



Architect's Guide

April 2023-2024

*(Applicable for the 2023 and 2024 Multifamily Consolidated
Request for Proposals (RFP)/2024 and 2025 Housing Tax Credits
Funding Rounds)*



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

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

Table of Contents

Chapter 1 – Overview	5
1.01 Purpose	5
1.02 Development Process	5
Chapter 2 – Architecture and Engineering Services	6
2.01 Purpose	6
2.02 Requirements	6
2.03 Identity of Interest	7
2.04 Design/Build Mechanical, Electrical, and Plumbing (MEP)	7
Chapter 3 – Architecture Compensation	9
3.01 Purpose	9
3.02 Compensation Requirements	9
3.03 Compensation Guide	11
Table 3.03a: Building Class	11
Table 3.03b: Total A&E Percentage Rate Compensation Schedule	13
3.04 Compensation Guide Adjustments	13
Chapter 4 – Owner-Architect Agreement and Insurance Requirements	15
4.01 Purpose	15
4.02 Agreement Requirements	15
4.03 Insurance Requirements	16
Chapter 5 – Formal Application	17
5.01 Purpose	17
5.02 Architect’s Role with Application Required Submittals	17
5.03 Selection for Processing	18
Chapter 6 – Project Launch	19
6.01 Purpose	19
6.02 Topics of Discussion	19
6.03 Architect’s Role	20
6.03 Post-selection Schematic Design Review	20
Chapter 7 – Pre-Construction Due Diligence	22
7.01 Purpose	22
7.02 Architect’s Role	22
7.03 Submittal Requirements	22
7.04 Other Information and Requirements	24
7.05 State Prevailing Wage	25
7.06 Dual Wage Decision	25
Chapter 8 – End Loan Commitment and Construction Loan Closing	27
8.01 Purpose	27
8.02 Due Diligence Submittals	27

8.02 *End Loan Commitment* 27

8.04 *Construction Loan Closing*..... 27

8.05 *Architect’s Role Leading up to*..... 28

8.06 *Architect’s Role at Loan Commitment or Construction Loan Closing*..... 29

Chapter 9 – Construction Administration30

9.01 *Purpose*..... 30

9.02 *Requirements and Process*..... 30

9.03 *Architect’s Role*..... 30

Chapter 10 – Post-Construction Due Diligence33

10.01 *Purpose*..... 33

10.02 *Architect’s Role*..... 33

Chapter 11 – Warranty Period35

11.01 *Purpose*..... 35

11.02 *Requirements*..... 35

11.03 *Architect’s Role*..... 35

Chapter 12 – Fair Housing Policy.....36

Chapter 13 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting38

13.01 *Fraud*..... 38

13.02 *Misuse of Funds*..... 38

13.03 *Conflict of Interest*..... 38

13.04 *Suspension* 39

13.05 *Disclosure and Reporting*..... 39

Appendix A – Abbreviations, Acronyms, Terms and Definitions41

NOTE: Many of the Minnesota Housing forms referenced in this document are in the list of [Post-Selection Materials & Forms](#) and in the [Building Standards](#) can be found on [Minnesota Housing's website](#).

Chapter 1 – Overview

1.01 Purpose

The purpose of this Architect’s Guide is to outline requirements for architecture and engineering throughout Minnesota Housing’s development process.

1.02 Development Process

- A. The Minnesota Housing development process generally follows Part 3 (Project Delivery) and Part 4 (Contracts and Agreements) of the American Institute of Architects (AIA) *Architect’s Handbook of Professional Practice (most current version)*. The development process consists of the following:
 - 1. Formal Application
 - 2. Project Launch
 - 3. Pre-Construction Due Diligence
 - 4. End Loan Commitment or Construction Loan Closing
 - 5. Construction Administration
 - 6. Post-Construction Due Diligence
 - 7. Warranty Period

- B. The development process may vary based on whether Minnesota Housing’s funding sources are being used for a construction loan or an end loan and if Minnesota Housing is the coordinating lender.

Chapter 2 – Architecture and Engineering Services

2.01 Purpose

The purpose of this architecture and engineering services chapter is to capture and convey the expectations, relationships, responsibilities, and rules that tie together all parties when designing and constructing a multifamily rental project funded by Minnesota Housing.

