



Housing Trust Fund Operating Subsidy

Program Guide

August 2026



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Chapter 1 – Vision, Mission and Values

1.01 Vision

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

1.02 Mission

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

1.03 Values Statement

Our vision is that all Minnesotans live and thrive in a stable, safe and accessible home they can afford in a community of their choice.

To achieve this vision, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from our programs and the housing economy.

We acknowledge and understand the intentional harms of the past, how they came to be and persist today, and our responsibility to correct them and remove barriers.

We will:

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

Chapter 2 – Program Purpose and Background

The Minnesota Legislature established the Housing Trust Fund Program (HTF) in 1988 to support the development of affordable housing for low-income persons and families. Revenue for HTF is generated through money appropriated and transferred from other state funds; interest accrued from real estate trust accounts as provided under [Minnesota Statutes 2025, section 82.75, subdivision 8](#); gifts, grants and donations received from the United States, private foundations and other sources; and money made available to the Agency for the purpose of the account from other sources.

In 2001, the Legislature made substantial changes to HTF, including the expansion of its funding activities. Since 2002, HTF resources may be used for operating subsidy and rental assistance funding, in addition to the capital funding it has historically provided. This led to the creation of the Housing Trust Fund (HTF) Operating Subsidy (OS) Program which is run in accordance with [Minnesota Statutes, section 462A.201](#) and Minnesota Rules, parts 4900.3720-3746.

The HTF OS Program provides operating support to maintain the economic viability of qualifying supportive housing developments funded by Minnesota Housing to serve people experiencing homelessness.

Chapter 3 – Eligibility

3.01 Eligible Applicants

To be eligible to apply for the HTF OS Program, an applicant should have experience in operating or administering permanent supportive housing programs for low- and moderate-income persons and families and must be: (1) the owner of a housing development that is funded with a loan or a grant from Minnesota Housing, or (2) an applicant for a loan or grant from Minnesota Housing to fund the acquisition, construction or rehabilitation of rental housing.

Applicants must be current OS grantees. If funding for the program increases Minnesota Housing may consider expanding eligibility. The only eligible applicant for the funding is the ownership entity for the supportive housing property.

3.02 Use and Level of Funding

Eligible Uses

Operating Subsidy funds may fund a development's operating and maintenance expenses, including:

- Revenue Shortfall: Costs to cover revenue shortfall caused by the difference between the cost of operating the housing development and rents paid by eligible tenants.
- Unique Costs: Costs that are unique to the operation of the supportive housing and are critical to both the economic viability of the building and the welfare of the population to be served.

Eligible activities include:

- Tenant Service Coordinator: A Tenant Service Coordinator performs tasks associated with fostering housing stability and property owner-related housing support that will assist residents in maintaining their housing.
- Front Desk and/or Security Staff: Front desk and/or security staff may perform tasks associated with the safety and security of tenants and housing tenancy supports, such as notifying the supportive housing service provider when a tenant appears to need assistance or attention.

Ineligible Uses

Operating Subsidy funds shall not be used for the following costs:

- Asset management fees, partnership management fees, reserves required by other lenders, distributions to the Owner or other fees and expenses over and above what Minnesota Housing deems as necessary operating expenses.
- Supportive services such as:

- Case management, as defined in Chapter 6 of the [Supportive Housing Information and Resources](#)
- Daily independent living skills
- Medication management
- Psychiatric and chemical dependency counseling
- Nursing or medical services
- Cost reimbursable services such as those covered by Adult Rehabilitative Mental Health Services (ARMHS), ACT (Assertive Community Treatment) teams, Community Alternative for Disabled Individual (CADI) Waiver, or Community Support Program (CSP).

