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# Housing Trust Fund Rental Assistance Program

Program Guide

Grant Period: October 1, 2027 – September 30, 2029

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## 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 – Introduction

## 1.01 Background

The Minnesota Legislature established the Housing Trust Fund (HTF) Program in 1988 to support the development of affordable housing for low-income individuals and families. Revenue for the HTF Program is generated from the interest earnings on real estate brokers' trust accounts as provided under [Minnesota Statutes 2023, section 82.75, subdivision 8](#); money appropriated and transferred from other state appropriated funds; and gifts, grants, and donations received from the United States, private foundations, and other sources.

The Minnesota Legislature, at the request of Minnesota Housing, made substantial changes to the HTF Program, including the expansion of its funding activities, in 2001. Since 2002, the HTF Program may be used for operating subsidy and temporary Rental Assistance funding, in addition to the capital funding it has historically provided.

In 2005, the HTF Rental Assistance Program rules added a funding priority for developments and programs that serve households experiencing Long-Term Homelessness (LTH) in response to [Minnesota's Plan for Preventing and Ending Homelessness](#).

In 2019, the HTF Rental Assistance Program shifted to require that all Participants be High Priority Homeless (HPH) who are assessed as needing Permanent Supportive Housing and referred through their local Continuum of Care (CoC) Coordinated Entry (CE) system. Refer to section 5.01 (Referrals) of this Program Guide for additional information.

The HTF Program may fund three general types of activities:

- Capital funding: Construction and permanent financing for rental housing.
- Operating subsidy: Operating support for rental housing for which Minnesota Housing has provided capital funding. The operating subsidy may be used for two cost categories:
  - Unique costs: For those unique costs associated with operating low-income rental or Supportive Housing, including tenant service coordination, front desk, and security costs.
  - Revenue shortfall: To cover revenue shortfalls caused by differences between operating costs of the housing development and rents paid by Participants.
- Rental Assistance:
  - Tenant-Based Rental Assistance: Rental subsidies for eligible housing of the Participant's choice within the Administrator's Service Area. Tenant-Based Rental Assistance cannot be committed to any specific development.
  - Sponsor-Based Rental Assistance: Rental subsidies in developments that also received capital funding through Minnesota Housing.

## 1.02 Overview

The HTF Rental Assistance Program is a state-funded Rental Assistance program administered by Minnesota Housing, and funding for the HTF Rental Assistance Program is allocated through a competitive request for proposals (RFP) process. Minnesota Housing contracts with eligible entities to provide Rental Assistance as well as security deposits, application fees, and other fees necessary to obtain owner participation, prevent repeat episodes of homelessness, and to connect services to eligible households. Grant terms are typically two years.

The HTF Rental Assistance Program provides a temporary housing subsidy to eligible households. Refer to section 5.01 (Referrals) of this Program Guide for additional information.

Per [Minn. Stat. 462A.201](#), an eligible Participant may have a Gross Annual Household Income, at the time of initial eligibility, up to 60% [Area Medium Income \(AMI\) as defined by the U. S. Department of Housing and Urban Development \(HUD\)](#). Income limits may be adjusted for household size, with priority to serve those at or below 30% AMI.

Participants do not have to be eligible for the Housing Choice Voucher Section 8 (HCV) Program to be eligible for Rental Assistance funded by the HTF Rental Assistance Program.

This HTF Rental Assistance Program Guide outlines the requirements of the HTF Rental Assistance Program. Administrators are responsible for creating and maintaining their Local Program policies and procedures using this HTF Rental Assistance Program Guide as a basis for their development.

## 1.03 Governing Statute and Administrative Rules

The HTF Rental Assistance Program provides Rental Assistance in accordance with [Minn. Stat. 462A.201](#) and following [Minnesota Rule 4900.3760-4900.3769](#).

## 1.04 Equity

An underlying strategy in the [State Strategic Plan](#) is to address the racial disparities that exist among Minnesotans experiencing homelessness.

One of Minnesota Housing's values is to be inclusive, equitable, and just in its actions. This not only includes supporting the [Crossroads To Justice Plan](#) which focuses on racial, housing, and health justice, but it also extends to all Minnesota Housing funding commitments.

Minnesota Housing will prioritize housing stability efforts led by, and in consultation with, Tribal Nations and communities most impacted by homelessness, including Minnesotans who are Indigenous, Black, and people of color. To further address racial disparities that exist within Minnesota's homeless population, Minnesota Housing prioritizes working with Administrators who will be successful at

improving housing stability for communities disproportionately impacted by homelessness, including Administrators and their partners who can provide culturally specific services.

Administrators are strongly encouraged to have equitable human-centered design strategies they will use to serve disparately impacted communities. It is expected that those services will be responsive to the cultures, languages, and needs of those being served.

Minnesota Housing staff also advances equity by providing transparent and clear communication. Contact Minnesota Housing at [mhfa.rental-assistance@state.mn.us](mailto:mhfa.rental-assistance@state.mn.us) with suggestions, comments, or feedback regarding our communication and equity commitments.

## **1.05 Definitions**

Appendix A includes definitions of capitalized terms used in this Program Guide.

## **1.06 Legal Addendum**

Any recipient of an award pursuant to the HTF Rental Assistance 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 – Program Requirements

### 2.01 Eligible Entities

To be eligible to apply to administer Rental Assistance funding under the HTF Rental Assistance Program, an entity must be any of the following:

- A nonprofit organization, as defined in [Minn. Stat. 462A.03, subd. 22](#)
- A for-profit organization
- A limited dividend entity, as defined in [Minnesota Rule 4900.0010, subp 14](#)
- A cooperative housing corporation, as defined in [Minnesota Rule 4900.0010, subp 8](#)
- A city, as defined in [Minn. Stat. 462A.03, subd. 21](#)
- A joint powers board established by two or more cities
- A public housing authority
- A Tribal Nation recognized by the federal government or Tribal housing corporation
- A natural person

Entities must demonstrate experience and ability in the administration of housing assistance payments or housing management or must contract with an organization with experience and ability in the administration of housing assistance or housing management.

All current Administrators and interested eligible parties are encouraged to apply for HTF Rental Assistance Program funds. Administrators with a current Grant Contract Agreement may be considered for funding based on the results of performance reviews, need, equity, and utilization. New entities may apply for HTF Rental Assistance funds, with preference given to Administrators proposing to meet state or local needs as established through the CoC CE system or an alternative referral source approved by Minnesota Housing. New applicants will be assessed on experience, need, and capacity to administer grant funds.

### Subgrantees

Administrators may partner with Subgrantees such as other Administrators, a qualified nonprofit, or a Tribal Nation to administer the HTF Rental Assistance Program and serve Participants in the region. If a Subgrantee arrangement exists, Administrators must enter into formal agreements with Subgrantees and impose, at a minimum, the same expectations that Minnesota Housing requires of Administrators. The formal agreement should outline how the activities described in the Administrator's Program Summary will be performed on the local level. The formal agreement must remain in effect during the term of the Grant Contract Agreement; any changes to the formal agreement must be approved in writing by Minnesota Housing, at its sole discretion, at least 60 days prior to the proposed change. In addition, Administrators must ensure that communication received from Minnesota Housing is relayed to Subgrantees.

## Partnering Service Provider

The Administrator, if not the primary service provider, is required to enter into a Memorandum of Understanding (MOU) or other formal agreement with Partnering Service Provider(s) to make services available to Participants. The MOU between the Administrator and their Partnering Service Provider(s) should outline how the activities described in the Administrator's Program Summary will be performed on the local level, include an estimated number of households to be served, and must remain in effect during the term of the Grant Contract Agreement. Any changes in the MOU must be approved by Minnesota Housing in writing at least 60 days prior to the change. Approval will be at Minnesota Housing's sole discretion.

## 2.02 Eligible Recipients of Funds

The HTF Rental Assistance Program provides temporary Rental Assistance to:

- All households that meet HPH eligibility criteria as established by the local CoC. People verified as meeting [Long-Term Homeless](#) eligibility criteria are considered to meet HPH criteria. Refer to section 5.01 (Referrals) of this Program Guide for additional information.
- Households that have a Gross Annual Household Income, at the time of initial eligibility, up to 60% AMI adjusted for household size, per [Minn. Stat. 462A.201](#).

Priority shall be given to households that have a Gross Annual Household Income at or below 30% AMI. Administrators can propose deeper income or population targets in their applications as approved by Minnesota Housing in accordance with HTF Rental Assistance Program requirements. Participants do not have to be eligible for the HCV Program in order to be eligible for Rental Assistance funded by the HTF Rental Assistance Program.

## 2.03 Eligible Uses of Funds

HTF Rental Assistance Program funds may be used to provide any of the following:

- Tenant-Based Rental Assistance
- Sponsor-Based Rental Assistance
- Administrative Fees
- Housing Related Expenses, refer to section 6.08 (Housing Related Expenses) of this Program Guide for further details

## 2.04 Service Area

An Administrator of the HTF Rental Assistance Program will operate in the geographic area indicated in its Grant Contract Agreement. The geographic area is known as the Service Area. Minnesota Housing must approve in writing any change to the Service Area designation.

## Chapter 3 – Services

The HTF Rental Assistance Program is provided in partnership with human-centered supportive services to promote housing stability. Because the Rental Assistance is temporary, Administrators are required to design their programs with transition goals in mind. Such program designs should focus on providing services necessary to assist the household in transitioning from the HTF Rental Assistance Program to permanent housing. This can be accomplished by assisting Participants in increasing their incomes or locating an alternative source of assistance. Transition goals must be established at admission and reviewed at least annually, and documentation of the review(s) must be kept in the household's housing file. Documentation and expectations include the following:

- An MOU or other formal agreement between the Administrator and the Partnering Service Provider, including ongoing communication between the entities if the Administrator is not the Partnering Service Provider
- Sufficient staffing and funding to implement the proposed services
- Documentation (for example, case notes or other means) of a clear plan to:
  - Assist Participants in locating and accessing housing
  - Help Participants maintain their housing
  - Engage Participants in services they may need to maintain housing stability
  - Assist Participants to successfully transition from Rental Assistance, including the creation of a transition plan and ongoing assessment

An Administrator must not terminate a Participant solely for not completing or complying with their transition goals.

