

Innovative Construction Techniques Pre-Application Requirements

Instructions: This Innovative Construction Techniques (ICT) Pre-Application is applicable for the 2023 and 2024 Consolidated Request for Proposals (RFP) and 2024 and 2025 Housing Tax Credits (HTC) funding rounds. Submit all required items, as outlined below, through Minnesota Housing's online Customer Portal. Refer to the Pre-Application Submission Deadline and Instructions section for more information.

Eligibility for the ICT Preference

To be eligible for the preference, a proposed project pre-application and final application submittal must meet all six of the following conditions:

1. The proposed technique will achieve one or both of the listed goals, or it will pilot a technique that has the potential to achieve the goal(s) in the future after it is tested, and implementation issues have been worked out.

Goals:

- a. Reduce total construction costs by at least 10%
- AND/OR
- b. Reduce the time a project is under construction by at least 20%
2. The proposed technique is one that Minnesota Housing typically does not see in projects the Agency funds. For example, conventional wood frame construction with panelized walls is a construction technique often used in Minnesota and is not an alternative way to frame this condition. The proposed technique needs to be new and innovative.
 3. The proposed technique is feasible, can be replicated in future projects, and has the potential to be brought to scale and used to meet different housing needs and in different settings. The technique has wide applicability.
 4. The development team is required to write and publicly release a report after the project has been completed, outlining lessons learned, such as: What worked well with the technique? What did not work well? What challenges and barriers did the development team run into, and how did it overcome them? How can future projects more effectively implement and use the construction technique, outlining promising practices and lessons learned?
 5. The use of the proposed technique is appropriate for the project and will not hinder its ability to provide quality housing on a timely basis, will last a long time and will meet the needs of tenants. The technique makes sense for this development.

6. The project complies with Minnesota Housing’s design standards and guidance. Minnesota Housing may grant waivers if they will allow particularly promising techniques to be tested, and the waivers will not substantially impact the quality and durability of the housing.

Other Preference Eligibility Information

- Meeting all six conditions does not automatically grant a project the preference. It only makes the project eligible to be one of the projects that may receive the preference.
- Eligibility determination for this preference will be made at Minnesota Housing’s sole discretion and is binding.
- ICT does not include items such as strategies for reducing acquisition and soft costs, donated land, fee waivers, tiny homes, micro units, or higher density housing.
- Additional information must be provided to Minnesota Housing, at Minnesota Housing’s request, as needed for clarification.

Pre-Application Submission Deadline and Instructions

Interested applicants must meet the pre-application deadline listed in the Multifamily Application Instructions: Consolidated RFP and HTC Rounds 1 and 2, which can be found in Minnesota Housing’s Customer Portal. Minnesota Housing will review pre-applications and inform applicants whether their proposed ICT is approved for the ICT preference prior to the full application deadline.

Please submit the following required items with the ICT pre-application.

1. A written narrative (PDF document) that contains the following:
 - a. Name of the project and developer.
 - b. A half page description of the project, including type of activity (new construction, rehabilitation, adaptive-reuse), location (street address), type of building (walk-up, elevator, townhome, etc.), number of units by bedroom size, number of stories, population to be served (supportive housing, workforce, seniors, etc.), and key amenities.
 - c. A description of the ICT and explanation (no more than five pages) of how the project using the technique will meet each of the six conditions listed previously. With respect to the fourth condition (a report sharing lessons learned), the summary must outline the type and nature of the information that the applicant will provide if the project is funded. The goal of this preference is to advance the residential construction industry. The more information that will be shared with the overall industry, the stronger the application.
 - d. A list of potential partners who have the capacity and capability to effectively use the ICT for this project – for example, manufacturers of modular housing, architects, contractors, etc. The list should include a brief (one paragraph) description of the experience, capacity, and capability of each potential partner in using the technique.

- e. A list of Minnesota Housing's requirements, standards, and policies with which the project using the ICT may conflict. The list should include those items for which the project would likely seek a waiver.
2. Documentation of the potential cost and time savings that compares the total construction costs and construction schedule for this project using the ICT versus traditional techniques.
 - The clearest way to document the construction cost savings at pre-application is to provide two sets of cost estimates – one using the innovative technique and the other using traditional techniques. Alternatively, the applicant can submit one cost estimate that also provides an alternate price if the innovative technique were used. Cost estimates must be from a general contractor or architect with no identity of interest with the developer/ owner/borrower. The construction cost estimate must be in an industry standard Construction Specifiers Institute (CSI) format with itemized divisions plus separate itemized general conditions, overhead, and profit. Do not include construction/design contingency or cost escalators in the construction cost estimate.
 - To document time savings at application, the applicant should submit two project schedules – one with and one without the innovative technique.
 - The applicant is not required to show or achieve the cost and time savings goals with this project, but research must show the potential to attain those goals (refer to application item #3 below). If the cost/time documentation does not document that this project is likely to achieve the cost and/or time saving goals, the applicant must explain how the project will increase the knowledge and expertise to achieve the savings in future projects. This knowledge and expertise must be shared in the lessons-learned report.
 3. One or two studies that document research showing the proposed technique has the realistic potential to achieve the cost and/or time saving goals and can be used broadly in multifamily residential construction. The more rigorous and reputable the research (preferably by objective, independent experts who are experienced with the proposed technique and are familiar with the multifamily construction industry), the stronger the application.