Eligible Housing Types

To be eligible for Operating Subsidy funding, the development must satisfy the following requirements:

- Any rental unit assisted with OS Program funds (Assisted Unit) must provide rental housing for persons and families whose gross incomes, at the time of initial occupancy, do not exceed program income limits as described in section 4.01 (Income and Occupancy Requirements) of this Program Guide.
- The proposed housing development must consist of a minimum of four rental housing units.
- The housing development, in which the Operating Subsidy will be used, must be in compliance with the Minnesota Housing Capital Loan(s) requirements under which it was or is to be funded.
- The housing shall be marketed for general occupancy and families, except for those units specifically deemed to serve households qualifying as Long-Term Homeless (LTH) and/or High-Priority Homeless (LTH/HPH Assisted Units).
- Temporary and transitional housing as defined by the U.S. Department of Housing and Urban Development (HUD) may be funded only by the HTF Program.
- Individuals in OS assisted units will be linked to or offered services but not required to accept services as a condition of housing.

Ineligible Housing Types

Ineligible housing developments include: nursing homes, board and care facilities, and supervised living facilities licensed by the Minnesota Department of Health or a delegated local department of health, or properties where all residents require an individual 24-hour plan for supervision, medical or health care.

Level of Funding

Minnesota Housing determines Operating Subsidy grant amounts by reviewing cost reasonableness on a per-unit cost basis. Minnesota Housing will also analyze the development and operating costs to

determine that the amount of Operating Subsidy funds provided to the development is held as low as possible while not compromising the economic viability of the proposed housing.

Chapter 4 – Program Expectations and Requirements

The following program expectations apply to all grantees:

- Serve households experiencing homelessness at the HTF OS assisted property, including a designated number of units to serve Long-term Homeless or High Priority Homeless populations
- Ensure households served meet income restrictions as outlined in this program guide and/or dictated by capital financing restrictions, whichever is more restrictive, at the time of initial occupancy
- Offer supportive services to all tenants in HTF OS assisted units to maintain housing stability and improve quality of life following best practices principles as described in Chapter 6 of the [Supportive Housing Information and Resources](#)
- Follow Minnesota Housing's [Tenant Selection Plan \(TSP\) Guidelines](#)
- Maintain full occupancy of the property and/or the HTF OS assisted units
- Pursue and use all available resources to cover the costs of operating the property and providing services to tenants
- Set and track outcome goals for tenants of the HTF OS assisted units (housing stability, increased income, health, education, employment, etc.)
- Collect data in the Homeless Management Information System (HMIS) to measure property performance and tenant outcomes
- The owner and service provider complete the Annual Supportive Housing Survey when it is sent to supportive housing providers
- Participate in state monitoring and financial reconciliation
- Comply with statutory and program requirements
- Additional funding requirements may be called for as a condition of the applicant's selection and further conditions may be negotiated. Additional requirements will be made a part of the terms of the Grant Contract Agreement.
- A site inspection may be required. Minnesota Housing staff will assess the existing condition of the building and expects that the existing rental housing will meet inspection standards of decent, safe and sanitary conditions.

The property owner, management agent and service provider are encouraged to attend supportive housing training and engagement sessions conducted or sponsored by Minnesota Housing.

4.01 Income and Occupancy Requirements

Income Limits

Units assisted with Operating Subsidy funds (HTF OS assisted units) must be occupied by households whose income at the time of initial occupancy does not exceed 60% of the metropolitan area median income (AMI) for a family of four as determined by HUD and adjusted for household size. The HUD

metropolitan area median income limits are applied statewide. A household with Section 8 project-based or voucher assistance is deemed to meet these income requirements.

Because [Minnesota Statutes, section 462A.201, subd. 2](#) requires that 75% of the program funds be used for the benefit of households whose income at the time of initial occupancy does not exceed 30% of the AMI adjusted for household size, Minnesota Housing will prioritize developments that will serve these lower-income households.

There are no income limits for non-assisted units in a mixed-income development, unless dictated by another source of funding.

