rebates. Many utilities are also able to provide custom rebates that are unique to individual projects. Additional incentives specifically for qualified low-income customers and buildings may also be available. Visit www.dsireusa.org for additional potential rebate information.

9.04 Federal Energy Incentives

Federal energy incentives considered in the Energy Rebate Analysis may include, but are not limited to:

1. Tax credits: Renewable Energy [Investment Tax Credits](#) (ITC) and applicable bonuses for Solar, Wind, Geothermal, Battery Storage, EV Charging; [45-L Tax Credits](#) for ENERGY STAR or Zero Energy Ready Homes
2. [Point-of-Sale Rebates](#): HEAR Rebates for electric appliances; HOMES Rebates for home efficiency

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 3: 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.
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	42 U.S.C. 12131-12189
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 Minnesota Administrative Rules 1800.4200 .
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	Minnesota Housing’s minimum design standards applicable to projects funded by Minnesota Housing. Visit the Building Standards on Minnesota Housing’s webpage to view all Building Standards and documents. They include, but are not limited to: <ul style="list-style-type: none"> • <i>Rental Housing Design/Construction Standards and Guides</i> • <i>Architect’s Guide</i> • <i>Contractor’s Guide</i> • <i>Sustainability</i>

Term	Definition
	<ul style="list-style-type: none"> • <i>Environmental Standards</i> • Forms and Templates
CFM	Cubic Feet per Minute
CFR	Code of Federal Regulations
can	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 thereof.
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 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 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

Term	Definition
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.
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.
ESAs	Environmental Site Assessments
ERA	Energy Rebate Analysis
Effectuated 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.

Term	Definition
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
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 making buildings accessible.
Impact Fund	Minnesota Housing's Single Family Community Homeownership Impact Fund
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 Building Standards 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 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.
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).
Moderate (Mod) Rehabilitation (Rehab)	Refer to Chapter 3 of Rental Housing Design/Construction Standards for full definition and applicability.
MF	Multifamily

Term	Definition
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	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.
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
NSP	Neighborhood Stabilization Program (Single Family)
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.
Owner-Contractor Agreement	The American Institute of Architects (AIA) A101-2017 <i>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.
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 similar to 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 Building Standards 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	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 rehab 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/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 rural parts of the United States. RD promotes economic development by

Term	Definition
	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 and Sustainable Housing 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. TBRA may be administered by a local housing authority under the U.S.

Term	Definition
	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 Minnesota Statute 462A.34 Visitability Requirement for dwelling units required to meet Visitability.

Appendix B – Uniform Physical Conditions Standards for Multifamily Housing Rehabilitation Involving Federal Programs

The tables below outline the requirements for project sites, building exteriors, building systems, common areas, and units. This includes inspectable items, observed deficiencies, the types and degrees of deficiencies, and whether they are a Life-Threatening Item (LTI) that must be addressed immediately if the housing is occupied.

Requirements for Sites

Table 4: Requirements for Site

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Fencing and Gates	Damaged/Falling/Leaning	Fence or gate is missing or damaged to the point it does not function as it should	
Fencing and Gates	Holes	Hole in fence or gate is larger than 6” by 6”	
Fencing and Gates	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	
Grounds	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	
Grounds	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	
Health and Safety	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

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
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
Health and Safety	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
Health and Safety	Flammable Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
Health and Safety	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	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
Health and Safety	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
Health and Safety	Hazards – Tripping	Any physical defect in walkways or other traveled area that poses a tripping risk	
Health and Safety	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	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	
Mailboxes Project Signs	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	
Parking Lots/Driveways/Roads	Ponding	3” or more of water has accumulated making 5% or more of a parking lot/driveway unusable or unsafe	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Parking Lots/Driveways/Roads	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	
Parking Lots/Driveways/Roads	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	
Play Areas and Equipment	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 handrail is missing, damaged, loose, or otherwise unusable	
Walkways/Steps	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	
Walkways/Steps	Spalling/Exposed Rebar	More than 5% of walkways have large areas of spalling – larger than 4" by 4" – that affect traffic ability	

Requirements for Building Exteriors

Table 5: Requirements for Building Exterior

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Doors	Damaged – Frames/Threshold/Lintel/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, lintel, or trim	
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	
Doors	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	
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 Caulking/Seals	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 exterior door that is missing	
Fire Escapes	Blocked Egress/Ladders	Stored items or other barriers restrict or block people from exiting	Yes
Fire Escapes	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	
Foundations	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