## Chapter 4 – Preliminary Practice Model

In 2018, several state agencies and [Foundations for Home](#) (formerly known as Heading Home Minnesota Funders Collaborative) identified key elements of a preliminary practice model for programs serving homeless or at risk of homelessness households. The components of the recommended practices include:

- Equity focus
- Nothing about us without us
- Early identification and trauma-informed responses
- Two-generational approach
- Progressive engagement
- Housing First approach
- Leveraging mainstream resources
- Continuous improvement

### 4.01 Equity Focus

Because homelessness impacts specific groups of people at disproportionate rates (for example, 2SLGBTQIA, Indigenous, Black, and people of color populations), effective responses must be attuned to the populations at greatest risk for homelessness. While these populations vary across communities, identifying specific strategies to help ensure that interventions for homelessness are representative of the populations being served, and are culturally appropriate and responsive to the specific needs of those populations, is critical. For example, in the design and implementation of programs, applicants may explicitly monitor the impact of interventions for populations disproportionately impacted by homelessness and define essential roles for stakeholders representing those populations.

### 4.02 Engagement With People With Lived Experience

People experiencing housing crises or homelessness have lived experience of how and where support systems are most effective and where they fail. Helping ensure that this experience informs and guides community responses to homelessness can increase the likelihood of deploying resources effectively, create shared ownership of solutions, and leverage the resilience of people who have expertise regarding homelessness. For this to occur, people with lived expertise must have meaningful ways to participate in shaping and implementing a community's response to homelessness.

Creating and maintaining engagement and opportunities for cocreation with people with lived experience in a just way involves ongoing commitment and a layered approach. Minnesota Housing recommends implementing this as key component of the preliminary practice model for programs serving homeless or at risk of homeless households. Examples of Minnesota Housing-led efforts to implement this type of engagement include the launch of the Minnesota Interagency Council on

### **4.03 Early Identification and Trauma-Informed Responses**

Early identification of housing instability coupled with an affirmative response to those housing challenges can mitigate trauma that could otherwise occur. Often, implementing an effective response requires partnerships among entities that allow data sharing and deploy crisis-oriented resources to respond quickly to the specific circumstances of each household. Given the traumatic nature of homelessness itself and the trauma that often precedes homelessness, the responses themselves must be trauma-informed and help support households in their recovery from trauma. For example, applicants may propose to conduct training for staff and community partners about the relationship between homelessness and trauma and modify their programs to enhance their use of trauma-informed approaches.

### **4.04 Two-Generational Approach**

A two-generational (2-gen) or whole-family approach recognizes that impacting outcomes for children requires supporting their parents, and vice versa. While many specific programs or funding streams focus on children or adults, a 2-gen approach encourages looking at families holistically, focusing on outcomes that impact whole families and, whenever possible, combining programs and resources so that effective whole-family solutions are possible. A 2-gen approach may include a mindset (for example, considering parents and their children, not just one or the other), specific strategies (for example, programs designed to support parents and children together), or systems-level organization (for example, organizing services so that parents and children receive support simultaneously).

### **4.05 Progressive Engagement**

A progressive engagement approach provides a structured way for services to be tailored dynamically to the specific and changing needs of each household experiencing homelessness so that people receive the support they need. At a systems level, this approach also helps ensure that resources are available to help support the greatest number of people possible. For example, a progressive engagement approach involves assessing initial needs and providing modest support responsive to those needs. If that is sufficient to help the household stabilize, those supports can be continued or reduced as ongoing needs dictate. If initial support is not sufficient, a progressive engagement approach identifies paths for increasing or diversifying the support available. This process continues iteratively as long as needed until the household achieves stability.

## **4.06 Housing First Approach**

Access to permanent housing is the fundamental solution to homelessness. A Housing First approach honors this fact by reducing barriers to accessing housing so that housing itself can serve as a platform for addressing any other challenges that someone experiencing homelessness may face. This approach is contrasted with a ‘housing readiness’ approach that defines preconditions (for example, sobriety, income, compliance with services) to receiving support to access permanent housing. In addition, Participant choice in housing selection and supportive services is an important factor of the Housing First philosophy. For example, Administrators can regularly review and, wherever possible, revise eligibility requirements for housing and homelessness programs that may preclude people experiencing homelessness from gaining access to housing resources or support.

## **4.07 Leveraging Mainstream Resources**

Resources specifically intended to serve people experiencing homelessness provide important tools in effective community responses to homelessness, but they are small compared to mainstream programs serving low-income or vulnerable populations. Mainstream programs may include health programs, housing voucher or public housing programs, economic assistance, employment and training programs, or other social services designed to help people obtain stability or improve well-being. While these programs are typically not focused specifically on people experiencing homelessness, their impact on people experiencing homelessness can be significant, particularly if they implement strategies to make these programs accessible and responsive to people experiencing homelessness. Given the way that funding streams, outcomes, and lines of accountability are structured, linking mainstream programs to responses to homelessness often does not occur naturally, but instead requires deliberate action. For example, Administrators can organize their responses to homelessness with intake processes for mainstream economic assistance, public housing, or other resources so that each Participant can be connected with whatever resource(s) is/are most responsive to the Participant’s needs.

## **4.08 Continuous Improvement**

Adapting and implementing effective solutions to homelessness requires ongoing refinement and attention to evolving needs and opportunities. Rather than expecting that a proposed intervention is complete or optimal as it was initially designed, a continuous improvement approach recognizes that ongoing participation from all stakeholders to identify successes, areas for improvement, and unanticipated needs will result in a stronger and more resilient long-term implementation. For example, to help improve the impact of existing services, Administrators can regularly evaluate oversight and governance approaches and encourage leadership and all stakeholders to routinely reflect on what works and what does not work and then respond with improved strategies.

## **Chapter 5 – Intake, Income, and Rent**

### **5.01 Referrals**

All referrals are requested to go through the Continuum of Care (CoC) Coordinated Entry System (CE) to ensure timely and equitable access to housing and services, but Administrators may consider other referrals to address urgent needs and particular populations that may have barriers to CE. CE is intended to allow communities to prioritize households with the highest need for Rental Assistance and supportive services.

In working with CE, Administrators must notify the CoC CE contact whenever Rental Assistance from the HTF Program is available, and they must agree to accept referrals to the HTF Rental Assistance Program for eligibility screening. The exact referral process is determined by the local CoC and participating providers.

All referrals will meet the recipient eligibility guidelines as stated in section 2.02 (Eligible Recipients of Funds) of this Program Guide.

### **5.02 Appeals Process**

If the Administrator determines that the household is not eligible, the Administrator must promptly notify the household in writing. The notice must:

- Set forth the reason for the ineligibility; and
- Provide notice that the household has 14 business days to respond in writing to request an informal hearing to appeal the decision.

If the household appeals the decision, the Administrator must provide a written final decision within five business days of the informal hearing.

### **5.03 Calculating Gross Annual Household Income**

The Administrator must determine the income eligibility of Participants prior to the approval of Rental Assistance and entering into leasing forms. Eligibility for Rental Assistance is calculated based on Gross Annual Household Income. Gross Annual Household Income includes all income anticipated in the next 12 months for all household members aged 18 and over who will be living in the Assisted Unit.

Gross Annual Household Income includes, but is not limited to:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- Net income from operating a business or profession or from rental of real or personal property
- Interest and dividends

- The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and similar types of periodic payments
- Unemployment, disability, or workers' compensation or severance pay, and similar types of payments in lieu of income
- Public assistance payments
- Periodic allowances such as alimony, child support, and gifts/contributions received from people not residing with the Participant
- Regular and/or special pay and allowances for a member of the armed services who is the head of household or the spouse of the head of household
- Earned income up to a maximum of \$480 per year for full-time students, aged 18 or older, who are dependents and are not the head of the family, spouse, or co-head

Gross Annual Household Income does *not* include:

- Earned income of minors (aged 17 and under)
- Income of live-in healthcare aides
- Casual, sporadic, or irregular gifts
- Amounts specifically for reimbursement of medical costs, including Medicaid spend-down
- Inheritances, one-time insurance payments, capital gains, settlements for personal losses or property losses, and similar lump sum amounts
- Educational grants or scholarships paid expressly for tuition, fees, books, or equipment (amounts not for these purposes are counted as income)
- Combat pay for a Participant head of household who is in the armed services
- Relocation payments made under the federal [Uniform Relocation Assistance and Real Property Acquisition Policies Act Of 1970, as amended \(The Uniform Act\)](#)
- Foster care payments
- Value of allotments such as Supplemental Nutrition and Assistance Program (SNAP) benefits and fuel assistance
- Payments made for people participating in federal or state volunteer programs
- Advance payments of the child tax credit authorized under the [American Rescue Plan Act of 2021](#)
- Emergency rental assistance payments authorized under either [The Consolidated Appropriations Act of 2021, section 501, division N](#), or [The American Rescue Plan Act of 2021, section 3201](#)
- Tribal per capita payments
- Minnesota Child Tax Credit Payments

## 5.04 Verification of Income and Assets

Administrators should use third-party verification (for example, an employer), and review alternative documentation related to income and assets only if third-party verification cannot be obtained.

Verified information must be no more than 120 days old prior to the award of the Housing Voucher Certificate of Participation (refer to Section 5.05 for additional information) or other eligibility documentation. Income and assets to be verified are:

- Records of earned income:
  - Income tax return – state and/or federal (most recent)
  - Paycheck stubs
  - W-2 forms
- Records of other income:
  - Pensions and annuities – latest check stub from issuing organization
  - Social Security – current award letter
  - Unemployment compensation – determination letter or latest check stub
  - Supplemental Security Income (SSI) – award letter/most recent check stub
  - Minnesota Family Investment Program (MFIP) – award letter/most recent check stub
  - Workers' Compensation – determination letter, recent check stub
  - Child support – copy of court order
  - Alimony – copy of court order
  - Educational scholarships/stipends (federal Title IV grants are excluded) – award letter
  - Other public assistance – award letter
  - Income from assets – credit union/bank/savings and loan statements, etc.
- Assets to be evaluated include, but are not limited to:
  - Checking and savings accounts or Certificates of Deposit
  - Stocks and bonds
  - Mortgage note or property tax statement
  - Life insurance policy redemption or cash surrender value
  - Net equity in real property
  - Personal property held as an investment

## 5.05 Housing Voucher Certificate of Participation

The Administrator will issue a [Housing Voucher Certificate of Participation](#) to each eligible Participant when offered Rental Assistance from the HTF Rental Assistance Program. This document certifies that the Participant is eligible for HTF Rental Assistance and outlines the criteria for an eligible Assisted Unit.