Supportive Housing Occupancy Requirements

The HTF OS property must provide supportive housing, and some units may require occupancy by households meeting Long-Term Homeless or High Priority Homeless eligibility criteria per capital financing restrictions. Properties should reference their Minnesota Housing loan documents for these restrictions and refer to the [Supportive Housing Information and Resources](#) for details. Supportive services must be available and offered to all tenants in OS Assisted units to maintain housing stability and improve quality of life following best practices principles as described in Chapter 6 of the [Supportive Housing Information and Resources](#).

Compliance

Minnesota Housing will monitor the income and occupancy requirements for the length of the grant. If the property has compliance oversight per Agency loan requirements, the compliance department will complete income and occupancy monitoring. Minnesota Housing will review the household incomes of all assisted units for compliance using required forms and formats.

As HTF OS assisted units are vacated, incomes of new households occupying the HTF OS assisted units will be reported to Minnesota Housing annually by grantees, per Agency loan requirements. If there are no longer Agency loans being monitored, then grant monitoring protocols for income and occupancy will be followed. Households need only qualify at the time of initial occupancy and do not need to be re-certified thereafter.

For more detail, refer to Chapter 5.04 (Monitoring and Reporting Requirements) of this guide.

Chapter 5 – General Characteristics of Funding

5.01 Funding Terms

Operating Subsidy funds are awarded in the form of a grant to the owner and will be awarded for a period determined at Minnesota Housing's sole discretion. Award terms will be consistent with Office of Grants Management (OGM) requirements and cannot exceed a period of five years.

Before Minnesota Housing enters into a Grant Contract Agreement with the grantee, the development must have closed on a Minnesota Housing capital funding loan.

If grantee does not expend the proceeds of the Grant before the end of the grant period, Minnesota Housing may reduce the amount of the grant in subsequent grant periods.

Funding is available statewide through a competitive RFP. Previously awarded Operating Subsidy grantees reaching the end of their current grant term may have an opportunity to request an Operating Subsidy grant amendment extension and funding modification. Amendment recommendations may be based on certain factors, such as the availability of funds and grantee performance, and any other factors Minnesota Housing determines to be relevant. Amendments and funding modifications must comply with applicable OGM policies and be presented to the board for approval. Any amendment extensions or funding modifications will be granted at Minnesota Housing's sole discretion.

5.02 Grant Contract Agreement

The Grant Contract Agreement specifies the terms and conditions under which Minnesota Housing will disburse funds awarded under the Operating Subsidy Program.

Before Minnesota Housing will enter into an Agreement with the grantee, the grantee must provide documents in a satisfactory form, as identified on a checklist to be provided by Minnesota Housing.

5.03 Management and Operations

Management and Operating Budget Costs

The budget submitted by the grantee at application and for draw requests during the grant period will be reviewed and compared to budgets of comparable Minnesota Housing-financed developments. Eligible income and expenses will be reviewed and approved to ensure compatibility with the Operating Subsidy grant funds.

Minnesota Housing reserves the right to reject or adjust the operating and maintenance figures based upon the information supplied, specific development type, circumstances, significant changes to the

economics of the development's current marketplace, or any other factor Minnesota Housing deems relevant.

Use of Units

All units must be rented to family sizes appropriate to the unit size with a ratio of at least one person per bedroom. If a family size changes during tenancy a household may submit a written request to the management agent to transfer to another unit or be placed on a waiting list for such transfer. In the event of a decrease in family size, the household may be required to move into the next available, suitably sized smaller unit.

Marketing

The grantee shall demonstrate that they have established networks and linkages with city and county supportive service organizations that will be necessary for residents to maintain housing stability.

The grantee agrees to only take referrals for the Long-Term Homeless or High Priority Homeless units from the Continuums of Care (CoC) Coordinated Entry and referral provider or successor system approved by Minnesota Housing. The grantee agrees to notify the CoC Coordinated Entry and referral provider whenever a supportive housing vacancy occurs and accept the referral for eligibility screening for the unit. The grantee should contact Minnesota Housing if unable to receive eligible referrals through Coordinated Entry.

