



## State Prevailing Wage Frequently Asked Questions

External

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**This frequently asked questions (FAQ) document applies to Multifamily Division projects.** This FAQ is general guidance and is secondary to guidance provided by the Department of Labor and Industry (DLI). Questions about applicability regarding prevailing wage should be directed to DLI. This is a living document with updates happening as needed. Please check back for new questions and updated guidance.

### State Prevailing Wage Funding Thresholds

State prevailing wage requirements may apply to the following Multifamily development projects in any of the following situations:

- New construction developments, including adaptive reuse, are subject to state prevailing wage requirements under [Minnesota Statute 116J.871](#) if financed with any of the following from Minnesota Housing: loans of \$500,000 or more; grants of \$200,000 or more. The loan threshold applies to all Minnesota Housing Multifamily loans and grants regardless of the source of the funds, including federal appropriations and bond proceeds.
- New Construction projects, including adaptive reuse are subject to state prevailing wage requirements under [Minnesota Statute 116J.871](#) if selected for an award or allocation of federal low-income housing tax credits (Housing Tax Credit) on or after January 1, 2025. This applies to projects consisting of more than ten units.
  - An allocation is any amount of Housing Tax Credit (HTC)s issued to a building which are taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(1) of the Internal Revenue Code. (Commonly referred to as 9% HTCs)
  - An award is any amount of HTCs issued to a building which are not taken into account in the state's annual credit ceiling, pursuant to Section 42(h)(4) of the Internal Revenue Code. (Commonly referred to as 4% HTCs)

- If a project is publicly owned and receives state funds<sup>1</sup>, state prevailing wage applies to new construction and rehabilitation projects where the estimated cost to complete the project is \$25,000 or greater ([Minn. Stat. 177.41](#) – [177.44](#)). See section A.3, below, for additional details.

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<sup>1</sup> For purposes of 177.41-177.44, state funds do not include awards or allocations of federal low-income housing tax credits (HTCs).

# Frequently Asked Questions

## A. General

1. What is state prevailing wage?

State prevailing wage is the minimum hourly wage employers must pay classes of workers who work on construction projects where public dollars are used to fund the construction. The state prevailing wage is set by the Minnesota Department of Labor and Industry (DLI). For additional information on state prevailing wage, visit the [Minnesota Department of Labor and Industry \(DLI\) website](#).

Depending on the funding sources, a project may be subject to both state prevailing wage and federal prevailing wage, which is commonly known as Davis-Bacon.

2. What are new construction projects?

This document refers to “new construction projects,” which are distinct from “rehabilitation projects.” New construction projects are projects which create *new* units of housing that did not previously exist, which includes adaptive reuse. A rehabilitation project is a project that repairs, reconstructs, or improves *existing* residential housing to make it decent, safe, sanitary and more desirable to live in, of greater market value, or in conformance with applicable safety or building codes.

3. What is the timeline for when the state prevailing wage statute applies to projects?

- **Projects selected for a loan or grant from Minnesota Housing before July 1, 2023:** New construction projects that meet the grant and loan funding thresholds discussed above are subject to state prevailing wage and must execute the Prevailing Wage Certification Form referenced in C.1 before closing or executing any loan or grant documents.
  - **Regardless of selection date:** Publicly owned new construction or rehabilitation projects where the estimated cost to complete the project is \$25,000 or greater are subject to state prevailing wage. Minnesota Housing requires an executed Prevailing Wage Certification Form referenced in C.1 before closing but does not collect certified payroll reporting as described in C.2 for these projects.
- **Projects selected for a loan or grant from Minnesota Housing on or after July 1, 2023:** New construction projects that meet the grant and loan funding thresholds discussed above are subject to state prevailing wage and must execute the Prevailing Wage Certification Form referenced in C.1 before closing or executing any loan or grant documents. These projects are also required to submit certified payroll reporting as described in section C.2 below.
  - **Regardless of selection date:** Publicly owned new construction or rehabilitation projects where the estimated cost to complete the project is \$25,000 or greater

are subject to state prevailing wage. Minnesota Housing requires an executed Prevailing Wage Certification Form referenced in C.1 before closing but does not collect certified payroll reporting as described in C.2 for these projects.

- **Projects selected for an award or allocation of HTC on or after January 1, 2025:** For purposes of an award, selection is defined as the issuance of the 42M preliminary determination letter by Minnesota Housing. For purposes of an allocation, selection is defined as Minnesota Housing board action to select a project for future reservation and allocation of HTC through application rounds, Round 1 or Round 2. New Construction projects meeting the unit requirement above are subject to state prevailing wage. New Construction projects must execute the Prevailing Wage Certification Form referenced in C.1 before closing. These projects are also required to submit certified payroll reporting as described in section C.2 below.
4. Who can answer technical questions related to state prevailing wage requirements (for example, applicable wage rates, compliance information, enforcement)?

DLI is responsible for all aspects of state prevailing wage, including answering developer questions. The current contact at DLI is Karen Bugar at [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us) or at 651-284-5091.

## B. Funding Sources

1. What Minnesota Housing funding sources are subject to state prevailing wage?

All loan and grant sources of funding from Minnesota Housing for new construction projects that meet the minimum thresholds described above are subject to state prevailing wage requirements, including but not limited to, Low and Moderate Income Rental (LMIR) first mortgages, Bridge Loans, Flexible Financing for Capital Costs (FFCC or pool 3 of any kind), state appropriated funds, state bond proceeds, loans or grants funded from the state housing tax credit (SHTC), and federally appropriated funds.