2.02 Requirements

- A. Unless modified by Minnesota Housing, based upon funding source or size of project, architectural services are required for schematic/concept design (application), design development, construction/contract documents (CDs), bidding and negotiation assistance, construction administration, construction close-out, and warranty period services.
- B. Owners must hire an Architect and/or professional engineer to provide professional services if any of the following conditions apply:
 1. Required by Minnesota state statutes
 2. New construction
 3. Rehabilitation where the scope of work involves any of the following, unless otherwise waived by Minnesota Housing:
 - a) Changes to load-bearing walls
 - b) Conversions (change of use/occupancy)
 - c) Reconfigurations
 - d) Adaptive reuse of vacant buildings
 - e) Siding replacement (>7 dwelling units)
 - f) Roof replacement (>10,000 sq. ft. of roofing area)
 - g) Determined necessary by Minnesota Housing
- C. If architecture services are required, they must include basic services as listed above. If additional design consultants (civil, structural, mechanical, electrical or, where appropriate, a landscape architect) are needed to perform architecture services to complete the project, these consultants must act as sub-consultants to the Architect. The Architect must be responsible to the developer for all their professional services.
- D. All professional services listed above must be performed by professionals licensed in Minnesota in their respective fields and engaged in the development unless rehabilitation is limited to simply replacing worn components/equipment with similar new components/equipment.

- E. If an Architect and/or professional engineer is not required per Section 2.02B listed above, the services of a Qualified Rehab Specialist may be required to perform the duties noted in this Architect’s Guide.

2.03 Identity of Interest

- A. When there is an identity of interest between Owner and Architect and/or Contractor and Architect, Minnesota Housing will require the Owner to commission a third-party architect licensed in Minnesota (or qualified representative of an architectural firm approved by Minnesota Housing) to observe construction administration. The third-party architect must attend regular draw meetings, review change orders (not sign) for cost reasonableness, attend all punch list inspections, and make sure all deficiencies are noted on the punch list.
- B. When there is an identity of interest between the Architect and Owner or Architect and Contractor, the Architect must indicate as such on a current Minnesota Housing *Qualifications of Architect* form.
- C. An identity of interest exists when:
 1. There is any financial interest of the Architect in the Owner/developer/borrower or Contractor.
 2. There is any financial interest of the Owner/developer/borrower or Contractor in the Architect.
 3. Any officer, director, stockholder, or partner of the Architect is also an officer, director, stockholder or partner of the Owner/developer/borrower or Contractor.
 4. Any officer, director, stockholder, or partner of the Architect has any financial interest in the Owner/developer/borrower or Contractor.
 5. Any officer, director, stockholder, or partner of the Owner/developer/borrower or Contractor has any financial interest in the Architect.
 6. The Architect advances any funds to the Owner/developer/borrower or Contractor.
 7. The Architect takes stock or any interest in the Owner/developer/borrower or Contractor entity as consideration of payment.
 8. Any relationship (for example, family) exists that would give the Architect, Owner/developer/borrower or Contractor control or influence over the price of the contract or the price paid to the subcontractor, material supplier or lessor of equipment.

2.04 Design/Build Mechanical, Electrical, and Plumbing (MEP)

- A. All Design/Build MEP design services must be by a professional engineer licensed in Minnesota and included in the Architect’s scope of work and Owner-Architect Agreement.
- B. If pre-approved by Minnesota Housing, Design/Build MEP may be used if the following requirements are met:
 - 1. The applicable subcontractor providing the design for their scope of work is by a master electrician, master plumber, professional engineer licensed in Minnesota, or other entity allowed to do so per state statute.
 - 2. At least two bids are received for all Design/Build MEP sub-bids.
 - 3. A professional engineer licensed in Minnesota, under the Architect’s basic scope of work, provides outline performance specifications for the entire Design/Build MEP work scope. This outline performance specifications must:
 - a) Show compliance with our Building Standards including (but not limited to) sustainability.
 - b) Be included in the final 100% approved construction documents
 - 4. The professional engineer licensed in Minnesota cannot be affiliated with or have an identity of interest with the Contractor, any subcontractor, or any materials/equipment suppliers.
 - 5. Minnesota Housing’s staff architect receives (upon request) shop drawings, product cut sheets, or other information as necessary during construction to confirm compliance with Minnesota Housing’s Building Standards.
- C. Although not required, if Design/Build MEP is used, a peer review of the Mechanical Subcontractor, Electrical Subcontractor, & Plumbing Subcontractor’s scope of work is recommended by the professional engineer licensed in Minnesota who provided the outline performance specifications. This may include review of subcontractor bid proposals, review of subcontract systems design, and review of applicable shop drawings or submittals.
- D. Approval to use MEP Design/Build is at the sole discretion of Minnesota Housing and is based on the experience of the development team.

