



# Compliance and Monitoring General Information Tutorial for Minnesota Housing's Deferred Loans

August 2023

# Topics

This tutorial will cover basic information for Minnesota Housing's deferred loans:

- [General Information](#) (slides 3-8; app. 8 minutes)
- [Rent and Income Limits; Utility Allowances; Other Occupancy Requirements](#) (slides 9-14; app. 8 minutes)
- [Affirmative Fair Housing Marketing Plans; Supportive Housing; Tenant Selection Plans](#) (slide 15; app. 3 minutes)
- [Affordability Period](#) (aka the Compliance Period) (slide 16; app. 1 minute)
- [Certifying Tenant Eligibility](#) (slides 17-26; app. 12 minutes)
- [Compliance and Monitoring Requirements](#) (slides 27-34; app. 11 minutes)

# Topics Not Covered

- This tutorial does not cover:
  - Housing tax credits or bond compliance
  - Section 8 or other rental assistance
  - HOME or National Housing Trust Fund
  - Workforce Housing Development Program
  - Deferred loan program regulations, individual loan requirements, or supportive housing
  - Financial oversight or asset management for Minnesota Housing amortizing loans
  - Loan repayment

# Deferred Loan Programs

- Economic Development Housing Challenge Program (EDHC or Challenge)
- Publicly Owned Housing Program (POHP)
- Rental Rehabilitation Deferred Loan Program (RRDL)
- Preservation Affordable Rental Investment Program (PARIF)
- Housing Infrastructure Bonds Program (HIB)

# Deferred Programs: Funding No Longer Available

- Affordable Rental Investment Fund (ARIF)
- Housing Trust Fund (HTF)
- Special Needs Program (SN)
- Ending Long-Term Homelessness Initiative Fund (ELHIF)
- Urban Indian Housing Program (UIHP)
- Tribal Indian Housing Program (TIHP)
- Innovative and Inclusionary Program (IIH)
- Publicly Owned Neighborhood Land Trust (PONLT)
- Publicly Owned Permanent Rental (POPR)
- Publicly Owned Permanent Supportive Housing Program (POPSHP)
- Minnesota Affordable Rental Investment Fund (MARIF)

# Asset Management and Contract Administration

Asset Management is part of Minnesota Housing's Multifamily division and includes the following teams:

- Compliance – Compliance Officer
- Asset Management – Asset Manager
- Performance Based Contract Administration (PBCA)
  - PBCA Housing Management Officer (PBCA HMO)
  - Housing Assistance Payments (HAP) Officer
  - Tenant Rental Assistance Certification System (TRACS) Data Analyst

# What is a Minnesota Housing Deferred Loan?

- Non-amortizing
- May be zero percent interest rate or low interest rate
- Loan maturity in twenty years, thirty years, or more
- Payment may be forgiven at maturity if no event of default, or
- Entire loan or balloon repaid upon maturity
  - Cash flow provisions
  - Fixed, periodic payments

# Compliance Webpage

- <https://mnhousing.gov/rental-housing/property-managers.html>
- Links to program and compliance guides
- Occupancy forms
- Uniform Physical Conditions Standards (UPCS)
- Other resources
- Sign up for the compliance eNews

## Oversight and Support for Property Managers

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Property managers can find forms and resources needed for compliance and reporting including

### Property Management

- [Relevant documents, forms and resources for Property Management](#)

### Inspections and Monitoring

- [Information on monitoring and inspections](#)

### Project Based Section 8 and 811 PRA Contracts

- [Details for Project Based Section 8 and 811 PRA Contracts](#)

### Reporting

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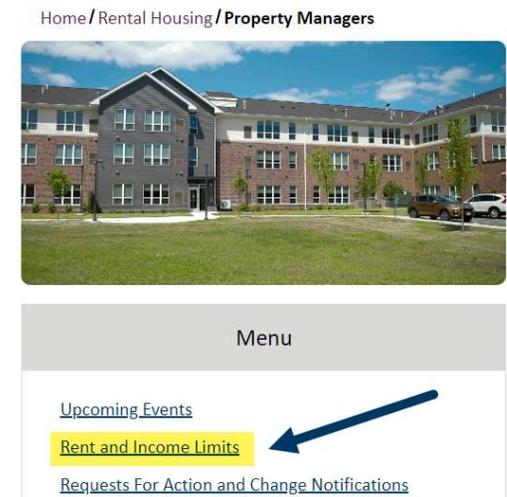
# Rent and Income Limits

