



Economic Development and Housing Challenge Program

Program Guide

September 2026



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An equal opportunity employer.

This information will be made available in alternative format upon request.

Values Statement.....	1
Chapter 1 – Purpose and Background.....	2
1.01 Program Purpose and Authorizing Statute.....	2
1.02 Program Guide	2
1.03 Definitions.....	2
1.04 Legal Addendum	2
Chapter 2 – Eligible Uses and Eligibility Criteria	3
2.01 Eligible Applicants	3
2.02 Eligible Activities, Requirements and Level of Funding	3
2.03 Income, Rent and Other Compliance Requirements	4
2.04 Project Feasibility, Organizational Capacity and Funding Priorities.....	6
Chapter 3 – Loan Characteristics and Terms	8
3.01 Fees	8
3.02 Mortgage Interest Rate and Term	8
3.03 Cash Flow Note	8
3.04 Transfer of Ownership and Prepayment	8
3.05 Return on Equity	9
3.06 Management and Operations	9
3.07 Monitoring and Reporting Requirements	11
3.08 Occupancy Requirements	11
Appendix A – Definitions.....	12
Appendix B – Legal Addendum	14
1.01 Conflict and Control	14
1.02 Fraud	14
1.03 Misuse of Funds	14

1.04	Conflict of Interest	15
1.05	Assistance to Employees and Affiliated Parties	16
1.06	Suspension	17
1.07	Disclosure and Reporting	17
1.08	Electronic Signatures	17
1.09	Fair Housing Policy	17
1.10	Minnesota Government Data Practices	19
1.11	Prevailing Wage.....	19

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 1 – Purpose and Background

1.01 Program Purpose and Authorizing Statute

The Minnesota Housing Finance Agency's (Minnesota Housing) authority to develop the Economic Development and Housing Challenge (EDHC) Program is provided in [Minnesota Statute, section 462A.33](#). The EDHC Program is also subject to [Minnesota Rules 4900.3600-4900.3652](#).

The purpose of the EDHC Program is to provide funding to assist in the development of affordable permanent Rental Housing that supports economic development and redevelopment activities, job creation, or job preservation within a community or region by meeting locally identified housing needs.

This EDHC Program Guide (Program Guide) is exclusive to multifamily rental related uses of EDHC Program Funding. For information on single family home ownership related uses, please contact Impact.Fund.MHFA@state.mn.us. For Information on manufactured housing related uses, please contact MNHousing.ManufacturedHomes@state.mn.us.

1.02 Program Guide

This Program Guide, including subsequent changes and additions, will be incorporated into the Loan Documents executed between the Borrower and Minnesota Housing. If there are any conflicts between the terms of this Program Guide and the Loan Documents, the Loan Documents will control.

1.03 Definitions

Appendix A includes definitions of capitalized terms used in this Program Guide and is attached and incorporated into this Program Guide.

1.04 Legal Addendum

Any recipient of an award pursuant to the EDHC Program agrees to comply with the additional requirements and obligations as described in Appendix B, which is attached and incorporated into this Program Guide.

Chapter 2 – Eligible Uses and Eligibility Criteria

2.01 Eligible Applicants

Eligible applicants for EDHC Program funding are:

- A City;
- A federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity that owns or will own the housing;
- A Private Developer;
- A Nonprofit Organization;
- A joint powers board established by two or more cities that owns or will own the housing;
- A Public Housing Agency that owns or will own the housing; or
- A natural person who owns or will own the housing.

2.02 Eligible Activities, Requirements and Level of Funding

A. Eligible Activities

Eligible activities include the following or a combination of the following for Rental Housing with a minimum of four units:

- Acquisition of land or existing structures;
- Conversion to housing from another use, rehabilitation or construction of permanent housing; and/or
- Demolition or removal of existing structures according to [Minnesota Statutes, section 462A.33, subdivision 1, paragraph \(d\)](#).

B. Requirements

To meet the requirements for EDHC Program funds, the Rental Housing must:

- Be residential in nature, and each Rental Housing unit must contain a kitchen and a bathroom;
- Be permanent housing for which the term of tenancy may be extended indefinitely beyond the initial lease term;
- Be occupied by households that satisfy the income limits and rent limits provided in Section 2.03 of this Program Guide;
- Be located in the same City or county, if the development includes single-family or duplex properties, and contain a minimum of four units total; and
- Have use restrictions that remain in effect until the later of the date on which the loan is repaid or the date that is 15 years from the closing date of the loan.

Temporary uses such as shelters, transitional housing or residential hotels are not eligible for funding under EDHC Program funding.