The Housing Voucher Certificate of Participation allows the Participant 180 days to locate an eligible Assisted Unit and submit necessary documents to the Administrator. If a unit is not located within that timeframe, the Administrator has the discretion of extending the Housing Voucher Certificate of

Participation. If an extension is permitted by the Administrator, the reason for the extension should be documented and retained in the Participant file.

A signed Housing Voucher Certificate of Participation must be retained in the Participant file after it is issued at a briefing session where the program requirements are verbally explained to the Participant. The Administrator must inform the Participant during the briefing session that if they need additional time to locate an eligible Assisted Unit, they should contact the Administrator to request an extension of the Certificate.

## **5.06 Unit Size (Occupancy Standards)**

The Administrator may use the unit size (occupancy standard) established for the HCV Program in the jurisdiction. The Administrator must maintain written policies and procedures governing the determination of unit size in its files. Exceptions for unusual circumstances must be fully documented in the Participant file and approved in writing by Minnesota Housing.

The bedroom size allocated to a Participant must count full-time household members, children expected to reside in the Assisted Unit, and any live-in attendant necessary to care for a household member living with a disability, regardless of age. The Administrator must count the child or children:

- Of a pregnant person
- Being adopted
- Whose custody is being obtained
- In joint custody, as long as the child/children will live in the Assisted Unit at least 50% of the time
- Who are in the unit under foster care
- Who are temporarily absent due to placement in a foster home

## **5.07 Rent Limits**

Fair Market Rents (FMR) are published by HUD annually and can be obtained on [HUD's Fair Market Rents webpage](#). The LPS is established by the local public housing authority and is based on the FMR. It is the Administrator's responsibility to determine that the Assisted Units are rent reasonable, which means that the total rent requested for the unit and utilities is reasonable given the average rate for other similar type units, market conditions, and any other unique contributing factors. Gross Rents should not exceed the Local Payment Standard (LPS) for the HCV Program jurisdiction in which the unit is located. Exception Payment Standard rents, if applicable for the jurisdiction, are allowable. [The maximum Rental Assistance amount available is the difference between 30% of the household's Gross Annual Household Income and the L P S](#). The property owner may not charge more rent for Assisted Units than for comparable unassisted units.

The Participant may pay a maximum of 40% of their gross monthly income if they wish to rent a unit that exceeds the LPS.,. If the rent still exceeds the allowable amount, the Administrator authorizing the Rental Assistance payment may exceed the fair market rent (FMR)/LPS, whichever is greater, by 10% for up to 20% of their portfolio.

The Administrator may petition in writing to Minnesota Housing to increase the rent higher than 10% and/or to have the increase be applicable to more than 20% of their portfolio. Such requests must further demonstrate hardship (such as, Participant inability to secure housing with expanded subsidy limit within allowable housing search time). Evidence of three comparable rents must be included in the petition. The Administrator's budget and target number of households to serve must also be taken into consideration. All decisions to accept or reject a petition to increase Contract Rents are at Minnesota Housing's sole discretion.

Tribal Nation programs may use an alternate written affordability standard. Any alternate written affordability standard must be approved in writing by Minnesota Housing prior to its implementation, with such approval being at the sole discretion of Minnesota Housing.

Administrators must work collaboratively with the household to discuss the impact of the additional expense and determine if the rent is reasonable given their monthly budget. To document that rent reasonableness was considered and affordability was discussed with the household, the Administrator must complete the Minnesota Housing [Request for Payment Standard Waiver Form](#) and maintain it in the Participant's file.

## **5.08 Calculating Participant Rent**

The maximum Rental Assistance available through the HTF Rental Assistance Program is the difference between 30% of the Gross Monthly Household Income and the lesser of the Gross Rent (Contract Rent plus Utility Allowance) or LPS. Outside of the exceptions noted in section 5.07 (Rent Limits) of this Program Guide, the minimum Participant Rent is 30% of their Gross Monthly Household Income.

If zero income is claimed, the Participant must provide a signed [Certification of Zero Income](#) to the Administrator. The Administrator may establish more frequent assessments until a source of income is established. The Administrator and Partnering Service Provider should collaborate in order to serve the target number of households by connecting households to eligible benefits and employment services.

Working within the guidelines for maximum Rental Assistance, Administrators have flexibility to structure their programs to best serve their target population and maximize scarce resources. One example of differently structured programs is subsidy cap programs in which the maximum Rental Assistance is based on the unit size. Program structures may be proposed at the time of application and are subject to Minnesota Housing approval and discretion. Administrators who wish to change the structure of their existing program must contact Minnesota Housing. Minnesota Housing will provide written approval, request for clarification, or denial within 60 days.

Administrators are required to keep a copy of each Rental Assistance calculation in the Participant's file. A [Request for Payment Standard Waiver Form](#) may be used, or the Administrator may create their own form, as long as it contains the same information.

Table 1: Rental Assistance Calculation

| Rental Assistance Calculation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | \$ Amount |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Contract Rent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |
| Utility Allowance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |
| Gross Rent (Contract Rent plus Utility Allowance) <ul style="list-style-type: none"> <li>Cannot exceed LPS of \$_____ for a ____ bedroom unit.</li> <li>If Gross Rent exceeds the Local Payment Standard, indicate that the Request for Payment Standard Waiver Form is in Participant file.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |
| 30% of Gross Monthly Household Income <ul style="list-style-type: none"> <li>Gross Annual Household Income ÷ 12 x 0.30</li> <li>Round figure up if 50 cents or more, round down if 49 cents or less (whole numbers only).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |           |
| Rental Assistance <ul style="list-style-type: none"> <li>Enter the difference between 30% of Gross Monthly Household Income and the lesser of the Gross Rent or the LPS (Gross Rent cannot exceed the LPS) or</li> <li>The program subsidy cap of _____, if applicable.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           |
| Participant Rent <ul style="list-style-type: none"> <li>Equals the difference between the Contract Rent minus the Rental Assistance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           |
| Excess Utility Expense (optional, per Administrator policy) <ul style="list-style-type: none"> <li>Excess Utility Expense results when 30% of Gross Monthly Household Income is less than the amount of the Utility Allowance. When this occurs, the Excess Utility Expense is the difference between 30% of the Gross Monthly Household Income and the Utility Allowance.</li> <li>If Gross Rent exceeds the LPS, the Excess Utility Expense is limited to the difference between the LPS adjustment and the Excess Utility Expense.</li> <li>If Rental Assistance is capped by the Administrator, the maximum amount of excess utilities is the difference between the Rental Assistance and the cap (if the Participant is receiving the full capped subsidy amount, they are not eligible for payment of excess utilities).</li> <li>Excess Utility Expense should be paid directly to the utility company, and payments must be made monthly. Presentation of a utility bill is not required. If the Excess Utility Expense payment results in a credit balance, that is acceptable and can follow the Participant if they leave the HTF Rental Assistance Program. The Administrator must keep records of utility payments made on a Participant's behalf.</li> </ul> |           |

## Chapter 6 – Leasing Process

### 6.01 Eligible Units

The types of units that are eligible for Rental Assistance include:

- Units owned or serviced by an Administrator, so long as:
  - All the units in the development are available for occupancy by the general public; and
  - The rents are market rate and are subsidized only with Rental Assistance.
- Manufactured homes, with Rental Assistance going only toward rental payments for the unit and/or the lot. Rental Assistance cannot be used for mortgage payments on manufactured homes.
- Housing cooperatives.
- Units that were constructed with federal or state assistance such as HUD's [Section 236 Preservation Program](#) or Farmers Home Administration, so long as:
  - The rents approved for Participants are the market rate for the building; and
  - No other rental subsidy (that is, rent based on 30% of income) is provided to the Participant.
- Shared Housing

Rental Assistance cannot be provided for property owner-occupied units unless the Participant leases a portion of the unit, such as a basement, that contains a private entrance, private bath, and private kitchen. Rental Assistance cannot be used for mortgage payments.

### 6.02 Shared Housing

Shared Housing is defined as a single housing unit occupied by an assisted Participant and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted household. The unit may be a house or an apartment. There must be separate Lease for each assisted household.

While Shared Housing can be a useful option for HTF Rental Assistance Program Participants to consider, the Administrator must be cognizant of potential local ordinances that may prohibit or limit Shared Housing.

Participants can share a unit with either another Participant(s) or an unassisted person(s). The owner of the property may reside in the unit, but Rental Assistance may not be paid on their behalf. Additionally, a resident owner cannot be related by blood or marriage to the Participant. Exceptions must be granted for a person with a disability as a reasonable accommodation. A live-in aide may reside with the household to care for a person with disabilities as a reasonable accommodation so that the program is readily accessible to and usable by people with disabilities.

Shared Housing is required to meet the HQS/ National Standards for the Physical Inspection of Real Estate (HQS/NSPIRE). The entire unit, including the portion of the unit available for use by the Participant under their Lease, must meet HQS/HQS/NSPIRE.

The rents for Shared Housing will follow the same FMR and LPS process that all units in the Rental Assistance Program use, except the Participant's Lease will reflect a pro-rata share of the total unit rent. Pro-rata rent is calculated by dividing the number of bedrooms available for occupancy by Participants in the private, non-shared space by the total number of bedrooms in the unit. The Utility Allowance will also use the same pro-rata calculation. The Participant's portion of rent will remain at 30% of Gross Monthly Household Income. Refer to section 5.08 (Calculating Participant Rent) of this Program Guide for more information.

### **6.03 Utility Allowance**

Rental Assistance is calculated using the Utility Allowance schedule(s) for all Service Areas specified in the Grant Contract Agreement. A copy of the Utility Allowance schedule used for each Rental Assistance calculation must be kept in the Participant file.