- <https://mnhousing.gov/rental-housing/post-selection/rent--income-limits.html>

**OR**

Access via the Menu found on the left side of the [Property Managers](#) page

- Updated annually
- Declaration of Land Use Restrictive Covenants – restrictions based on the owner’s application and selection criteria
- Some rent and income limits are held harmless from decreases



# Rent Limits

- Most are based on income limits published by HUD
- Allowance for tenant-paid utilities
- Rent limit formula assumes 1.5 people per bedroom paying no more than 30% of the applicable income limit toward their housing cost

# Income Limits

- A percentage of:
  - AMI (Area Median Income)
  - SMI (Statewide Median Income)
  - Metro median (Minneapolis/St. Paul MSA)
  - MTSP (Multifamily Tax Subsidy Project)
- Adjusted for family size, not adjusted for family size, adjusted for families of five (5) or more

# Utility Allowance

- Tenant-paid utilities
- PHA/HRA utility allowance (UA) for the local Section 8 Housing Choice Voucher program
- Must be updated annually
- 90 days to implement new UA
- Will be reviewed as part of Minnesota Housing's periodic inspection

# PHA Utility Allowance

## Utility Allowances

Effective: 10/1/2019

Apartment & Multi-Unit Properties	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Cooking - Electric	5	7	10	13	16	18
Cooking - Gas	3	4	5	6	7	8
Heating - Electric	27	32	43	55	67	79
Heating - Gas	30	34	38	43	47	51
Heating - Oil	64	75	88	101	114	128
Other Electric - Lights	34	37	47	57	67	77
Range (if you supplied your own)	4	4	4	4	4	4
Refrigerator (if you supplied your own)	4	4	4	4	4	4
Sewer	14	19	25	30	38	44
Trash Collection	24	24	27	28	28	28
Water	10	14	19	23	29	33
Water Heating - Electricity	19	22	28	35	41	47
Water Heating - Gas	7	8	11	14	17	21

# Other Occupancy Requirements

- Behavioral health needs
- Families with children
- Seniors 55+
- Long-Term Homeless (LTH) or High Priority Homeless (HPH)
- People with Disabilities (PWD)
- Smoke free policy and lease
- Renewal of rental assistance contract

# Affirmative Fair Housing Marketing Plan, Supportive Housing, and Tenant Selection Plans

<https://mnhousing.gov/fair-housing.html>

- Affirmative Fair Housing Marketing Plan (AFHMP)

<https://www.mnhousing.gov/rental-housing/supportive-housing.html>

- Supportive Housing Information and Resources
- Occupancy Guidance
- Tenant Selection Plan Guidelines
- Homelessness Management and Information System (HMIS)

# Affordability Period (aka Compliance Period)

- Begins at loan closing
- Minimum affordability period
- Most end at maturity date
- Check legal documents carefully

# Certifying Tenant Eligibility

- Begin the tenant certification process prior to closing – after issuance of the selection letter or after a pipeline application is submitted to Minnesota Housing
- Self-certification of gross annual household income of all members and household size
- Resident refusal and over income households
- Vacant or newly built units – certify household income prior to approval for occupancy

# Exceptions

- Certain households may remain qualified where there is an existing Minnesota Housing loan or housing tax credits
- New income restrictions must be the same or less restrictive than existing restrictions

**NOTE:** Exceptions do not apply to units subject to a Bond Compliance Agreement

# Deemed To Comply

- Federal or state
  - Tenant-based rental assistance
  - Project-based rental assistance
  - Housing Support from DHS

If any of the units are occupied by households benefiting from project-based or tenant-based rental assistance such as Section 8 or a similar state or local government rental assistance program or a Housing Support Agreement, such units are deemed to satisfy the income restrictions and rent restrictions.

**NOTE:** This does not apply to loan programs funded via General Obligation (GO) bonds such as POHP.

# Certification and Occupancy Forms

- Minnesota Government Data Practices Act Disclosure Statement
- Initial Occupancy Statement by Tenant
- Head of Household Demographic Information
- Long-Term Homeless, High Priority Homeless, People with Disabilities
- Retain in tenant files and supply to Minnesota Housing upon request

# Data Practices Act Disclosure Statement



## Government Data Practices Act Disclosure Statement

<b>Instructions:</b> Print the names of each household member signing this form.	