Chapter 3 – Architecture Compensation

3.01 Purpose

- A. Minnesota Housing must determine if the proposed A&E compensation is reasonable for the proposed scope of work and is reasonably comparable to similar types of developments. Therefore, the purpose of this chapter is to outline requirements leading up to Minnesota Housing’s approval of the Owner-Architect Agreement.
- B. Minnesota Housing recognizes the importance of design professionals receiving reasonable compensation for their trained services. It is also recognized that projects vary in size, scope, site, characteristics, and complexity. To help determine whether proposed A&E compensation is reasonable for a given project type and scope, the Total A&E Percentage Rate Compensation Schedule (Table 3.03b) in this chapter is to be used as a metric for the Owner and the Architect to negotiate compensation while drafting the Owner-Architect Agreement.

3.02 Compensation Requirements

- A. A&E compensation and reimbursable expenses must not be finalized, and the Owner-Architect Agreement must not be executed, until Minnesota Housing has determined that the proposed professional services and associated compensation are reasonable.
- B. The A&E compensation (except reimbursables) must be a stipulated sum (fixed fee) in accordance as follows:
 - 1. The total A&E compensation calculation includes all phases, all Architect services, and all consultants such as design architect, civil engineering, landscape architect, structural engineering, mechanical/plumbing engineering, and electrical engineering.
 - 2. If Design/Build for the Mechanical, Electrical, and Plumbing (MEP) is allowed by Minnesota Housing, the cost for an outline performance specification and any peer review by the professional engineer licensed in Minnesota must be included in the A&E compensation and Owner-Architect Agreement.
- C. Changes to the A&E compensation and reimbursable expenses are not allowed without prior written approval from Minnesota Housing as follows:
 - 1. Additional compensation to an executed Owner-Architect Agreement may only be considered if the Architect’s scope of work changes due to extra services, extra time, extra sub-consultant fees, or other approved additional costs. If approved, additional compensation must be included via an amendment to the agreement. The amendment must include a detailed breakdown of the additional costs such as quantity of hours, hourly rates, consultant fees, description of additional work, etc.

2. Additional compensation is not allowed due solely to construction cost escalation or inflation.
- D. A&E basic services compensation must be broken down into two phases:
1. Design Phase as follows:
 - a) Must be no more than 75% of the total A&E compensation, excluding reimbursable expenses.
 - b) Must include all pre-development services, concept design, schematic design, design development, construction documents (drawings and specifications/project manual), and procurement (bidding or negotiation).
 - c) Is typically drawn down at the time of the construction loan closing or end loan commitment to begin construction. Budgeted reimbursable expenses incurred up to the construction loan closing/end loan commitment may also be drawn down at this time.
 2. Construction Administration Phase as follows:
 - a) Must be at least 25% of the total A&E compensation, excluding reimbursable expenses.
 - b) Must include all construction administration and construction close-out materials.
 - c) Is provided during construction in monthly payments at a rate roughly equal to completion of the work plus any budgeted reimbursable expenses incurred to date. A&E compensation must be invoiced and submitted during the regular monthly construction payment draw schedule. The final payment for the construction administration phase may be issued concurrently with the final payment to the general contractor or when Minnesota Housing determines that the Architect has satisfactorily completed all professional services and all post-construction due diligence submittals have been satisfactorily received.
- E. Maximum allowances for the design phase and construction administration phase are calculated on a gross construction cost as follows:
1. Gross construction cost includes all approved schedule of values items including general conditions, overhead, and profit.
 2. Gross construction cost excludes payment and performance bond, permit fees, and construction contingency.
- F. The A&E compensation split between the design phase and the construction administration phase excludes reasonable approved reimbursable expenses (for example: bid documents reproduction, travel expenses).