### **6.04 Inspections**

All units to be leased under the HTF Rental Assistance Program must be inspected by the Administrator or a contracted housing professional qualified to perform National Standards for the Physical Inspection of Real Estate (HQS/NSPIRE) inspections. Qualifications may include training, certification, licensure, and/or experience including, but not limited to, HQS/NSPIRE Certification, UPCS Certification, building code inspection, licensed contractor, licensed property manager, or other comparable training and/or experience, as approved by Minnesota Housing. An inspection form approved by HUD must be used for reporting and kept in the Participant's file.

If the local jurisdiction has a housing maintenance code and the unit is locally certified on a regular basis, the local certification satisfies the requirement of helping ensure the unit provides safe, sanitary, and decent housing conditions. Exceptions for unusual circumstances must be fully documented in the Participant file and approved in writing by Minnesota Housing.

Units must be inspected at least annually. The Administrator should schedule the inspection well in advance of the annual due date in order to allow time for repairs, if needed. A copy of local housing maintenance code inspections or HQS/ HQS/NSPIRE, including passes and fails, must be kept in the Participant's file.

Minnesota Housing allows up to 50% of all Assisted Units to use virtual HQS/NSPIRE inspections annually except under the circumstances listed below:

- Properties built before 1978

- Units owned or leased by property owner unfamiliar to the Administrator
- Property Owner, Participant, or other party requests a physical inspection
- Property Owner and/or Participant does not have the technology or resources to complete a virtual inspection

Re-inspections of failed items can be completed either as a physical or virtual inspection regardless of the method used in the first inspection. Re-inspections would not count toward the 50% limit on virtual inspections.

Virtual inspections must be completed using the same [HQS/NSPIRE forms](#), procedures, and standards as physical inspections. Special safeguards regarding the storage and distribution of video and photographic data need to be taken to protect Participant information from unauthorized access.

Units must pass the inspection before the Administrator makes a Rental Assistance payment to the property owner on behalf of the Participant. In the event that the unit does not pass inspection on or by the date that the Rental Assistance is scheduled to begin, the Rental Assistance payment must be prorated based on the date that the unit passes inspection. Administrators determine the pro-rated figure by dividing the Rental Assistance by 30 days and then multiplying the daily Rental Assistance by the number of eligible days for payment.

## 6.05 Leasing Procedures

Initial Lease terms may range from 30 days to one year. Rental property owners or managers may use their own Lease Form; however, the property owner and the Participant must execute a Lease Addendum in the format required by Minnesota Housing. The Lease Addendum is designed to incorporate all required provisions for participating in the HTF Rental Assistance Program. The property owner and the Administrator must execute a Rental Subsidy Contract, which provides for the payment of the Rental Assistance to the property owner by the Administrator. The Lease Addendum and the Rental Subsidy Contract can be found on Minnesota Housing's [Housing Trust Fund Rental Assistance](#) Program webpage. All documents related to leasing must be maintained in the Participant's file.

The typical leasing procedure is as follows:

- The Participant and Administrator work together to locate a suitable unit.
- The Participant submits a signed [Request for Lease Approval](#) to the Administrator.
- The Administrator conducts an HQS/NSPIRE inspection or arranges for a qualified contracted housing professional to conduct the HQS/NSPIRE inspection or local housing maintenance code inspection, as applicable.
- When the unit passes the HQS/NSPIRE inspection or local housing maintenance code inspection, as applicable, the property owner/management company and the Participant sign the Lease Form and the Lease Addendum, and the property owner and the Administrator sign the Rental Subsidy Contract.

The Administrator should work with the Participant to secure housing as quickly as possible. If the Participant is unable to locate suitable housing within 180 days, the Administrator may seek approval from Minnesota Housing for a housing search extension.

## **6.06 Portability**

Participants must lease a unit within the Service Area of the Administrator who is providing the Rental Assistance. The Rental Assistance is not portable outside of the Service Area unless approved in writing by Minnesota Housing at its sole discretion.

## **6.07 Amendment to the Lease Addendum/Extensions**

Minnesota Housing requires the Lease Addendum ([Tenant-Based](#) or [Sponsor-Based](#), depending on the Administrator's program) to provide for a renewal of the Lease after its initial term. Renewals may be month-to-month or longer, up to a maximum of one year. At Lease renewal, the property owner/management company and the Participant may opt to sign the [Amendment to the Lease Addendum](#), which is a shortened version of the Lease Addendum. All documents pertaining to the leasing process must be maintained in the Participant's file.

In cases of income changes at annual or interim recertification resulting in a change to the Rental Assistance and Participant Rent, an Amendment to the Lease Addendum is not required. However, verification and the calculation of the Rental Assistance must be retained in the Participant file. The Administrator must notify the property owner and the Participant, in writing, of the new amounts.

## **6.08 Housing Related Expenses**

If the Administrator designated Housing Related Expenses in their budget (with approval from Minnesota Housing) and Program Summary provisions, they may utilize a portion of their HTF Rental Assistance Program funds for Housing Related Expenses. These may include security deposits, application fees, utility connection fees, damage claims, vacancy payments, Financial Assurance/Risk Mitigation Program Fees, and other fees, as approved in writing by Minnesota Housing at its sole discretion, that are necessary to obtain property owner participation or to prevent repeat episodes of homelessness. Administrators are responsible for communicating to Participants the funds available for Housing Related Expenses, how to access them, how frequently a Participant can access the funds, how amounts are determined, if there is a limit, etc. The Administrator will be required to track and report to Minnesota Housing the amount and type of Housing Related Expenses paid on behalf of Participants.

## **Security Deposits**

If the Participant cannot afford to make a security deposit for the Assisted Unit and no other resource is available within a reasonable amount of time, the Administrator, upon request of the Participant,

may pay the security deposit to the property owner using HTF Rental Assistance Program funds. The security deposit may not be paid until after a unit passes inspection.

To enhance utilization, payment of double security deposits is allowable when required by property owners. If no other resource is readily available, double security deposits or payment of the second security deposit will be payable through HTF Rental Assistance Program funds without requesting approval by Minnesota Housing. Note that payment of the last month's rent is not allowed.

If the Participant leaves a unit and the unit has damages, unpaid rent, and/or unpaid utilities, then the property owner retains all or part of the security deposit to pay for the damages, unpaid rent, and/or unpaid utilities.

If the property owner experiences a vacancy loss when a Participant leaves the unit without proper notification to re-rent the unit, and/or repairs for the damages caused by the Participant prolong the ability of the property owner to re-rent the unit vacancy payments may be made with the approval of Minnesota Housing. Vacancy claims can be made for the respective unit, for a maximum of 30 days, when the vacancy expenses for the unit (not to exceed the cost of one month's rent) exceed the security deposit collected by the owner at initial occupancy. The property owner must provide documentation to the Administrator and Participant that the deposit, plus interest, was used to offset expenses.

Participants who are transferring to a new Assisted Unit may request assistance from the Administrator for a new security deposit.

A Participant may keep all or part of the security deposit, plus interest, when any of the following apply. The Participant:

- Leaves a unit and the unit has no damages
- Leaves a unit and the unit has damages in an amount less than the security deposit
- Stays in a unit and no longer receives HTF Rental Assistance

Minnesota Housing's written approval is required prior to the Administrator disbursing funds for damage claims and vacancy payments. The Administrator must have appropriate documentation from the property owner regarding the requested damage and/or vacancy claim and must review such documentation for feasibility before submitting the request to Minnesota Housing. Minnesota Housing will review the documentation and notify the Administrator regarding approval. Approval may be for an amount that is less than requested. In addition, to claim documentation and reasonableness, Minnesota Housing will consider the impact on the program budget. Vacancy payments will not be approved by Minnesota Housing until the period of vacancy has ended. If the unit is re-leased for part of the month, a pro-rated payment may be approved. All decisions are at Minnesota Housing's sole discretion.

## **Financial Assurance/Risk Mitigation Program Fees**

Some populations face increased barriers to obtaining housing. Financial Assurance/Risk Mitigation programs exist that work to increase property owner participation. When these programs have fees, the fees are eligible expenses. The fees are paid by the Participant or an Administrator on behalf of the Participant with the approval of Minnesota Housing.

## **Application Fees**

To enhance utilization, Minnesota Housing supports an Administrator paying up to three application fees per adult in the household. Written approval is required from Minnesota Housing for more than three application fees. Application fees can be reimbursed from HTF Rental Assistance Program funds once the household has secured housing using HTF Rental Assistance.

## **Utility Connection Fees, Past Due Utilities, etc.**

An Administrator may pay a utility reconnection fee and/or other fees that are necessary to obtain property owner participation or to prevent repeat episodes of homelessness. The Participant must have exhausted all other mainstream resources such as emergency assistance, energy assistance, and/or local service organizations that usually provide financial assistance for such activities.

To enhance utilization, Minnesota Housing supports paying past due utilities accrued prior to admission to the HTF Program in instances where the past due payments are a barrier to securing a unit. HTF Rental Assistance funds can be used to pay utility arrears, limited to one time per household and capped at a maximum of \$1,000 per household. Amounts exceeding \$1,000 should be submitted to Minnesota Housing for written approval on a case-by-case basis. Approval criteria may include the availability of other resources, the Participant's request for ongoing assistance, and the Administrator's Rental Assistance utilization. Activities to reduce the amount owed or find other resources for ongoing assistance should continue. The household must be housed through the HTF Rental Assistance Program for past due utility costs to be reimbursed from HTF Rental Assistance Program funds.

## **Housing Navigation**

To enhance utilization and increase housing access for Participants, Minnesota Housing supports the following housing navigation activities for Tenant-Based Rental Assistance Administrators only. Eligible uses include:

- Utilizing housing search engines to locate opportunities
- Assisting households in completing housing applications
- Assisting households in obtaining application fees, if needed
- Transporting households to housing appointments
- Assisting households in communicating to a potential property owner any housing barriers

- Providing tenant education on property owner and tenant rights and responsibilities
- Expediting the move-in timeline when feasible, between the date of acceptance and Lease signing

## 6.09 Payment Terms

Rental Assistance payments will be made by the Administrator to the property owner on behalf of the Participants when all of the following payment terms have been met:

- The Participant leases a unit within HUD's published LPS or, if the rent exceeds these rates, a [Request for Payment Standard Waiver Form](#) has been completed
- The Participant's unit has passed an HQS/NSPIRE inspection or local housing maintenance code inspection, as applicable
- The property owner and the Administrator have signed and dated a [Tenant-Based Rental Subsidy Contract](#) or [Sponsor-Based Rental Subsidy Contract](#)
- The Participant and property owner have signed and dated an approved Lease

The property owner may not charge a higher rent for Assisted Units than for comparable unassisted units. Rental Assistance payments on behalf of Participants meeting the above requirements will continue until the Participant receives a permanent housing subsidy, becomes ineligible and is suspended or terminated from the HTF Rental Assistance Program, voluntarily withdraws from the HTF Rental Assistance Program, or the HTF Rental Assistance Program terminates.