C. Level of Funding

In determining the amount of the EDHC Program funding, Minnesota Housing reviews cost reasonableness on a per-unit and total development cost basis. Minnesota Housing also analyzes the developmental and operational costs to determine that the amount of funds provided to the development are not more than is necessary to make the development financially feasible.

Both Partially Assisted and Fully Assisted developments are eligible for assistance. In a mixed-income development, only the units that meet the income and rent requirements of the EDHC Program funding will be funded with EDHC Program funds. The level of funding may be prorated based on other project details as determined by Minnesota Housing including square footage, level of amenities and the number of assisted units compared to that of non-assisted units. Funding for general improvements to an existing property (such as a roof, heating system or siding) is determined based on the percentage of assisted units.

At least 50% of the EDHC Program funding must be used for economically viable Rental Housing proposals that include a financial or an in-kind contribution from non-state resources that reduce the need for state resources.

2.03 Income, Rent and Other Compliance Requirements

The following sections do not supersede or replace any rent or income requirements in a project’s Loan Documents.

The maximum rent and income limits are different depending on when the project was selected for funding:

Table 1: Summary of Income and Rent Requirements

	Income Limits	Rent Limits
Projects selected for funding prior to 2024	Does not exceed 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development	Affordable to Local Workforce rents
Projects selected for funding in 2024 and after	80% MTSP	60% MTSP

A. Income and Rent Limits for Projects Selected for Funding Prior to 2024 Income Limits

In accordance with [Minnesota Statutes, section 462A.33, subdivision 5](#), the Rental Housing units must be occupied by households with household incomes that do not exceed 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

The intent of the EDHC Program funding [Minnesota Rule 4900.3646, subpart 2\(D\)](#) and [Minnesota Statutes, section 462A.33, subdivision 5](#) requires units assisted with EDHC Program funding to be Affordable to the Local Workforce. This means that the rent must be affordable based on any of the following criteria:

- The wages of the jobs being created or retained in the Local Area;
- The fastest-growing jobs in the Local Area;
- The jobs with the most openings in the Local Area; or
- The wages of the workforce employed by organizations making contributions to projects selected for EDHC Program Funding.

Minnesota Housing calculates and publishes the [Affordable to Local Workforce rents](#) for each county on an annual basis on Minnesota Housing's website.

B. Income and Rent Limits for Projects Selected for Funding in 2024 and After

To promote efficiency in program administration, underwriting and compliance, the income and rent limits established in [Minnesota Statute 462A.33](#) are hereby modified to align with section 42 of the Internal Revenue Code. The modification is authorized pursuant to [Minnesota Statutes, section 462A.07, Subdivision 18](#). These modifications do not alter or supersede any income or rent restrictions established in existing Loan Documents or commitments.

The maximum rent and income limits are as follows:

- Income Limits: 80% MTSP
- Rent Limits: 60% MTSP

Minnesota Housing calculates and publishes the MTSP rents for each county on an annual basis on its website.

C. Utilities

Tenant-paid utility allowances are included in gross rent. Generally, acceptable utility allowances are those provided by a Public Housing Agency on a Section 8 utility allowance schedule. Utility allowances must be updated annually.

D. Minimum Compliance Term

In accordance with [Minnesota Rule 4900.3646](#), the income and rent restrictions for the assisted units are in effect for the term of the loan. And if the loan is prepaid, the income and rent restrictions remain in place for a minimum of 15 years.

E. Acquisition and Rehabilitation Projects

For acquisition and rehabilitation projects, the borrower must certify to income eligibility requirements. Minnesota Housing reviews this certification to verify the number of assisted units. As assisted units become vacant, they must continue to be leased to income qualifying households. New households must similarly certify their gross annual household income prior to occupancy.

2.04 Project Feasibility, Organizational Capacity and Funding Priorities

A. Feasibility

Minnesota Housing shall consider the following factors in determining whether an applicant has demonstrated overall project feasibility:

- The nature of the proposed site and if it is appropriate for the proposed housing and target population;
- Whether the proposed housing is needed in the market that is intended to be served, based upon the population, job growth, and low housing vacancy rates;
- Whether costs of developing the housing are reasonable and the housing is economically viable; and
- For proposals that include housing for homeless or households at risk of becoming homeless persons, Minnesota Housing shall consider whether the application is consistent with priorities stated in the applicable Continuum of Care Plan.

B. Organizational Capacity

Minnesota Housing shall consider the following factors in determining whether an applicant has demonstrated sufficient organizational capacity:

- The applicant's purpose and mission;
- The applicant's related housing experience;
- Whether the applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects; and
- Whether the applicant has the strong current and expected ongoing capacity to complete the proposed housing as well as other proposals being developed by the organization and the expected ongoing capacity to maintain the Rental Housing long term.