- G. The cost of third-party energy modeling and energy raters are excluded from the A&E compensation. Additional consultant compensation for energy modeling/raters must be itemized separately if included in the Owner-Architect Agreement.
- H. Needs assessments (as defined in Chapter 3 of Minnesota Housing’s Rental Housing Design/Construction Standards) for existing buildings must be included in the Architect’s basic services contract if performed by the Architect. If needs assessments are provided by a third-party, those fees/costs can be either in the Architect contract or itemized separately as a soft cost.

3.03 Compensation Guide

Minnesota Housing recognizes that construction costs and complexity vary from project to project whereby cost for professional services must also be commensurate based upon a project’s complexity. Therefore, the three building classes that have been developed as described in *Table 3.03a: Building Class* are to be used in conjunction with *Table 3.03b: Total A&E Percentage Rate Compensation Schedule*. These building classes (Building Class One, Building Class Two, and Building Class Three) allow for three ranges of compensation within each specified construction cost range.

Table 3.03a: Building Class

Building Class	Description
One	<ul style="list-style-type: none"> A. Townhome Projects (with or without garages) B. Walk-up or elevator equipped apartment building(s): <ul style="list-style-type: none"> 1. Without underground or covered parking 2. With limited common/community space excluding corridors, hallways, and stairways (15% or less of overall gross square footage) 3. Three stories or less (excluding basements) C. Moderate rehabilitation limited to material upgrades and exchange of plumbing fixtures, light fixtures, HVAC systems (projects where a professional engineer is not required for mechanical, electrical, or plumbing)
Two	<ul style="list-style-type: none"> A. Any building(s) (except townhomes) with underground parking, attached covered parking, and/or detached covered parking B. Any building(s) with more than 15% common/community space C. Any mixed-used building(s) such as housing with over 15% commercial lease space D. Scattered site projects with nonrepetitive building layouts

Building Class	Description
	<p>E. Substantial or other rehabilitation projects where a professional engineer is required for Mechanical, Electrical and Plumbing (MEP) design and construction documents</p>
<p>Three</p>	<p>A. Adaptive Reuse Projects B. Projects with Historic Tax Credits as a funding source C. Projects with a combination new construction and rehabilitation. Combination-type projects may have compensation established by:</p> <ol style="list-style-type: none"> 1. Option 1: Basing the total compensation on the lump construction cost, or 2. Option 2: By separating the construction cost of a project with new construction and rehabilitation into two proportionately, and then base the A&E compensation on the construction cost of each. The separate compensations would then be added together for a total A&E compensation. 3. Example: A Building Class Three compensation for \$6,000,000 of new construction and \$4,000,000 for rehabilitation could result in the following compensation determination options: <ol style="list-style-type: none"> a) Option 1: $\\$10,000,000 \times 4.80\% = \\$480,000$, or b) Option 2: $(\\$6,000,000 \times 5.60\% = \\$336,000) + (\\$4,000,000 \times 6.2\% = \\$248,000) = \\$584,000$.

Table 3.03b: Total A&E Percentage Rate Compensation Schedule

Construction Cost Range	Building Class One		Building Class Two		Building Class Three	
	Low	High	Low	High	Low	High
<\$2,000,000	5.00%	8.00%	7.20%	9.00%	8.00%	10.00%
\$2,000,000 - <\$4,000,000	4.70%	5.20%	4.60%	5.70%	5.00%	6.20%
\$4,000,000 - <\$6,000,000	4.20%	4.80%	4.20%	5.30%	4.70%	5.60%
\$6,000,000 - <\$8,000,000	4.00%	4.60%	4.00%	5.00%	4.50%	5.40%
\$8,000,000 - <\$10,000,000	3.80%	4.40%	3.80%	4.70%	4.30%	5.00%
\$10,000,000 - <\$12,000,000	3.60%	4.20%	3.60%	4.50%	4.10%	4.80%
\$12,000,000 - <\$14,000,000	3.40%	4.00%	3.40%	4.30%	3.90%	4.60%
\$14,000,000 - <\$16,000,000	3.20%	3.80%	3.20%	4.10%	3.70%	4.40%
\$16,000,000 - <\$18,000,000	3.00%	3.60%	3.00%	3.90%	3.50%	4.20%
\$18,000,000 - <\$20,000,000	2.80%	3.40%	2.80%	3.70%	3.30%	4.00%
\$20,000,000 - <\$22,000,000	2.60%	3.20%	2.60%	3.50%	3.10%	3.80%
\$22,000,000 - <\$24,000,000	2.40%	3.00%	2.50%	3.30%	2.90%	3.60%
>/= \$24,000,000	2.20%	2.80%	2.40%	3.10%	2.70%	3.40%