## Chapter 7 – Changes During Tenancy

### 7.01 Interim Changes

All decreases in the Gross Monthly Household Income, regardless of the amount, must be verified and the changes implemented on the first day of the next month after the Administrator receives the information about the decrease (for example, a verified decrease in income reported in June would result in a reduced Participant Rent on July 1). Written notice of the change in Participant Rent and the amount of the subsidy must also be provided to the Participant and property owner.

Changes related to increases to the Gross Monthly Household Income must be handled in compliance with the Administrator's written policies.

Participants who wish to add another adult to the Lease must inform both the Administrator and the property owner in advance. A Participant must be informed that they are required to get the property owner's permission to add an additional adult to the Participant's Lease or they could be evicted. The property owner may deny permission of an additional adult based on the property owner's usual Participant screening procedures. All income of the additional adult must be verified and added to the Gross Monthly Household Income. An Amendment to the Lease Addendum must be used when adding an additional adult to the Lease.

The Participant should review the Lease for requirements regarding reporting additional minors. If a larger unit is needed, the Participant should notify the Administrator.

A new Lease and [leasing forms](#) are required if a Participant moves to a new unit. An HQS/NSPIRE inspection or local housing maintenance code inspection, as applicable, must be conducted on the new Assisted Unit before the Participant moves or payment from the HTF Rental Assistance Program is made.

### 7.02 Annual Recertification

For Participants with an annual Lease, the recertification will coincide with the effective date of a new Lease. If Participants have a month-to-month lease, the recertification will retain its annual timeline. It is not necessary to verify income if the most recent interim change was done within the last 120 days. If the verification indicates that 30% of the Gross Monthly Household Income equals or exceeds the Contract Rent for the Assisted Unit for four consecutive months, then the Participant will be declared ineligible because the Participant Rent will be equal to the Contract Rent and no Rental Assistance is provided. Participants who are determined ineligible due to income must be notified in writing and given the option to request an informal hearing if they disagree with the findings.

For households receiving Rental Assistance from the HTF Rental Assistance Program through Sponsor-Based Rental Assistance grants whose income at recertification is determined to be too high to be

eligible to continue to receive the Rental Assistance, it is important to remember that households still in need of supportive services will retain their HPH eligibility or LTH eligibility at the property. The property should follow procedures outlined in section 10.03 (Rents for Supportive Housing Units Without a Rental Subsidy) of the [Supportive Housing Information and Resources](#) document .

### **7.03 Rent Changes**

The property owner may increase the rent only upon the expiration of the Lease term and execution of a new or renewal Lease. A Participant's Contract Rent may not exceed Contract Rents paid by unassisted tenants at the same property.

Sponsor-Based Rental Assistance units may have limits on rent increases (for example, Minnesota Housing-financed properties have a policy on rent increases, subject to local ordinances). Property Owners considering rent increases for any Sponsor-Based Rental Assistance units should consult with the property owner or reach out to Deran Cadotte at Minnesota Housing via email at [deran.cadotte@state.mn.us](mailto:deran.cadotte@state.mn.us).

If the LPS is increased during the term of the Lease, the increased LPS amount must be used to calculate the monthly housing assistance for the household beginning at the effective date of the household's next annual recertification on or after the effective date of the increase in the LPS amount.

If the amount of the LPS is decreased during the term of the Lease, the lower LPS amount must be used to calculate the monthly Rental Assistance for any new households following the effective date of the decrease in the LPS amount. The current LPS will continue to be used for Participants who remain in their current unit. If they decide to move, the new LPS policy will be applied.

### **7.04 Length of Rental Assistance**

HTF Rental Assistance is designed to be temporary in nature. A Participant shall not receive Rental Assistance for longer than five consecutive years. This time limit does not apply to eligible Participants who have not been able to apply for federal Rental Assistance due to closed waiting lists or have not been accepted by such programs due to funding limitations, or who are ineligible for federal rental assistance.

An Administrator must not commit to provide Rental Assistance to an eligible Participant for amounts or terms in excess of funding allowable under the Grant Contract Agreement between the Administrator and Minnesota Housing.

Because of the temporary nature of HTF Rental Assistance, Administrators are required to design their programs with transition goals. Such program designs should focus on providing services that assist Participants with increasing their income or locating an alternative source of assistance or other affordable housing that is not limited to a specific period. Transition goals must be reviewed at admission and at least annually, and documentation of the transition goal review(s) must be kept in

the Participant's file. An Administrator cannot terminate a Participant solely for not completing or complying with their transition goals.

## **7.05 Absence from Unit**

### **First 60 Days**

During an absence from the rental unit for medical or mental health treatment, hospitalization, or incarceration, the Rental Assistance may be paid for up to 60 days from the first day of the month following the Participant's notice to the Administrator of the expected absence. During this period, the Participant will be shown on the payment log as if they were active. The absence should be noted in the "Comments" portion of the log and documented in the Participant's file, along with the notice of absence. The Participant will continue to be responsible for the Participant Rent during this time.

### **More than 60 Days**

If the absence is expected to be longer than 60 days, the Participant can give notice to vacate their unit or seek alternative resources to pay the subsidized portion of their rent for the remainder of their absence. If the Participant utilizes alternative resources to pay the subsidized portion of their rent after the first 60 days, and does not give up the unit, they will be in "Suspended" status on the payment log, which is allowed for up to four months. If at the end of the four-month suspension period the Participant is not yet in residence, they will be terminated from the HTF Rental Assistance Program. A 60-day written notice should be given to the Participant prior to the last day of the second month of suspension that they will be terminated from the HTF Rental Assistance Program if they do not resume residence, and a copy of this notice should be kept in the Participant's file.

## **7.06 Lease Termination**

### **Participant Chooses to Move**

When a Participant chooses to move, written notice must be given by the Participant to the property owner and the Administrator in accordance with the Lease. If the Participant intends to continue receiving Rental Assistance, they must additionally notify the Administrator at least 31 days before they intend to move. When the Participant locates a new unit, the Administrator must use the same procedures as described in Chapter 6 (Leasing Process) of this Program Guide.

### **Unit Does Not Meet Inspection Requirements**

If at recertification the Administrator determines that the Assisted Unit is not in compliance with HQS/NSPIRE or the local housing maintenance code, as applicable, the Administrator must give the property owner reasonable time (generally 30 business days) to correct the deficiencies. The

Administrator may retain the rental subsidy until the unit passes HQS/NSPIRE or the local housing maintenance code, as applicable. If the property owner fails to comply in reasonable time, the Administrator must notify the property owner and the Participant in writing that subsidy payments will be suspended, and the Rental Subsidy Contract will be terminated. If the Participant wishes to continue receiving Rental Assistance at a different location, they must notify the Administrator at least 31 days in advance. When the Participant locates a new unit, the Administrator must use the same procedures as described in Chapter 6 (Leasing Process) of this Program Guide.

### **Property Owner Gives Participant Notice to Move**

The property owner may give the Participant notice to move (not connected with an eviction) only if the Lease provisions permit such a notice. The property owner must notify as far in advance as possible the Administrator. The Participant may wish to locate to a new unit and continue to receive Rental Assistance. When the Participant locates to a new unit, the Administrator must use the same procedures as described in Chapter 6 (Leasing Process) of this Program Guide.

### **Property Owner Issues an Eviction Notice to Participant**

If the property owner issues an eviction notice, the requirements of the Lease and state and local laws must be followed. If an eviction is filed, Administrators must provide relevant referrals to resources to aid the Participant during eviction proceedings.

The property owner must send a copy of the eviction notice to the Administrator as soon as possible, if not at the same time it is served to the Participant. The Participant may remain eligible, at the Administrator's discretion, to participate in the HTF Rental Assistance Program, subject to the provisions in section 6.04 (Inspections) of this Program Guide, and may seek other housing or engage in legal proceedings. If the Participant elects to move while staying withing the program and locates a new unit, the Administrator must use the same procedures as described in Chapter 6 (Leasing Process) of this Program Guide.

## **7.07 Termination of Participant Eligibility**

### **Required Termination**

The Administrator must terminate Rental Assistance to a Participant when 30% of the Gross Monthly Household Income for four consecutive months equals or exceeds the Gross Rent.

For Participants receiving Rental Assistance from the HTF Program through Sponsor-Based Rental Assistance grants, and whose income at recertification is determined to be too high to be eligible to continue to receive the Rental Assistance, it is important to remember that households who are still in need of supportive services will retain their HPH eligibility or LTH eligibility at the property. The

property should follow procedures outlined in section 10.03 (Rents for Supportive Housing Units Without a Rental Subsidy) of the [Supportive Housing Information and Resources](#).

## **Optional Termination**

An Administrator may terminate a Participant's Rental Assistance under the following circumstances:

- The Participant is evicted for (1) serious or repeated violations of terms and conditions of their Lease or (2) violation of any federal, state, or local law(s) that imposes an obligation(s) on the household in connection with occupancy or use of the unit in which the household resides.
- The Participant fails to cooperate with the annual recertification process, including a property inspection.
- The Administrator does not receive future funding from Minnesota Housing under the HTF Rental Assistance Program.

## **Participant Chooses to Move**

If a Participant chooses to move to a new Assisted Unit, written notice must be given to the property owner and the Administrator in accordance with the Lease. If the new, qualifying Assisted Unit is still in the Administrator's Service Area and the Participant is still eligible for the HTF Rental Assistance Program, the Administrator must use the leasing procedures described in Chapter 6 (Leasing Process) of this Program Guide to qualify the new Assisted Unit. If the new Assisted Unit is not in the Administrator's Service Area, the Administrator may terminate the Participant's Rental Assistance. Such practice must be outlined in the Administrator's policies and procedures.