Starting on January 1, 2025, new construction projects that are selected for an award or allocation of federal low-income housing tax credits (HTC) consisting of more than ten units are subject to state prevailing wage requirements, including payroll reporting.

2. If a project has a deferred loan funded with a federal resource such as HOME or National Housing Trust Fund (NHTF) funds, is the project subject to state prevailing wage requirements?

All Minnesota Housing Multifamily loans and grants, regardless of the source of the funds (including federal appropriations and bond proceeds), may trigger state prevailing wage requirements and thresholds above should be consulted for applicability.

For example, a federal HOME loan of \$500,000 or more for a new construction development would be subject to *both* state prevailing wage requirements and federal Davis-Bacon requirements if there are 12 or more HOME units (the unit requirement for Davis-Bacon). NHTF funds do not have a Davis-Bacon requirement but are still subject to state prevailing wage if the NHTF funds meet the funding thresholds described above.

3. Does this determination impact funding partner awards, or would they be exempt? For example, would state prevailing wage apply to funding sources from the Metropolitan Council, city, or county loans?

Funding partner sources are subject to their own funding award determinations and specific funding source requirements. Minnesota Housing does not determine the applicability of state prevailing wage requirements for other funders' sources.

4. If a project receives two or more loans or grants from Minnesota Housing that collectively exceed the \$500,000 threshold, do state prevailing wage requirements apply?

Yes.

5. Do state prevailing wage requirements apply to end loans?

Yes.

6. If a project is originally selected for a Minnesota Housing loan or grant of less than \$500,000 but receives a funding modification resulting in the loan or grant amount totaling at or over \$500,000, does state prevailing wage apply?

Yes. State financial assistance is considered in the aggregate.

### **C. Certification, Reporting and, Record Keeping Requirements**

1. What steps do I take if my project is required to submit a Prevailing Wage Certification Form?

Whether your multifamily project was selected for a loan or grant from Minnesota Housing prior to July 1, 2023 or post July 1, 2023, a Prevailing Wage Certification Form is required. The appropriate form will be provided through the pre-construction due diligence checklist in the Portal or from the program manager. The developer submits the signed certification form directly to DLI and must provide an executed copy to Minnesota Housing prior to closing or execution of a loan or grant contract.

2. What are the reporting requirements for projects subject to state prevailing wage as determined in A.3?

While performing work on the project, the employer shall furnish a Certified Payroll Report to Minnesota Housing every two weeks. This report can be found on the DLI website and is linked within this document. The Certified Payroll Report must include an oath and a signature by an owner or officer of the employer. Additionally, the Certified Payroll Report must state the wages and benefits paid to each employee during the preceding weeks specifying for each employee:

- Name
- Identifying number
- Prevailing wage master job classification
- Hours worked each day
- Total hours; rate of pay
- Gross amount earned
- Each deduction for taxes
- Total deductions
- Net pay for week
- Dollars contributed per hour for each benefit, including name and address of administrator
- Benefit account number
- Telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs

See [Minn. Stat. 177.30](#)(a)(6) and (7) for full record keeping and reporting requirements.

3. The Certified Payroll Report asks for a “financial assistance contract number”. What number should I use?

The financial assistance contract number should be the D number and M number assigned to your project by Minnesota Housing. These numbers can be found on your selection/award letter or in the Salesforce Portal.

4. What is the process to submit a Certified Payroll Report?

**Step 1:** Complete the [Certified Payroll Form](#). Please ensure you save the form in its PDF fillable format.

**Step 2:** Upload the completed Certified Payroll Form via Minnesota Housing’s [Secure Upload Tool](#) to the mhfa.prevailingwage@state.mn.us email. Follow the specified naming conventions of project D number, property name, city, contractor, payroll date. For information on how to use the Secure File Exchange, you can review the [Secure File Upload Instructions](#). Please do not email the Certified Payroll Form as it contains private data. Private data sent directly to the prevailing wage email account will be rejected and must be resubmitted through the Secure Upload Portal will be required.

## D. Closing and Draws

1. What if the project does not provide or is not up to date in providing the Certified Payroll Report?

Draw requests cannot be approved and funds cannot be disbursed if the project is not current on providing the Certified Payroll Report.

HTC Carryover allocation cannot be approved if the project has closed and is not current on providing the Certified Payroll Report.

IRS Form 8609: Low-Income Housing Credit Allocation and Certification cannot be issued if the project has not provided the required Certified Payroll Reports.

## E. Questions, Complaints, and Data Requests

1. Who should I contact with questions regarding completing the payroll reporting?

Questions regarding completion of the payroll reports should be directed to DLI. DLI is responsible for all aspects of state prevailing wage, including answering developer questions. The current contact at DLI is Karen Bugar at [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us) or at 651-284-5091.

Questions regarding submission of payroll reports should first reference the [Secure Upload Tool Instructions](#). Any questions not directly addressed can be directed to Minnesota Housing Prevailing Wage staff at [mhfa.prevailingwage@state.mn.us](mailto:mhfa.prevailingwage@state.mn.us).

## Revision History

Table 1: Version History

Version	Description	Date
1.0	Initial draft	1.27.25
2.0	General Revisions	2.6.25