The grantee agrees to follow Minnesota Housing's [Tenant Selection Plan \(TSP\) Guidelines](#).

5.04 Monitoring and Reporting Requirements

Annual Operating Subsidy Submissions

Required annual submissions will be outlined in the grantees Grant Contract Agreement and will be required for disbursement of funds. Visit the [Minnesota Housing website](#) for additional information and compliance-related Agency forms.

Initial Occupancy Statement

As HTF OS assisted units are vacated, they must be leased to qualified households who must disclose their income at initial occupancy on the Initial Occupancy Statement form, as provided by Minnesota Housing. This form will be used to ensure that tenants are qualified to occupy the assisted unit, and must be retained for the duration of the household's tenancy in an OS assisted unit.

Data Practices Act Disclosure Statement

A Data Practices Act Disclosure Statement will be required for each household that occupies an assisted unit. This information is necessary for the administration and management of state or federal programs that provide housing for low and moderate-income families.

Minnesota Homeless Management Information System

Grantees must cooperate in good faith with Institute for Community Alliances (the Administrator) and any successors and/or assigns of the Administrator's rights and responsibilities regarding use of the Minnesota Homeless Management Information System computerized database (HMIS). This may include trainings or other reasonable requirements for the grantee to be a licensed HMIS user.

Grantees must request certain information from the individuals it serves through the Program, input such information into HMIS in a timely manner, and run reports and test data for accuracy, as directed by the Administrator and Minnesota Housing. Required data collection forms for HMIS reporting are found on [Minnesota's HMIS website](#). The grantee must also obtain any and all necessary disclosures, releases and consents in connection with the Program to permit Minnesota Housing to access information and receive periodic reports from the Administrator. Additional information is available at [Minnesota's HMIS website](#).

Monitoring and Evaluation

Grantees are responsible for maintaining financial records that document the use of all HTF OS funds, including those used for revenue shortfall and unique costs as outlined in section 3.02. Grantees are expected to maintain all financial and household records for a minimum of six years after the grant period has ended.

In addition, Minnesota Housing reserves the right to review financial and household records during this period, and records must be made available upon request.

Minnesota Housing will conduct monitoring of grantees, which may include:

- Household files
- Administrative and program review
- Financial reconciliation

More detailed information will be provided prior to monitoring including timelines and required submissions.

Grantee Performance Evaluation

After the expiration of the grant contract agreement, Minnesota Housing will complete a Grantee Performance Evaluation (Evaluation) for each grantee. The Evaluation will document grantee timeliness, quality of work, and overall performance during the grant period. Evaluations will be saved to the grantee's file. For all grant contract agreements in an amount of \$25,000 or more, Evaluation information will be submitted to the Commissioner of the Department of Administration and made available on the Office of Grants Management's [Grantee Evaluation](#) webpage, per the [Office of Grants Management requirement](#).

Chapter 6 – Administration of Operating Subsidy

6.01 Disbursement Schedule

Operating subsidies may be disbursed quarterly, semi-annually or annually, as agreed upon between Minnesota Housing and the grantee in the Operating Subsidy Program Grant Contract Agreement.

6.02 Disbursement Requests

Invoices/Draw Request

Minnesota Housing will make an advance payment to the grantee after receiving a completed Operating Subsidy Draw Request and Annual Report and the Agency's Authorized Representative approves the Draw Request.

The Draw Request with attachments and any additional requested documentation is due to Minnesota Housing within 60 days of the end of the draw period. The Draw Request must cover one year, or the period otherwise agreed upon between Minnesota Housing and the grantee.