## **Transition Plans and Other Local Program Requirements**

The HTF Rental Assistance Program is a temporary program and requires that an Administrator establish a plan(s) for transitioning Participants from Rental Assistance. The transition plan(s) should be flexible in nature, possibly changing over time to meet the individual needs of the Participant. Administrators cannot terminate the Rental Assistance solely because a Participant fails to cooperate with the terms of their transition plan.

The Administrator can terminate and/or transition a Participant from Rental Assistance once the Participant has received Rental Assistance for the maximum time limit, based on the program's design. This time limit does not apply to eligible Participants who have applied for federal Rental Assistance but have not been accepted in such programs due to funding limitations, or who are ineligible for federal Rental Assistance. This time limit does not apply to eligible Participants who cannot apply for such programs because the application process is closed. The Administrator may wish to ask its legal counsel to review the Lease Addendum for compliance with Fair Housing laws and for more information on transition plans and other Local Program requirements.

## Threats and/or Acts of Violence

The HTF Rental Assistance Program does not expect Administrators to tolerate threats and/or acts of violence from Participants. Administrators should establish and provide Participants with a written copy of their policies regarding threats and/or acts of violence. Contact Minnesota Housing at [mhfa.rental-assistance@state.mn.us](mailto:mhfa.rental-assistance@state.mn.us) to discuss potential remedies, if such a situation should arise.

### 7.08 Notice of Termination for Participants

If an Administrator terminates a Participant's Rental Assistance because the Gross Annual Household Income at recertification exceeds the limits, the Administrator must provide written notice to both the Participant and the property owner that the Rental Assistance will end on the last day of the second month following the month in which the notice is given. A Participant must be given an opportunity to meet with the Administrator and submit any information documenting that income did not exceed the limits and justifies continuing the Rental Assistance.

If an Administrator gives notice to terminate a Participant's Rental Assistance because the Participant is being evicted, the Administrator must provide written notice to both the Participant and the property owner that the Rental Assistance will end on the last day of the month in which the Participant vacates the unit.

If an Administrator gives notice to terminate a Participant's Rental Assistance because the Participant is not cooperating with the annual recertification process, which may include the annual HQS/NSPIRE inspection or local housing maintenance code inspection, the Administrator must submit written notice to the Participant and property owner that the Participant has 60 days to comply with recertification requirements. If the Participant does not comply with recertification requirements within 60 days, the Administrator must submit written notice to the Participant and property owner that the Rental Assistance will end on the last day of the month in which the Participant receives the notice.

If an Administrator gives notice to terminate a Participant's Rental Assistance for reasons outlined above, the Participant must be given an opportunity to meet with the Administrator to determine if the conditions causing possible termination can be resolved and the Participant can continue receiving the Rental Assistance.

## Chapter 8 – Administrative Fees and Responsibilities

Administrators' responsibilities include activities such as marketing the program, establishing Participant selection criteria, communicating and coordinating work with the Partnering Service Provider to help ensure transition goals are being achieved, determining Gross Annual Household Income, paying Rental Assistance to property owners on behalf of Participants, conducting property inspections, creating program forms in addition to Minnesota Housing provided forms, and complying with Minnesota Housing's reporting requirements.

### 8.01 Administrative Fees

At the time of selection for funding, Minnesota Housing will approve a monthly Administrative Fee for the Administrator, and it will be described in the Housing Trust Fund Grant Contract Agreement. The Administrative Fee will be paid each month in which a Participant resides in an eligible Assisted Unit.

Minnesota Housing will approve Administrative Fees that range from \$62 per household per month to \$76 per household per month, based on the target number of households, the amount of the grant, the geography of the Service Area, and the population served. The applicant's proposed monthly Administrative Fee may not exceed the fee paid by HUD to administrators of the Section 8 Housing Assistance Program in the same jurisdiction, as described in [Code of Federal Regulations, title 24, section 982.152](#).

Per [Minnesota Rule 4900.3767](#), with this Administrative Fee, the Administrator is required to do the following activities:

- Recruit property owners
  - Conduct outreach to an organization's network of existing property owners
  - Engage and maintain a positive relationship with property owners and mitigate any issues that may arise
  - Keep an active list of subsidized housing waiting list openings
- Recruit and determine eligibility of Participants
  - Conduct verification of interim (if/when necessary) and annual recertification of Participant income
- Conduct HQS/HQS/NSPIRE inspections
  - Help ensure the quality of the Assisted Unit
- Create, implement, and assess Participant transition plans
  - Provide sufficient notification to Participants in the case of Rental Assistance termination
  - Ensure a process is in place for notifying Participants of the opportunity for a meeting regarding Administrators' decisions
- Payment/Accounting

- Pay Rental Assistance directly to property owners or management agents in a timely manner
- Provide monthly invoices to Minnesota Housing for Rental Assistance repayment
- Provide financial management to include oversight of funding utilization
- Reporting/Records
  - Submit an Annual Progress Report to Minnesota Housing at the end of the first grant term year and a Final Progress Report after the end of the grant term
  - Maintain and retain records

## 8.02 Payment Process

### Administrator Monthly Draw Request

Minnesota Housing will reimburse Administrators for eligible monthly expenses directly related to the Rental Assistance and Housing Related Expenses involved in the administration of the HTF Rental Assistance Program. To receive a payment, the Administrator is required to submit a completed [Draw Request Form – Rental Assistance Payment Request Workbook](#). The payment request and log forms must be submitted monthly to Minnesota Housing. The Draw Request Form must describe the Administrative Fee amount (if applicable), the number of households that the Administrator in that month, and the amount of Rental Assistance and Housing Related Expenses associated with the assisted Participants during the past month. Any known adjustments for previous months should be included in the monthly Draw Request Form.

The Administrator must submit the [Draw Request Form – Rental Assistance Request Workbook](#) to Minnesota Housing using the [Secure Upload Tool](#). Draw Request Forms should be submitted to Minnesota Housing no later than the fifteenth day of the month in which the Rental Assistance, Administrative Fee, and Housing Related Expenses are incurred.

Minnesota Housing will have 20 days to process the Draw Request Form. Administrators will be asked to correct incomplete or unsubstantiated data submitted.

Draw Request Forms will be processed in the order in which they are received and can be submitted prior to the fifteenth of the month. Forms and technical assistance resources are available on Minnesota Housing's [Housing Trust Fund Rental Assistance](#) Program webpage.

Questions and concerns can be submitted via email to [mhfa.rental-assistance@state.mn.us](mailto:mhfa.rental-assistance@state.mn.us). Emails should not contain specific household information, such as names or addresses.

### Required Documentation for Monthly Draw Request

The documentation required for each monthly payment includes a monthly Draw Request Form, monthly participation log for the applicable month, and eligibility and annual certification forms in the

Participant file for every household experiencing activity such as a new admission, annual recertification, unit transfer, interim rent adjustment, termination, etc. during the applicable reconciliation period. All other required forms and documents must also be maintained in the Participant's file.

### **Rental Assistance Payment to Property Owners**

The Administrator must ensure the timely payments of Rental Assistance funds to property owners on behalf of Participants. Payment must be made from the Administrator's accounts.

In the event of overpayment of Rental Assistance, all excess funds paid to the Administrator must be returned to Minnesota Housing prior to the closeout of the current Grant Contract Agreement.

### **8.03 Data Privacy**

In working with applicants and Participants, the Administrator and any Subgrantees or Partnering Service Providers must comply with applicable data privacy laws and regulations, including the Minnesota Government Data Practices Act. [The Minnesota Housing Government Data Practices Act Disclosure Statement](#) is available online. This form must be completed at initial occupancy by each adult in the household and retained in the Participant's file. Additionally, the Administrator must use their own Release of Information (ROI) forms to share Participant information and complete income verification inquiries. Finally, any households to be entered into the Homeless Management Information System (HMIS) are required to sign another ROI form to allow their Participant data to be entered into the HMIS. This form is available on Minnesota's [Homeless Management Information System](#) website.

All ROIs that are signed by the Participant must be kept in Administrator, Subgrantee, and/or Partnering Service Provider files, as applicable.

### **8.04 Data Entry and Reporting**

The Administrator must agree that it will utilize the HMIS on behalf of all assisted household(s). The Administrator must agree that it will cooperate in good faith with the HMIS Lead Agency, the Institute for Community Alliance (ICA), and any successors and/or assigns of the HMIS Lead Agency rights and responsibilities regarding the HMIS database to:

- Participate in and receive any training that the HMIS Lead Agency may require, from time to time, to become trained and maintain user license(s) for the HMIS
- Satisfy other reasonable requirements that may be imposed by the HMIS Lead Agency and Minnesota Housing in connection with the HMIS
- Request HMIS-identified information from HPH or LTH households that it serves through HTF Rental Assistance Program

- Enter such information into the HMIS in a timely manner
- Run reports and test data for accuracy, as directed by the HMIS Lead Agency and Minnesota Housing
- Obtain any and all necessary disclosures, releases, and consents in connection with the HTF Rental Assistance Program to permit Minnesota Housing to access information and receive periodic reports from the HMIS Lead Agency

The Administrator may contract with their Partnering Service Provider and/or other entity to complete HMIS data entry requirements. Such an arrangement must be agreed upon in writing and the contract must be made available to Minnesota Housing. Additional information on HMIS is available on Minnesota's [Homeless Management Information System](#) website.

An Annual and Final Progress Report must be submitted to Minnesota Housing by the established due dates in the template provided by Minnesota Housing. These reports will include actual program results compared to objectives outlined in each Grant Contract Agreement's Program Summary.

## 8.05 Applicant/Participant Records

Each Administrator will establish files for applicants and Participants. These files must contain copies of all applicant, Participant, and property related forms listed below. Many of the following forms are available on Minnesota Housing's [Housing Trust Fund Program Rental Assistance](#) webpage. Some of the following required documents do not have a specific form, as noted below, and Administrators are expected to provide documentation in a format that contains the required elements. Administrators are responsible for using the most current version of the required forms.