C. Funding Priorities

In accordance with [Minnesota Statute, section 462A.33](#) and [Minnesota Rule 4900.3650](#), among comparable proposals, preference will be given to proposals that:

- Include contributions from non-state resources for the greatest portion of the total development cost. This includes contributions from local units of government, private philanthropic, religious or charitable organizations or private investment;
- Provide or maintain housing opportunities for an expanded range of household incomes within the development;
- Are projected to provide long-term affordability of the proposed housing;
- Best hold the cost per unit as low as possible while not compromising the quality and sustainability of the proposed housing;
- Identify and provide a quantified breakdown of identifiable cost avoidance or cost reductions from regulatory changes, incentives or waivers by the local governing body, including, but not limited to: density bonuses; reduced setbacks and parking requirements; decreased road widths; flexibility in site development standards and zoning code requirements and waiver of permit or impact fees; fast-track permitting and approvals; innovative building techniques; and other regulatory incentives;
- Include housing that is part of the infrastructure necessary to sustain economic vitality and thus located near jobs; transportation, including regional and interregional transportation corridors and transitways; recreation; retail services; social and other services; and schools;
- Maximize the adaptive reuse of existing buildings and the use of existing infrastructure. If the proposal includes new housing, Minnesota Housing shall consider the extent to which the efficient use of land and infrastructure is maximized, and the loss of agricultural land and green space is minimized;
- Best ensure that the site and design of the proposed housing is suitable for the housing needs of the proposed tenants and best addresses the housing needs of Underserved Populations;
- Demonstrate the applicant has the capacity to complete the proposed housing in a timely fashion and maintain the Rental Housing after completion;
- Contain clearly identify goals relating to the housing element of a Cooperatively Developed Plan consistent with the mission of Minnesota Housing; and
- Meet temporary priorities, as established by the members or the legislature, that reflect unexpected short-term changes in the demand for housing. An example of an unexpected short-term change is the need to direct resources to respond to a natural disaster, such as a flood or tornado.

Chapter 3 – Loan Characteristics and Terms

Minnesota Housing primarily selects projects for a loan to be made with the proceeds of EDHC Program funding during Minnesota Housing’s annual Multifamily Consolidated RFP/HTC Funding Round process. Minnesota Housing underwriting parameters for all developments include an analysis of financial feasibility and development costs as well as a review of sponsor capacity (financial and organizational), management, marketability and architectural requirements. Please refer to Minnesota Housing’s [Multifamily Underwriting Standards](#).

3.01 Fees

Please review the [Multifamily Loan Programs and Housing Tax Credit Program Fee Schedule](#) for all applicable fees associated with EDHC Program funding.

3.02 Mortgage Interest Rate and Term

EDHC Program funding awards are generally provided in the form of a 0%, 30-year loan with principal due and payable at the end of the 30-year term. The interest rate may be adjusted to allow these funds to be utilized with other sources of funding, such as HTCs. The loan term may be adjusted based on any of the following factors:

- Requirements and conditions of other funding sources related to the length of the term;
- The existence of a leasehold mortgage on the property benefited by the loan; or
- Economic analysis by Minnesota Housing staff demonstrating that the housing will not have sufficient value at the end of the loan term to allow the borrower to repay the loan.

Loans are generally full recourse; however, Minnesota Housing allows non-recourse debt to single asset entities.

3.03 Cash Flow Note

Minnesota Housing may, at its sole discretion, require a cash flow note. More information on cash flow note requirements can be found in the [Multifamily Underwriting Standards](#).

3.04 Transfer of Ownership and Prepayment

A. Transfer of Ownership

The project may not be sold, and, in connection with any sale, the Deferred Loan may not be assumed by the new owner, without the prior written approval of Minnesota Housing. The Borrower must request approval through Minnesota Housing’s [Request for Action \(RFA\) process](#). Minnesota Housing,

at its sole discretion, will consider giving that approval only if the following minimum requirements are met:

- The Borrower is not in default under any of its agreements with Minnesota Housing;
- The new entity is eligible to receive a loan from the proceeds of EDHC Program funds of the type that financed the original loan as set forth in section 2.02;
- The new entity is creditworthy, at Minnesota Housing's sole discretion;
- The new entity assumes all contractual obligations with Minnesota Housing; and
- An assumption fee is paid equal to the approximate administrative costs incurred by Minnesota Housing in processing the sale and assumption.