3.04 Compensation Guide Adjustments

- A. Projects selected in the annual Consolidated Request for Proposals (RFP) that receive points in the Self-scoring Worksheet for Enhanced Sustainability Tier 2 (three times optional points), Tier 3 (SB2030, DOE ZERH), or Tier 4 selection points (Passive House, etc.) may increase by one building class (such as Building Class One to Building Class Two or Building Class Two to Building Class Three).
- B. The ranges in *Table 3.03b* are based upon typical A&E services for most projects as follows:
 1. Projects within each building class with special design features such as permanent supportive housing, extensive environmental remediation, or other unique features approved by Minnesota Housing that may warrant compensation closer to the high limit of each building class.
 2. Projects within each building class with limited scope features such as Design/Build MEP and limited scope moderate rehabilitation (new interior finishes, minor repairs, and/or replacement, etc.) are expected to be closer to the low limit of each building class.
- C. A&E compensation lower than the low range in *Table 3.03b* in each building class is allowed but must include all services and scope of work outlined in this Architect’s Guide.

- D. Negotiated compensation that exceeds the higher percent ranges noted in *Table 3.03b* must be approved by Minnesota Housing before the Owner-Architect Agreement is executed (or before an amendment to the Owner-Architect Agreement is executed) and are subject to separate review and validation. A written explanation explaining the higher compensation must be provided.

Chapter 4 – Owner-Architect Agreement and Insurance Requirements

4.01 Purpose

The Owner-Architect Agreement must reflect the goals and needs of the Owner and Architect. It identifies or describes initial information, responsibilities of the parties, terms and conditions, scope of services, special conditions, and compensation.

4.02 Agreement Requirements

- A. Upon agreement of architecture services and associated fees by the Owner, Architect, and Minnesota Housing, an Owner-Architect Agreement is typically executed and may be one of the following standard forms of agreement published by the American Institute of Architects (AIA):
 1. *AIA Document B101-2017 Owner-Architect Agreement*
 2. *AIA Document B102-2017 and B201-2017, Owner-Architect Agreement*
 3. *AIA Document B103-2017, Owner-Architect Agreement*
 4. *AIA Document B108-2009, Standard Form of Agreement Between Owner-Architect for a Federally Funded or Federally Insured Project*
 5. *AIA Document B109-2010 Owner-Architect Agreement for a Multi-family Residential or Mixed-Use Residential Project*
- B. Another industry standard form of agreement may be used if approved on writing by Minnesota Housing.
- C. Regardless of which form of agreement is used, the following conditions must be met:
 1. The *AIA Document A201- (2007 -2017 version) General Conditions of the Contract for Construction* must accompany the Owner-Architect Agreement. This may be done by reference or attached exhibit. Any modifications or extension of the general conditions must be via supplementary conditions or through an attached Additions/Deletions report.
 2. The Owner-Architect Agreement must include all pre-development services and any other known professional services expected to be paid out of project proceeds.
 3. The Owner-Architect Agreement must be a stipulated lump sum form of compensation and comply with Minnesota Housing architecture compensation requirements.
 4. Any optional provisions that may be appropriate to adapt the standard agreement must be conducted through tracked edits in an attached Additions/Deletions Report or amendment and receive Minnesota Housing approval prior to executing.