*Table 2: Required File Documentation*

| Form                                                                                                           | Specific Format | Required Annually |
|----------------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| HPH or LTH Verification                                                                                        | Yes             | No                |
| Income and asset verification forms                                                                            | No              | Yes               |
| Participant Rent and Rental Assistance calculation form for each income recertification                        | No              | Yes               |
| <a href="#">Housing Voucher Certificate of Participation</a>                                                   | No              | No                |
| Participant letter of understanding                                                                            | No              | No                |
| <a href="#">Government Data Practices Act Disclosure Statement</a> (signed by all adults 18 or older on Lease) | Yes             | No                |
| <a href="#">Request for Payment Standard Waiver</a> (if applicable)                                            | Yes             | No                |
| <a href="#">Request for Lease Approval</a>                                                                     | Yes             | No                |
| Executed Lease (must be one to 12-month term) and Lease renewals                                               | No              | No                |

| Form                                                                                                                                                                                       | Specific Format | Required Annually |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| Rental Subsidy Contract ( <a href="#">Tenant-Based</a> or <a href="#">Sponsor-Based</a> )                                                                                                  | Yes             | Yes               |
| Lease Addendum ( <a href="#">Tenant-Based</a> or <a href="#">Sponsor-Based</a> )                                                                                                           | Yes             | Yes               |
| <a href="#">Amendment to the Lease Addendum</a>                                                                                                                                            | Yes             | No                |
| <a href="#">HQS/NSPIRE Form</a>                                                                                                                                                            | Yes             | Yes               |
| Lead-Based Paint Certification (for pre-1978 construction)                                                                                                                                 | No              | No                |
| Annual Recertification Notice                                                                                                                                                              | No              | Yes               |
| Eligibility/ineligibility notices sent to applicants by Administrator or Subgrantee/Partnering Service Provider                                                                            | No              | No                |
| Letters and notifications of outcome from informal hearings                                                                                                                                | No              | No                |
| Documents and correspondence concerning the Participant's application and participation in HTF Program Rental Assistance including evidence of communication regarding the transition plan | No              | No                |
| Notice of Termination                                                                                                                                                                      | No              | No                |

The main file for each applicant and Participant is kept by the Administrator. The Administrator may share any documentation that may be needed by the Subgrantee or Partnering Service Provider in carrying out its responsibilities to provide supportive services or rental administration, provided an ROI has been completed. Failure to obtain a completed ROI prohibits information sharing. Both the Administrator and the Subgrantee or Partnering Service Provider need to retain a copy of the ROI in its permanent records. The sharing of information and documents must be outlined in the Subgrantee contract or Partnering Service Provider MOU.

## 8.06 Monitoring and Evaluation

Minnesota Housing will conduct ongoing evaluations of the financial reports and Participant files submitted by the Administrator. Per [Minnesota Rule 4900.3769](#), Minnesota Housing must review performance on an annual basis.

Minnesota Housing will review Participant files kept on site by the Administrator during site visits or through an audit of requested files. The review may contain the following components:

- Participant files:
  - Verification of income and eligibility
  - Calculation of Participant Rent
  - LPS and Utility Allowance
  - Lease and contracts
  - HQS/NSPIRE inspection or local housing maintenance code inspection, as applicable
  - Additional information as required

- Financial records detailing:
  - Expenditures for Rental Assistance payments to property owners
  - Security deposits
  - Application fees
  - Utility connection fees
  - Other fees, including vacancy payments, damage claims, and other fees approved and/or required by Minnesota Housing
  - Balance sheet and check register
- MOU outlining:
  - Partnership, roles, and communication
  - Management of capacity and funds
  - Administrator adherence to this HTF Rental Assistance Program Guide
- Administrator performance:
  - Timely submission of draw requests to Minnesota Housing
  - Management and effective utilization of HTF Rental Assistance Program funds
  - Administrator's ability to link, coordinate, partner with, and/or provide appropriate services so Participants avoid future episodes of homelessness and successfully maintain stable housing
  - Administrator's ability to provide the necessary supports and referrals so that Participants exit from the program to permanent affordable housing, self-sufficiency, etc.
  - Administrator's timely and accurate data and outcomes reported in the HMIS
  - Administrator's participation in Administrator meetings
  - The extent to which Assisted Units are in compliance with HQS/NSPIRE or the local housing maintenance code, as applicable
  - Fair and consistent application of the program administrative policies
  - Maintenance of Participant files
  - Consistent adherence to Administrator policies and procedures, which may include:
    - Tenant selection process
    - Transition goals
    - Annual income and interim recertification processes
    - Unit inspection procedures
    - Security deposit policies
    - Termination process
    - Program application form
    - Participant letter of understanding form

## **State Monitoring of Administrators**

Administrators and Subgrantees are responsible for maintaining financial records that document the use of all HTF Rental Assistance Program funds and that include all eligible payments. Administrators will be required to provide Minnesota Housing with a monitoring summary on the Annual and Final Progress Reports, which will include information on Subgrantees. After completion of the grant term, Administrators and Subgrantees are expected to maintain all records for a minimum of six years after the grant term has ended. In addition to program financial records, Participant records must also be maintained for a minimum of six years after the grant term has ended. Participant records must be maintained for as long as they remain in the program. Minnesota Housing reserves the right to review financial and client records during this period, and records must be made available upon request.

## **Administrator Monitoring of Subgrantees**

Administrators are expected to monitor Subgrantee activities as defined in the formal agreement. Subgrantees should not receive advanced payment; rather, they should be required to submit an invoice with supporting documentation for services and assistance prior to receiving reimbursement from Administrators. Administrators must determine that the Participants meet all eligibility requirements prior to the Subgrantee providing assistance. Subgrantees that provide Rental Assistance calculations, verification of income, and HQS/NSPIRE inspections must submit results to Administrators before Administrators can request a rental payment for the Participant from Minnesota Housing. Any payments that are incorrectly calculated or made in error to an unqualified Participant will be the responsibility of the Administrator. Minnesota Housing is not responsible for reimbursement of ineligible, erroneous, or incorrectly calculated payments made to Subgrantees.

In addition, if Subgrantees are responsible for maintaining Participant files, Administrators must, at a minimum, monitor these files annually to help ensure proper procedures are followed and required documentation is collected (refer to Participant file requirements, above, for details).

Administrators must communicate to Minnesota Housing, in a timely manner, any concerns that arise regarding the performance of a Subgrantee through monitoring or any other means. Minnesota Housing may recommend Administrators take further action such as providing additional monitoring or developing a performance improvement plan with Subgrantees.

## **8.07 Financial Management/Records**

The Administrator must establish one or more separate bank accounts (checking or savings) for HTF Rental Assistance payments from Minnesota Housing. The Administrator may combine these funds with other funds in a consolidated account, provided that the Administrator's banking system can adequately segregate the various restricted funds within one account. Any interest earned on these funds may be retained locally and may be used in paying administrative expenses. Minnesota Housing will request financial information at least once during the biennium to meet financial reconciliation

requirements. The Administrator must maintain and make available records of payments to property owners.

## **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 website](#), per the [Office of Grants Management requirement](#).

## **8.08 Funding Reimbursement**

Administrators will prepare and submit monthly draw requests to Minnesota Housing that detail actual expenditures and Participant information. The required Draw Request Form is available on Minnesota Housing's [Housing Trust Fund Rental Assistance](#) Program webpage. The information collected on the Draw Request Form includes:

- Actual expenses incurred in the payment of rent and eligible Housing Related Expenses for the previous month
- A monthly Participant log for the previous month, which consists of information such as Participant name, unit address, move-in date, move-out date, Contract Rent, Participant Rent, Rental Assistance amount, and security deposit amount (if paid) from HTF Rental Assistance Program funds

Minnesota Housing will use the monthly Draw Request Form data to determine the reimbursement amount to be sent to the Administrator. Payments shall be made by MHFA after the Grantee's presentation of invoices for services satisfactorily performed and the written acceptance of such services by MHFA's Authorized Representative. Payment shall be made within 30 days following the MHFA's Authorized Representative approval of an invoice. Payments will not be made if reports or other deliverables are outstanding. Invoices shall be submitted timely, with additional details as requested by MHFA. The Administrator should submit the request for funds to Minnesota Housing no later than the fifteenth of each month, unless other arrangements have been approved by Minnesota Housing. At the end of the Grant Contract Agreement, the Administrator must refund any excess HTF Rental Assistance Program funds within 30 days of the closeout of the Grant Period in the Grant Contract Agreement.

## **Chapter 9 – Termination**

Minnesota Housing may terminate an Administrator for failure to comply with any terms and obligations pursuant to the HTF Rental Assistance Program.

Minnesota Housing's expectations and requirements for Administrators are further extended to Subgrantees and Partnering Service Providers. Those expectations and requirements must be clearly outlined in a fully executed MOU or formal agreement in effect during the term of the Grant Contract Agreement. If the Administrator's MOU or formal agreement with a Subgrantee or Partnering Service Provider is terminated by either party, the Administrator must communicate this change to Minnesota Housing at least 60 days prior to the termination. Minnesota Housing will work with the Administrator to develop a plan to help ensure contractual and bidding requirements are met.

### **9.01 Notification to Participants of Termination**

If Minnesota Housing terminates an Administrator, the Administrator must give written notice to all applicable Participants and property owners that the Rental Assistance will end on the last day of the second month following the month in which the notice is given.

### **9.02 Notification to Participants of Lack of Funding**

If, for any reason, Minnesota Housing is prohibited from continuing to fund an Administrator, the Administrator must provide written notice to all applicable Participants and property owners that the Rental Assistance will end. This notice must be given no fewer than six months before the Rental Assistance will end.