Minnesota Housing Finance Agency ("Minnesota Housing") is asking you to supply information that relates to your application to occupy, or continue to occupy, a unit in the following property ("Property"):

Some of the information you are being asked to provide to Minnesota Housing may be considered private or confidential under the Federal Privacy Act of 1974 and the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13. Section 13.04(2) of that law requires that you be notified of the matters included in this Disclosure Statement before you are asked to provide that information to Minnesota Housing. The owner of the Property ("Owner") may also ask you to supply information that relates to your application. The Owner's request for information is not governed by the Minnesota Government Data Practices Act.

1. Minnesota Housing is asking for information that is necessary for the administration and management of a State or Federal program to provide housing for low- and moderate-income families. Some information may be used to establish your eligibility to initially occupy, or continue to occupy, a unit in the Property and/or to receive either State or Federal rental assistance. Some information may be used to assist Minnesota Housing and its contractors for research purposes and the evaluation and management of some of the programs it operates.
2. As part of your application, you are asked to supply the information contained in each of the following attachments that are checked with an "X" (all checked boxes apply):
  - Attachment 1: For Units Assisted with Section 8, Section 236, Section 202, or Section 811
  - Attachment 2: For Units Assisted with Housing Tax Credits, Section 1602, Bond Funded NCTC or Bond Funded LMIR First Mortgages, MARIF, HOWPA, HOME, or NHTF.
  - Attachment 3: For Units Assisted with Deferred Loan Programs (other than MARIF, HOPWA, HOME, or NHTF), Non-bond Funded NCTC or LMIR First Mortgages, or Apartment Renovation Mortgages

# Initial Occupancy Statement by Tenant

## INITIAL OCCUPANCY STATEMENT BY TENANT

Property Name:

MHFA D#:

**Part I - Applicant/Tenant Income Certification** (to be completed, signed, and dated by the Head of Household)

You have applied for or currently reside in a rental housing unit located in a property that received or will receive financing from Minnesota Housing Finance Agency (Minnesota Housing). This financing requires us to rent our units to households with annual incomes that do not exceed certain income limits at initial occupancy. If you receive state or federal rental assistance you may be deemed to meet the income restriction. Please complete the following information to determine your income eligibility. This information will be held in strict confidence by us and by Minnesota Housing. Increases in your income later will not affect your occupancy; income eligibility needs to be met only once.

First and last name of head of household:   
Number of persons who will live in the unit:   
Total Gross Annual Household Income of all household members: \$

I certify the above information is true and correct, to the best of my knowledge.

\_\_\_\_\_  
Signature of Head of Household        
\_\_\_\_\_  
Printed Name        
\_\_\_\_\_  
Date

# Initial Occupancy Statement by Tenant

## Part II – Unit and Rent Information (to be completed by owner/property representative)

Unit #  Number of Bedrooms:  Move-in date:

- Household does/will not receive project-based or tenant-based federal or state rental assistance or Housing Support (formerly Group Residential Housing); or
- Household receives/will receive project-based or tenant-based federal or state rental assistance or Housing Support. Enter the name of the rental assistance program:

Date rental assistance begins/began:

- |  |                         |
|--|-------------------------|
| 1. Amount of monthly rent tenant is responsible to pay                   | \$ <input type="text"/> |
| 2. Amount of monthly utility allowance for tenant-paid utilities:        | \$ <input type="text"/> |
| 3. Amount of monthly charges (in addition to rent) that are not optional | \$ <input type="text"/> |
| 4. Amount of monthly rental assistance                                   | \$ <input type="text"/> |
| Total Rent (add 1 through 4, above, and enter total):                    | \$ <input type="text"/> |

# Initial Occupancy Statement by Tenant

## Part III – Owner/Property Representative Certification

I certify that this household is eligible to occupy a  Enter the name of the Minnesota Housing loan program(s) you are certifying this household is qualified for program-assisted unit in accordance with the Minnesota Housing loan documents that financed this property.

\_\_\_\_\_  
Signature of Owner/Property Representative        
\_\_\_\_\_  
Printed Name        
\_\_\_\_\_  
Date

*Retain completed form in tenant file. Completed forms must be made available to Minnesota Housing upon request.*

# Head of Household Demographic Information



## Head of Household Demographic Information

**Instructions:** This form is to be completed by the head of household only after occupancy has been approved. Your approval for occupancy will not be affected if you choose not to respond. The owner will submit this information to Minnesota Housing for assessment of households being served by its financing programs. Your cooperation is much appreciated.