B. Prepayment

The Deferred Loan may be prepaid in full at any time; however, covenants and conditions in the declaration(s) will remain in place for a minimum of 15 years ([Minnesota Rule 4900.3646 subpart 2.F](#)).

Minnesota Housing may charge a prepayment fee in an amount equal to the approximate administrative costs incurred by Minnesota Housing in processing the prepayment.

C. Repayment Processing Fee

If the Deferred Loan is prepaid in full, Minnesota Housing will charge a repayment fee equivalent to the administrative costs incurred in processing the repayment.

3.05 Return on Equity

[Minnesota Statutes, section 462A.03, Subdivision 13](#) allows a maximum return of 15% based on actual developer equity for development of units on which Minnesota Housing has a mortgage. For the EDHC Program funding, the limitation on return applies to loans if the loans made by Minnesota Housing, from all sources, are equal to or greater than 50% of the total costs, as determined by Minnesota Housing.

3.06 Management and Operations

A. Management and Operating Budget

The budget submitted in the application is reviewed and compared to actual operating numbers of comparable projects that have been financed by Minnesota Housing. These comparables are used in the underwriting of the loan and to project long-term operating costs and help ensure the long-term financial viability of the project. For more information, refer to the [Minnesota Housing Multifamily Underwriting Standards](#).

Minnesota Housing reserves the right to reject or adjust the management and operation figures based on the information provided, specific project type and circumstances, and significant changes to the economics of the project's current marketplace.

B. Utilization of Units

The rental housing owner or the management agent shall rent housing units to households in sizes appropriate to the unit size, with a ratio of at least one person per bedroom. Minnesota Housing recommends that written occupancy policies be established that reflect maximum utilization. At least one person per bedroom as a minimum and not less than two persons per bedroom is recommended for a maximum. In situations where there is more than one qualified applicant for a unit, Minnesota Housing recommends giving preference to the household that is most suitable to the unit size.

If the household size changes during the course of tenancy, the household may request in writing to the owner or management agent to transfer to another unit or be placed on a waiting list for a transfer. The owner or management agent may also establish transfer criteria in house rules. Owners must comply with federal, state and local laws, regulations and financing requirements.

C. Marketing

Minnesota Housing requires that each housing provider carry out an affirmative marketing plan to attract prospective buyers or tenants in the housing market area 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. The owner or management agent must submit a Tenant Selection Plan, an Affirmative Fair Housing Marketing Plan, and Minnesota Housing's Affirmative Housing Marketing Plan Addendum. These documents may need to be updated as demographic property, marketing area, community contacts or marketing methods change over time.

D. Rent Increases

Rent increases are considered approved by Minnesota Housing provided: the increases are consistent with increases for comparable non-EDHC funded units, where applicable; the resulting rents remain below established EDHC rent limits; and the rents continue to be Affordable to the Local Workforce. Formal approval of rent increases may be required by Minnesota Housing in cases of noncompliance.

E. Prohibition Against Discrimination

The Rental Housing owner and the management agent shall not violate any federal, state or local law or regulation prohibiting discrimination in the provision of housing and shall not refuse to rent to a household solely on the basis of the household's status as a recipient of tenant-based rental assistance.

3.07 Monitoring and Reporting Requirements

For all loans funded with EDHC Program funding, monitoring activities are at Minnesota Housing's discretion and may include reviewing tenant incomes, rents, utility allowances, affirmative marketing, Tenant Selection Plans, financial statements and reports, homeless restrictions and Housing Management Information System data. In addition, projects financed by Minnesota Housing may be subject to periodic management reviews and physical inspections.

Beginning reporting year 2026, Minnesota Housing will no longer require submission of an annual owner certification (AOC) or occupancy report for Public Housing properties or Rental Assistance Demonstration (RAD) converted properties financed solely through the EDHC Program funding. However, Minnesota Housing reserves the right to request that information. Public Housing properties remain subject to oversight by the U.S. Department of Housing and Urban Development (HUD), including monitoring resident incomes, rents and conducting periodic physical inspections.

Some Public Housing properties have also been financed under other Minnesota Housing deferred loan programs. Such properties may continue to be subject to annual owner certification and occupancy reporting.

Compliance staff will continue to track Public Housing properties financed with Minnesota Housing deferred loans, along with their compliance dates, in Minnesota Housing's monitoring system.

3.08 Occupancy Requirements

The owner must lease assisted units to qualified households who certify their annual household income at initial occupancy on an [Initial Occupancy Statement by Tenant Form](#) (other, more detailed income certification forms may be acceptable). This form is used to help verify that households are qualified to occupy an assisted unit. Owners must also request (but cannot require) that qualified households complete a [Head of Household Demographic Information Form](#) which provides additional information for program evaluation.