The grantee must submit with the Draw Request:

- Reconciled budget(s) based on the actual financial statement for the recently completed year or draw period using Minnesota Housing Operating Subsidy Budget Forms for each type of use (Revenue Shortfall or Unique Costs), and
- Proposed budget(s) for the request year or draw period using the Minnesota Housing Operating Subsidy Budget Forms for each type of use (Revenue Shortfall or Unique Costs), and
- Attested financial statement, including the development's operating statement and balance statement for the recently completed year or draw period

Reconciliation

When processing the Draw Request, Minnesota Housing will reconcile the amount of grant proceeds provided to the grantee at the start of the draw period for Revenue Shortfall or Unique Costs with the actual costs the development had during the year, up to the maximum amount Minnesota Housing approved. Any overpayment of the grant proceeds from the previous draw period shall be deducted from the advance payment for the next draw period or, if the term of this Grant Contract Agreement has ended, will be repaid to Minnesota Housing by the grantee within 30 days of the end of the grant period.

Payment by Minnesota Housing

Minnesota Housing will deposit the advance payment within 30 days of receipt of a complete and approved Draw Request.

Chapter 7 – Termination and Reduction of Operating Subsidy

7.01 Termination of Subsidy

Minnesota Housing may terminate an Operating Subsidy if:

- The Operating Subsidy is no longer needed to ensure the economic viability of the housing development. Minnesota Housing's determination of economic viability is based on whether the development can generate sufficient operating income to meet its operating expenses if the Operating Subsidy is reduced or eliminated; and/or
- The grantee has failed to comply with the Operating Subsidy Program Grant Contract Agreement or other Minnesota Housing agreements.

Decision to terminate is at Minnesota Housing's sole discretion, based on whatever factors it deems relevant.

7.02 Reduction of Subsidy

Minnesota Housing may reduce an Operating Subsidy at its sole discretion, based on whatever factors it deems relevant.

Revenue Shortfall

Minnesota Housing may reduce the number of units for which a Revenue Shortfall Operating Subsidy is provided, or the amount of assistance per unit, if the full amount of the Revenue Shortfall Operating Subsidy is not necessary to ensure the economic viability of the development.

Unique Costs

Minnesota Housing may reduce the amount of a Unique Costs Operating Subsidy if the full amount of the Unique Costs Operating Subsidy is not necessary to ensure the economic viability of the development.

Chapter 8 – Equity

Supportive housing is intended to assist households experiencing homelessness that face systemic barriers to accessing and retaining housing. These barriers may include race, ethnicity, disabilities, lack of financial resources, rental and criminal history, and other systemic issues.

All supportive housing should be designed to address equitable housing access for populations that have been historically underserved and overrepresented in the homeless population.

Supportive housing providers are encouraged to adopt inclusive and flexible tenant screening criteria and practices to address equitable access when creating a Tenant Selection Plan (TSP). All existing supportive housing properties must comply with the General Considerations section of Minnesota Housing's [Tenant Selection Plan Guidelines](#). HTF OS grantees must also comply with the Tenant Screening Criteria in the Guidelines.

Grantees should also demonstrate culturally appropriate practices to provide effective service delivery for the population(s) served in the supportive housing property. Culture may be defined as race, ethnicity, geographic location, history, values and shared spaces that are influenced by a characteristic that develops meaning among people, allows people to be who they are and empowers people to take pride in their lived experiences. Examples of shared cultures may include racial or ethnic groups, lesbian, gay, bisexual, transgender, queer/questioning, intersex, asexual and/or ally (LGBTQIA), deaf and hard of hearing, or military personnel and veterans.

Grantees are expected to track tenant data and evaluate the effectiveness of their practices and models to serve the intended population(s). Grantees should have a continuous improvement plan to monitor, make needed changes, and reassess throughout the grant term. Grantees will be required to report outcome data on the Draw Request and Annual Report, including:

- Demographic characteristics of the population served by race/ethnicity, disability status and other characteristics that reflect inequity
- Track and report tenant screening data regarding denials, including demographic characteristics and reason(s) for denial
- Evictions and non-renewal of leases data, including demographic characteristics and reason(s) for eviction or non-renewal

Chapter 9 – Program Contact

Contact the Program Manager, Sarah Broich at 651.539.9885 or email sarah.broich@state.mn.us for questions concerning this program. You may also visit the [Housing Trust Fund Operating Subsidy Program](#) webpage.