## Appendix A – Terms

Table 3: Terms and Definitions

| Term                                          | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administrative Fee                            | A fee paid to an Administrator by Minnesota Housing for administering its Local Program. Refer to section 8.01 (Administrative Fees) of the HTF Rental Assistance Program Guide for more information.                                                                                                                                                                                                                                                                                        |
| Administrator                                 | An entity that has applied for and has been awarded funds from the HTF Rental Assistance Program.                                                                                                                                                                                                                                                                                                                                                                                            |
| Annual Progress Report                        | An annual Administrator’s report to Minnesota Housing that includes the outputs, outcomes, and Administrator feedback regarding their experience with the HTF Rental Assistance Program.                                                                                                                                                                                                                                                                                                     |
| Assisted Unit                                 | A unit of housing that complies with <a href="#">Minnesota Rule 4900.3727</a> in a housing development for which the agency has made a loan or grant under the Housing Trust Fund Program.                                                                                                                                                                                                                                                                                                   |
| At Significant Risk of Long-Term Homelessness | Includes (a) households that are homeless or recently homeless with members who have been previously homeless for extended periods of time and are faced with a situation or set of circumstances likely to cause the household to become homeless in the near future and (b) previously homeless persons who will be discharged from correctional, medical, mental health, or treatment centers who lack sufficient resources to pay for housing and do not have a permanent place to live. |
| Continuum of Care (CoC)                       | A local planning body that coordinates housing and services planning and funding for homeless families and individuals                                                                                                                                                                                                                                                                                                                                                                       |
| Contract Rent                                 | The total amount of rent listed on the Lease due monthly to the property owner.                                                                                                                                                                                                                                                                                                                                                                                                              |
| Coordinated Entry (CE)                        | A centralized or coordinated process for conducting a needs assessment and referrals to housing and services for people seeking housing assistance. A CE system is easily accessible in the geographic area of the CoC and includes a comprehensive and standardized assessment tool. The goal of CE is to match people to the most appropriate service(s) based on the person’s needs and to prioritize households with the highest need.                                                   |
| Exception Payment Standard                    | Rent paid for a unit under the HUD HCV Program that is higher than the LPS and that is established by a public housing authority by requesting a waiver from HUD.                                                                                                                                                                                                                                                                                                                            |
| Excess Utility Expense                        | The difference between 30% of the Gross Monthly Household Income and the Utility Allowance. A Local Program may choose to establish policies in alignment with HTF Rental Assistance Program criteria to cover this expense through HTF Rental Assistance Program funds.                                                                                                                                                                                                                     |
| Final Progress Report                         | An Administrator’s report, after close of the grant term, to Minnesota Housing that includes the outputs, outcomes, and Administrator feedback regarding their experience with the HTF Rental Assistance Program.                                                                                                                                                                                                                                                                            |

| <b>Term</b>                                      | <b>Definition</b>                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Assurance/Risk Mitigation Program Fees | Fees that help support property owner risk mitigation programs used to pay claims and reduce risk. Such programs may provide incentives to property owners to make it more likely that they will relax their screening criteria and rent to a Participant. The fee is paid by the Participant or an Administrator on behalf of the Participant. |
| Grant Contract Agreement                         | The agreement between Minnesota Housing and the Administrator that governs the Administrator's use of HTF Rental Assistance Program funds.                                                                                                                                                                                                      |
| Gross Annual Household Income                    | The total annual household income received by all household members aged 18 and older from all sources, and subject to exclusions as approved by Minnesota Housing board members and available to applicants. Refer to section 5.03 of the HTF Rental Assistance Program Guide for more information.                                            |
| Gross Monthly Household Income                   | The total household income received in a calendar month by all household members aged 18 and older from all sources, and subject to exclusions as approved by Minnesota Housing board members. Refer to section 5.03 of the HTF Rental Assistance Program Guide for more information.                                                           |
| Gross Rent                                       | The sum of the rent paid to the property owner for an eligible unit under the HTF Rental Assistance Program by the Administrator, the Participant, and any other source, plus the Utilities for which the Participant is Responsible.                                                                                                           |
| High Priority Homeless (HPH)                     | Households prioritized for Permanent Supportive Housing by the CE system.                                                                                                                                                                                                                                                                       |
| Homeless Management Information System (HMIS)    | A local web-based information technology system used to collect client-level data and data on the provision of housing and services to individuals and families experiencing or at risk of homelessness.                                                                                                                                        |
| HMIS Lead Agency                                 | The organization responsible for managing HMIS for the geographic area, in accordance with the requirements prescribed by HUD. The Institute for Community Alliance (ICA) is the designated HMIS Lead Agency for the state of Minnesota.                                                                                                        |
| Housing Choice Voucher Section 8 (HCV) Program   | Housing assistance programs created by and administered in accordance with Section 8 of the United States Housing Act of 1937, as amended.                                                                                                                                                                                                      |
| 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 Voucher Certificate of Participation     | A document that certifies Participant eligibility for the HTF Rental Assistance Program and outlines the criteria for an eligible Assisted Unit.                                                                                                                                                                                                |
| Housing Related Expenses                         | Expenses such as security deposits, application fees, utility connection fees, damage claims, vacancy payments, and other fees, as approved in writing by Minnesota Housing, that are necessary to obtain property owner participation or to prevent repeat episodes of homelessness.                                                           |
| HTF Rental Assistance Program                    | Minnesota Housing's Housing Trust Fund Rental Assistance Program.                                                                                                                                                                                                                                                                               |

| Term                                                                       | Definition                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HUD                                                                        | The U.S. Department of Housing and Urban Development.                                                                                                                                                                                                                                                                                                                                                                                |
| Lease                                                                      | A written agreement between a property owner and a Participant for the Lease of a particular housing unit.                                                                                                                                                                                                                                                                                                                           |
| Lease Addendum                                                             | A Rental Subsidy Contract with the owner and the Administrator.                                                                                                                                                                                                                                                                                                                                                                      |
| Local Payment Standard (LPS)                                               | The maximum monthly rent paid for a unit under the HUD HCV Program. Public housing authorities establish LPS amounts by unit size between 90% and 110% of the <a href="#">FMRs</a> published annually by HUD.                                                                                                                                                                                                                        |
| Local Program                                                              | The Rental Assistance program established by each Administrator for its Service Area and approved by Minnesota Housing.                                                                                                                                                                                                                                                                                                              |
| Long-Term Homeless (LTH)                                                   | 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. This definition does not require that the person have a disabling condition.                                             |
| Memorandum of Understanding (MOU)                                          | An agreement that is used when multiple entities partner to deliver the essential components of supportive housing. The MOU promotes a mutual understanding between the property owner, management agent, and Partnering Service Provider and outlines roles and responsibilities, scope of services, and the purpose of the development. An MOU is required between entities if the Administrator is not also the service provider. |
| Minnesota Housing                                                          | The Minnesota Housing Finance Agency.                                                                                                                                                                                                                                                                                                                                                                                                |
| National Standards for the Physical Inspection of Real Estate (HQS/NSPIRE) | Protocol adopted by HUD and set forth in 24 C.F.R. 982.401. The HTF Rental Assistance Program requires eligible units to pass HQS/NSPIRE inspection or local housing maintenance code inspection, as applicable.                                                                                                                                                                                                                     |
| Participant                                                                | An eligible person who is participating in the HTF Rental Assistance Program                                                                                                                                                                                                                                                                                                                                                         |
| Participant Rent                                                           | A portion of the rent payable by the Participant to the property owner (30% of Gross Monthly Household Income unless the Minnesota Housing Request for Payment Standard Waiver Form is completed).                                                                                                                                                                                                                                   |
| Partnering Service Provider                                                | The organization partnering with the Administrator to ensure supportive services are available to participating households as described in the Administrator's Program Summary.                                                                                                                                                                                                                                                      |
| Permanent Supportive Housing                                               | Permanent rental housing affordable to the population served where supportive services are available to Participants. Permanent Supportive Housing 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                                                              | The Program Guide for the HTF Rental Assistance Program.                                                                                                                                                                                                                                                                                                                                                                             |
| Program Summary                                                            | A summary of the Local Program included as an exhibit in the Tenant-Based or Sponsor-Based Rental Assistance Grant Contract Agreement.                                                                                                                                                                                                                                                                                               |

| Term                                               | Definition                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project-Based Rental Assistance                    | Rental Assistance provided for a household that resides in a specific housing development owned by the Administrator of the Project-Based Rental Assistance. Minnesota Housing is not currently funding Project-Based Rental Assistance through the HTF Rental Assistance Program.                                                           |
| Release of Information (ROI)                       | An Administrator-created form signed by the Participant to allow sharing of the Participant's personal information.                                                                                                                                                                                                                          |
| Rental Assistance                                  | A portion of the Gross Rent paid to a property owner on behalf of a Participant by Minnesota Housing under the HTF Rental Assistance Program.                                                                                                                                                                                                |
| Rental Subsidy Contract                            | A contract for Tenant- or Sponsor-Based Rental Assistance between a rental property owner or managing agent and the grant Administrator in which the Administrator states it will make monthly rental subsidy payments to the owner on behalf of the identified tenant(s). The contract names the tenant(s) and location named in the Lease. |
| Request for Lease Approval                         | A request from the eligible Participant and the owner or manager of a proposed Assisted Unit to the Administrator to review the request in order to determine if a property is eligible to participate in the Housing Trust Fund Rental Assistance Program.                                                                                  |
| Service Area                                       | The geographic area in which an Administrator will operate its HTF Rental Assistance Program.                                                                                                                                                                                                                                                |
| Shared Housing                                     | Defined by <a href="#">HUD Notice PIH 2021-05</a> as a single housing unit occupied by an assisted family and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family. The unit may be a house or an apartment.                |
| Sponsor-Based Rental Assistance                    | Rental Assistance provided for an individual household through a sponsor organization that owns or leases rental housing units in various or single site location(s) or that has contracts with property owners to make the rental housing units available to eligible households.                                                           |
| Subgrantee                                         | Other Administrators, qualified nonprofits, or Tribal Nations that administer the HTF Rental Assistance Program and serve Participants in the region.                                                                                                                                                                                        |
| Tenant-Based Rental Assistance                     | Rental Assistance provided for an individual household that chooses its own rental housing unit from a property owner willing to participate in the HTF Rental Assistance Program.                                                                                                                                                           |
| Utilities for which the Participant is Responsible | One or more of the following utilities, as specifically provided for in the Lease between the property owner and a Participant: water, sewer, gas, and/or electric.                                                                                                                                                                          |
| Utility Allowance                                  | Utility costs for the area (and in the case of partial utilities, computed cost for utilities excluded from the rent), computed by using the Utility Allowance schedule provided by the Administrator in accordance with <a href="#">HUD-52667</a> .                                                                                         |

## **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](mailto:MHFA.ReportWrongdoing@state.mn.us);
- Any member Minnesota Housing's [Servant Leadership Team](#), as denoted on Minnesota Housing's current organizational chart (go to mnhousing.gov, 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](mailto:mhfa.prevailingwage@state.mn.us).

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

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

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