Additionally, each adult member of a household occupying an assisted unit must sign and date a [Minnesota Government Data Practices Act Disclosure Statement](#). This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state or federal programs that provide housing for low- and moderate-income families.

Appendix A – Definitions

Table 2: Definitions

Term	Definition
Affordable to the Local Workforce	This means that the amount of rent or housing payments made by the occupants of housing funded under the challenge program is affordable based on the wages of the jobs being created or retained in the local area, the fastest-growing jobs in the local area, the jobs with the most openings in the local area, or the wages of the work force employed by organizations making contributions under the challenge program. Rent or housing payments are affordable if they do not exceed 30% of the wages being paid in the local area as the wages are described in the application for challenge program funding.
Borrower	An applicant who has applied for and received EDHC Program funding in conformance with the requirements of the Program Guide and all applicable regulations, statutes and rules.
City	A City means any statutory or home rule charter city, a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, the port authority of a statutory or home rule charter city, or an economic development authority of a city, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city.
Continuum of Care Plan	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.
Cooperatively Developed Plan	A plan that encompasses multiple affordable housing and related service initiatives in a geographically defined area that is developed through the cooperation and input of a City or county, or instrumentality thereof, or a regional unit of government and one or more of the following entities: a) A neighborhood group or community group; b) Housing providers; or c) Housing funders.
Deferred Loan	A non or low interest-bearing loan made without periodic payments and repaid in full at the end of the loan term or upon the occurrence of a specified event.
Economic Development and Housing Challenge (EDHC) Program	Funding available from Minnesota Housing that may be used to fund loans that conform to the provisions of Minnesota Statute, section 462A.33 and Minnesota Rules 4900.3600-4900.3652 .

Term	Definition
Federal Low-Income Housing Tax Credits (HTCs)	Authorized under Section 42 of the Internal Revenue Code that provide investors a 10-year reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation or acquisition with rehabilitation.
Fully Assisted	A development that has all units meeting the EDHC Program funding income and affordability requirements.
Housing Management Information System	A web-based information technology system used to collect client-level data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.
Local Area	The geographic area in Minnesota that Minnesota Housing uses to determine what constitutes the local work force and to compute average hourly or annual wages.
Loan Documents	The documents evidencing a loan made by Minnesota Housing pursuant to the EDHC Program funding.
Minnesota Housing	The Minnesota Housing Finance Agency
Multifamily Tax Subsidy Project (MTSP)	The HUD Multifamily Tax Subsidy Project limits for the county in which the property is located.
Nonprofit Organization	As defined in Minnesota Statute, section 462A.03, subdivision 22 .
Partially Assisted	A development that has a mix of income and affordability levels and only a portion of the total units meet EDHC Program funding income and affordability requirements.
Private Developer	An individual or a for-profit nongovernmental entity, including a cooperative housing corporation as defined in part Minnesota Rule 4900.0010, subpart 8 , and a limited dividend entity as defined in Minnesota Rule 4900.0010, subpart 14 .
Program Guide	This Economic Development and Housing Challenge Program Guide
Public Housing	Housing for low-income persons that is: • Financed, in whole or in part, by the federal government and owned and operated by an HRA, a PHA, or a CDA formed by a City or county; or • Housing that has been repositioned under the federal Rental Assistance Demonstration (RAD) program but that remains in public ownership.
Public Housing Agency	Any state, county, municipality or other governmental entity or public body, or agency thereof, that is authorized to engage or assist in the development or operation of low-income housing.
Rental Housing	Housing with a minimum of four units that is used to provide living accommodations to persons or families on a rental basis. Rental housing does not include owner-occupied housing or a unit in a

Term	Definition
	hotel, motel, inn or other establishment where units are used on a transient basis.
Tribally Designated Housing Entity	Entities that meet the requirements defined by United States Code, title 25, section 4103(22) .
Underserved Populations	Individuals and households of color, single female heads of households with minor children, and disabled individuals.

Appendix B – Legal Addendum

1.01 Conflict and Control

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

1.02 Fraud

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

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

1.03 Misuse of Funds

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

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

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

1.04 Conflict of Interest

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

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

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

- **Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (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.

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 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 (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 (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 of 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
- (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. In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds.

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.

All determinations regarding prevailing wage are made by the Minnesota Department of Labor and Industry. All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship
State Program Administrator
443 Lafayette Road N, St. Paul, MN 55155
651.284.5091 or

If, after a determination by the Minnesota Department of Labor that prevailing wage does apply, a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.