Appendix A – Terms and Definitions

Table 1: Terms and Definitions

Terms	Definitions
Assisted Unit	A unit of housing that complies with Minnesota Rules, part 4900.3727 in a housing development for which the agency has made a loan or grant under the housing trust fund program.
Continuum of Care (CoC)	A CoC is a local planning body that coordinates housing and services planning and funding for homeless families and individuals. A "Continuum of care plan" means a community plan prescribed by HUD to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency and includes action steps to end homelessness and prevent a return to homelessness.
Coordinated Entry (CE)	A centralized or coordinated process designed to coordinate program participant assessment and provision of referrals to housing and services. A centralized or coordinated entry system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised and includes a comprehensive and standardized assessment tool.
Grant Contract Agreement	The Grant Contract Agreement signed between Minnesota Housing Finance and the Grantee for the Program.
Grantee	An Eligible Recipient selected by the Minnesota Housing to receive grant Program funding.
High Priority Homeless (HPH)	Households prioritized for PSH by the CE system.
Homeless Management Information System (HMIS)	A web-based data system that provides standardized and timely information to improve access to housing and services and strengthen efforts to end homelessness. Programs serving people who are Homeless use HMIS to collect household information and record assistance provided. HMIS provides data on homelessness including unduplicated counts, use of services, and the effectiveness of the local Homeless assistance system. HMIS is used to record the characteristics and track the outcomes of persons experiencing homelessness living in Supportive Housing units funded by Minnesota Housing.
Housing First	A homeless assistance approach that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life.
Housing Trust Fund (HTF)	The Minnesota Legislature established the Housing Trust Fund Program (HTF) in 1988 to support the development of affordable housing for low-income persons and families. Revenue for HTF is generated through money appropriated and transferred from other state funds; interest accrued from real estate trust accounts as provided under Minnesota Statutes 2025, section 82.75, subdivision 8 ; gifts, grants and donations received from the United States, private foundations and other sources; and money made available to the Agency for the purpose of the account from other sources.

Terms	Definitions
HUD	The United States Department of Housing and Urban Development.
Long-Term Homeless (LTH)	Households experiencing LTH means individuals, unaccompanied youth, or families with children who lack a permanent place to live continuously for a year or more or at least four times in the past three years. Any period of institutionalization or incarceration must be excluded from the determination of the duration of homelessness. NOTE: This definition does not require that the person have a disabling condition.
Minnesota Housing	The Minnesota Housing Finance Agency
Operating Subsidy	The Housing Trust Fund (HTF) Operating Subsidy Program provides operating support to maintain the economic viability of supportive housing developments that are funded by Minnesota Housing and serve people experiencing homelessness.
Permanent Supportive Housing (PSH)	Permanent rental housing affordable to the population served where supportive services are available to participants. PSH is available to individuals and families with multiple barriers to obtaining and maintaining housing, including those who are homeless and those with mental illness, substance abuse disorders, and other disabilities.
Program Guide	This Housing Trust Fund Operating Subsidy Program Guide
Request for Proposals (RFP)	The competitive process of applying for Program funds.
Supportive Housing	Supportive Housing is permanent housing affordable to the people served and provides access to an array of services designed to foster housing stability and improve health and quality of life.
Supportive Services	Supportive Services include, but are not limited to, such activities as case management, mental health services, educational services, employment services, life skills training, children's services and activities, and support groups.

Appendix B – Legal Addendum

1.01 Conflict and Control

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

1.02 Fraud

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

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

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 of this Addendum.

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:** An 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 of this Addendum.

A contracting party should review its contract and request for proposals (RFP) materials, 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 of this Addendum;
- 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 of this Addendum.

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 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 of this Addendum.

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 Risk and Internal Controls Director 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](#) (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 Rd. 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.