Housing Information (this section to be completed by owner/agent)	
Property Name	<input type="text"/>
Minnesota Housing D#	<input type="text"/>
Building Address	<input type="text"/>
Unit #	<input type="text"/>
Head of Household Information	
Name	<input type="text"/>
Date of birth (month/day/year)	<input type="text"/>
Ethnicity	<input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino <input type="checkbox"/> I choose not to respond
Gender	<input type="checkbox"/> Female <input type="checkbox"/> Male <input type="checkbox"/> I choose not to respond
Race (check all that apply)	<input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Native Hawaiian/Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> White <input type="checkbox"/> Black/African American <input type="checkbox"/> I choose not to respond
Number of household members	<input type="text"/> Adults (including head of household) <input type="text"/> Children under age 18 residing in unit
Is any household member mobility impaired requiring features of an accessible unit?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I choose not to respond
Is any household member a person with a disability other than mobility impairment?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I choose not to respond
Main source of household income (check only one)	<input type="checkbox"/> Salary/wages <input type="checkbox"/> Interest/dividends/rental income <input type="checkbox"/> Self-employment <input type="checkbox"/> Unemployment/disability <input type="checkbox"/> Social Security <input type="checkbox"/> Public assistance <input type="checkbox"/> Retirement /pension/annuity <input type="checkbox"/> No income <input type="checkbox"/> Alimony/child support

# Other Occupancy Requirements

- Units set aside and rented to Long-Term Homeless (LTH) or High Priority Homeless (HPH)
  - Find verification forms, reporting requirements and other information at: <https://www.mnhousing.gov/rental-housing/supportive-housing.html>
- Units set aside and rented to People with Disabilities
  - Self-Certification of Eligibility for Persons with Disabilities (PWD) Unit

# Compliance and Monitoring Requirements

- [Borrower/Owner Certification of Tenant Eligibility](#)
- Submit 120 days prior to anticipated closing date
- Submit with a relocation plan, budget, and a timeline for any units not in compliance
- Do not submit individual tenant certification documents
  - Retain with tenant files
  - Must be made available to Minnesota Housing upon request

# Continued Household Eligibility

- Eligibility established at initial occupancy/certification
- Once determined eligible and occupying a program-assisted unit, a household will not be disqualified even if:
  - Increase in gross annual household income
  - Loss of rental assistance or Housing Support
- MARIF has recertification requirements – refer to [MARIF FAQs](#)
- Non-qualified households may become eligible if circumstances change

# After Closing – Compliance Reporting

- Property Online Reporting Tool (PORT)
- February 15 or next business day
- Annual owner certification (AOC)
- Occupancy reporting for all units
- Annual supportive housing survey

# Annual Operating Data

- In accordance with the property's loan documents, owners of properties financed with Minnesota Housing's deferred loans must continue to maintain annual operating data as part of the property's books and records and must make it available to Minnesota Housing upon request.
- Minnesota Housing no longer requires owners to submit annual operating data in PORT.

# Inspections

- First inspection will be one year after loan closing
- Frequency depends on funding sources and loan amounts
  - Aggregate loans \$500,000 and over – every three years
  - Aggregate loans under \$500,000 – every five years
  - According to federal program requirements
- Inspections coordinated to avoid duplication
  - Minnesota Housing Asset Manager
  - REAC
  - USDA Rural Development
  - Other government inspections

# Inspection Overview

- Review administrative records, including:
  - Compliance Information and Administrative Records Review form
  - Utility allowance and source documentation
  - Affirmative fair housing marketing plan
  - Tenant selection plan and marketing materials
  - Boiler, fire, and elevator certificates
- Review LTH/HPH performance
- Physical inspection
  - National Standards for the Physical Inspection of Real Estate (NSPIRE)

# Noncompliance

1. First notice:
  - Notice of Noncompliance
2. Second notice:
  - 10-day Reminder
3. Third notice:
  - Failure to Comply

# Changes to Contacts, Property, Financing or Ownership

- Property Name or Owner/Manager Contact Information Change
- Request for Action:
  - Refinancing or new debt
  - Granting an easement, conveying or selling any portion of the mortgaged property
  - Property sale or transfer of ownership interest
  - Change in use, number of assisted units, or targeted population
  - Alterations to the property
  - Management company or service provider change

# Thank you!

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