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Health and Safety	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
Health and Safety	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
Health and Safety	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	
Health and Safety	Flammable/Combustible Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
Health and Safety	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	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
Health and Safety	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
Health and Safety	Hazards – Tripping	Any physical defect in walkways or other traveled area that poses a tripping risk	
Health and Safety	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	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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Roofs	Damaged Vents	Vents are missing or so visibly damaged that further roof damage is possible	
Roofs	Damaged/Clogged Drains	The drain is damaged or partially clogged with debris or the drain no longer functions	
Roofs	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	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	
Roofs	Missing/Damaged Shingles	Roofing shingles are missing or damaged enough to create a risk of water penetration	
Roofs	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	
Walls	Damaged Chimneys	Part or all 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	
Walls	Missing/Damaged Caulking/Mortar	Any exterior wall caulking or mortar deterioration that presents a risk of water penetration or risk of structural damage	
Walls	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	
Walls	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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
		impact the structural integrity of the windowpane	
Windows	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	
Windows	Damaged/Missing Screens	Missing screens or screens with holes greater than 1" by 1" or tears greater than 2" in length	
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	
Windows	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	
Windows	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

Requirements for Building Systems

Table 6: Requirements for Building Systems

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Domestic Water	Leaking Central Water Supply	Leaking water from water supply line is observed	
Domestic Water	Missing Pressure Relief Valve	There is no pressure relief valve or pressure relief valve does not drain down to the floor	
Domestic Water	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	
Domestic Water	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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Electrical System	Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
Electrical System	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 System	Frayed Wiring	Any nicks, abrasion or fraying of the insulation that exposes any conducting wire	
Electrical System	Missing Breakers/Fuses	Any open and/or exposed breaker port	Yes
Electrical System	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	
Fire Protection	Missing/Damaged/Expired Extinguishers	There is missing, damaged or expired fire extinguisher in 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	
Health and Safety	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
Health and Safety	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
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
Health and Safety	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
Health and Safety	Elevator – Tripping	An elevator is misaligned with the floor by more than 3/4 of an inch. The elevator does	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
		not level as it should, which causes a tripping hazard	
Health and Safety	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
Health and Safety	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	
Health and Safety	Flammable Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
Health and Safety	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	
Health and Safety	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
Health and Safety	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
Health and Safety	Hazards – Tripping Hazards	Any physical defect in walkways or other travelled area that poses a tripping risk	
Health and Safety	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	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	
HVAC	Fuel Supply Leaks	Evidence of any amount of fuel leaking from the supply tank or piping	
HVAC	General Rust/Corrosion	Significant formations of metal oxides, significant flaking, discoloration, or the development of a noticeable pit or crevice	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
HVAC	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	
Sanitary System	Missing Drain/Cleanout/Manhole Covers	A protective cover is missing	

Requirements for Common Areas

Table 7: Requirements for Common Areas

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
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	
Storage	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	
Storage	Doors – Missing Door	Any door that is missing that is required for the functional use of the space	
Storage	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	
Storage	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	
Storage	Electrical –Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
Storage	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	
Storage	Electrical – Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
Storage	Electrical – Missing Breakers	Any open and/or exposed breaker port	
Storage	Electrical –Missing Covers	A cover is missing, which results in exposed visible electrical connections	Yes
Storage	Floors – Bulging/Buckling	Any flooring that is bulging, buckling, or sagging or a problem with alignment between flooring types	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Storage	Floors – Floor Covering Damaged	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas, or exposed seams	
Storage	Floors – Missing Floor/Tiles	More than 5% of the flooring or tile flooring is missing	
Storage	Floors – Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface	
Storage	Floors – Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6” by 6”	
Storage	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	
Storage	GFI – Inoperable	The GFI does not function	
Storage	Graffiti	Any graffiti on any exposed surface greater than 6” by 6”	
Storage	HVAC – Convection/Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans	
Storage	HVAC – General Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration – or a pit or crevice	
Storage	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	
Storage	HVAC – Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
Storage	HVAC – Noisy/Vibrating/Leaking	HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged	
Storage	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 cannot be used	
Storage	Lighting – Missing/Damaged/ Inoperable Fixture	More than 10% of the permanent lighting fixtures are missing or damaged so they do not function	
Storage	Mailbox –Missing/Damaged	The U.S. Postal Service mailbox cannot be locked or is missing	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Storage	Outlets/Switches/Cover Plates – Missing/Broken	Outlet or switch is missing, or a cover plate is missing or broken, resulting in exposed wiring	Yes
Storage	Pedestrian/Wheelchair Ramp	A walkway or ramp is damaged and cannot be used by people on foot, in wheelchairs, or using walkers	
Storage	Plumbing – Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration	
Storage	Plumbing – Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
Storage	Range Hood/Exhaust Fans – Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air	
Storage	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	
Storage	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	
Storage	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	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	
Storage	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	
Storage	Smoke Detector – Missing/Inoperable	Smoke detector is missing or does not function as it should	Yes
Storage	Stairs – Broken/Damaged/Missing Steps	A step is missing or broken	
Storage	Stairs – Broken/Missing Hand Railing	The handrail is missing, damaged, loose, or otherwise unusable	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Storage	Ventilation/Exhaust System – Inoperable	Exhaust fan is not functioning, or window designed for ventilation does not open	
Storage	Walls – Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment	
Storage	Walls – Damaged	Any hole in wall greater than 2” by 2”	
Storage	Walls – Damaged/Deteriorated Trim	10% or more of the wall trim is damaged	
Storage	Walls – Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing	
Storage	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	
Storage	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	
Storage	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 windowpane	
Storage	Windows –Damaged Windowsill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness	
Storage	Windows – Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken	
Storage	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	Windows – Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing	
Storage	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	
Health and Safety	Air Quality –Propane/Natural Gas/Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of	Yes

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
		explosion/fire and/or pose a health risk if inhaled	
Health and Safety	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
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
Health and Safety	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
Health and Safety	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
Health and Safety	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	
Health and Safety	Flammable/Combustible Materials – Improperly Stored	Flammable or combustible materials are improperly stored, causing the potential risk of fire or explosion	
Health and Safety	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	
Health and Safety	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	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
Health and Safety	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
Health and Safety	Hazards –Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
Health and Safety	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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Health and Safety	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	

Requirements for Units

Table 8: Requirements for Unit

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
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	
Bathroom	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	
Bathroom	Plumbing – Clogged Drains, Faucets	Drain or faucet is substantially or completely clogged or has suffered extensive deterioration	
Bathroom	Plumbing – Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
Bathroom	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	
Bathroom	Ventilation/Exhaust System – Absent/Inoperable	Exhaust fan is not functioning, or window designed for ventilation does not open	
Bathroom	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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Ceiling	Bulging/Buckling/Leaking	Bulging, buckling or sagging ceiling or problem with alignment	
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 6" long	
Ceiling	Peeling/Needs Paint	More than 10% of ceiling has peeling paint or is missing paint	
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	
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	
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	
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	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	
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 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	
Electrical System	Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident	
Electrical System	Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
		stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware	
Electrical System	Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire	
Electrical System	GFI – Inoperable	The GFI does not function	
Electrical System	Missing Breakers/Fuses	Any open and/or exposed breaker port	Yes
Electrical System	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 Damage	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas, or exposed seams	
Floors	Missing Flooring Tiles	Any flooring or tile flooring that 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	
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	
Health and Safety	Air Quality – Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods	
Health and Safety	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
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
Health and Safety	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

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Health and Safety	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
Health and Safety	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	
Health and Safety	Flammable Materials – Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion	
Health and Safety	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	
Health and Safety	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	Hazards – Other	Any general defects or hazards that pose risk of bodily injury	
Health and Safety	Hazards – Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm	
Health and Safety	Hazards – Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk	
Health and Safety	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	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
Hot Water Heater	Inoperable Unit/Components	Hot water from hot water taps is no warmer than room temperature indicating hot water heater is not functioning properly	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Hot Water Heater	Leaking Valves/Tanks/Pipes	There is evidence of active water leaks from hot water heater or related components	
Hot Water Heater	Pressure Relief Valve Missing	There is no pressure relief valve or pressure relief valve does not drain down to the floor	
Hot Water Heater	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	
HVAC System	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 System	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases	Yes
HVAC System	Noisy/Vibrating/Leaking	The HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged	
HVAC System	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	
Kitchen	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	
Kitchen	Dishwasher/Garbage Disposal – Inoperable	The dishwasher or garbage disposal does not operate as it should	
Kitchen	Plumbing – Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration	
Kitchen	Plumbing – Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area	
Kitchen	Range Hood/Exhaust Fans – Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air	
Kitchen	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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
Kitchen	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	
Kitchen	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
Outlets/Switches	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	
Stairs	Broken/Missing Hand Railing	The handrail is missing, damaged, loose, or otherwise unusable	
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 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	

Inspectable Item	Observed Deficiency	Type and Degree of Deficiency	LTI
		impact the structural integrity of the windowpane	
Windows	Damaged Windowsill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness	
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	
Windows	Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken	
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	Yes

Appendix C – 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.”¹ 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

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

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

1.06 Suspension

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

1.07 Disclosure and Reporting

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

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

1.08 Electronic Signatures

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

1.09 Fair Housing Policy

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

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

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

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

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

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

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

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

1.10 Minnesota Government Data Practices

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

1.11 Prevailing Wage

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

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

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

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

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

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