5. Prior to executing the Owner-Architect Agreement, a draft copy of the agreement must be uploaded to Minnesota Housing’s Portal within the pre-construction due diligence checklist for review and approval prior to construction loan commitment or end loan closing.
6. If the project is federally funded, the Owner-Architect Agreement may be subject to [Section 3](#) and [Black, Indigenous, and People of Color-Owned Business Enterprise/Women-Owned Business Enterprise](#) (BIPOCBE/WBE)¹.
7. If Minnesota Housing is the lead lender and loan proceeds will be used as a construction loan, the Architect must be familiar with the Minnesota Housing Assignment of Architect’s Contract that is executed at, or prior to, end loan commitment or construction loan closing.
8. Indemnification clauses or limited liability clauses which are to the advantage of the Architect are not allowed. However, such clauses included in the boilerplate AIA documents are allowed.

4.03 Insurance Requirements

Visit [Insurance Requirements](#) on Minnesota Housing’s website.

¹ BIPOCBE/WBE is also known as Minority-Owned Business Enterprise and Women-Owned Business Enterprise (MBE/WBE).

Chapter 5 – Formal Application

5.01 Purpose

The purpose of the formal application is to provide information to evaluate the funding proposal and determine if program funding resources are eligible for the proposed use. The Architect (or Qualified Rehab Specialist) will likely assist the applicant in preparing materials necessary for a formal application.

5.02 Architect’s Role with Application Required Submittals

The Architect’s role during this stage generally consists of:

- A. Conducting site visits and being familiar with any physical, cultural and/or regulatory factors that may impact intended improvements.
- B. Providing the Owner with total fee requirements for performing all architecture services as needed to execute the project in accordance with this Architect’s Guide and Minnesota Housing’s Building Standards (*Rental Housing Design/Construction Standards, Minnesota Overlay, Guide to the Enterprise Green Communities Criteria, etc.*).
- C. Providing the Owner with a preliminary estimate of costs for proposed improvements. This cost estimate can be contractor generated or prepared by the Architect. For rehabilitation projects, it is acceptable to use Minnesota Housing’s *20-Year Capital Expenditure Template* as a cost estimate.
- D. Completing Minnesota Housing’s *Qualifications of Architect* form.
- E. Assisting the Owner with completing Minnesota Housing multifamily consolidated RFP application submittals.
- F. For rehabilitation projects, acquisition, or an addition to an existing building:
 1. If not prepared by a third-party assessor, the Architect must complete Minnesota Housing’s *Physical Needs Assessment Template* and *20-Year Capital Expenditure Template* or a Capital Needs Assessment. Refer to Chapter 3 of the *Rental Housing Design/Construction Standards* and the Minnesota Housing’s *Building Standards* webpage for templates and more information.
 2. Assess the condition of masonry, stucco, and structural concrete per Chapter 3 of the *Rental Housing Design/Construction Standards*.
 3. Assist the Owner in completing Minnesota Housing’s *Intended Methods Worksheet (IMW)*. Refer to the Minnesota Housing’s *Building Standards* webpage.
- G. Provide a schematic design concept and/or preliminary work scope for rehabilitation projects, all of which must comply with all applicable Minnesota Housing’s Building Standards.

- H. If a new construction project, the schematic design concept must be a “to scale” electronic PDF formatted drawings and include site plan, overall building floor plans, typical dwelling unit plan, building exterior elevations, and building sections. Although not required, 3D renderings or colored exterior facade renderings are helpful to understand materials and overall design and may be included.

5.03 Selection for Processing

Once the development has been selected for processing, the applicant will be notified, and a project launch meeting will be scheduled.

Chapter 6 – Project Launch

6.01 Purpose

The purpose of the project launch meeting is to allow the development team to present its specific proposal to Minnesota Housing, exchange ideas, identify shared goals, and allow Minnesota Housing staff to explain requirements and policies pertaining to the development. Minnesota Housing staff will schedule the launch meeting which includes members of the development team. The Architect is typically present at the launch meeting.

6.02 Topics of Discussion

The topics discussed at the project launch meeting are tailored to each project and may include but are not limited to:

- A. Minnesota Housing’s underwriting process
 - 1. Minnesota Housing financing awards and amounts
 - 2. Market needs and unit mix
 - 3. Rent and income limits
 - 4. Maintenance and operating expenses
- B. Site-related Issues/Characteristics
 - 1. Site control
 - 2. Zoning issues
 - 3. Environmental review/remediation
 - 4. Soil conditions
- C. Design and Construction-related Issues
 - 1. Minnesota Housing staff architect application review/feedback
 - 2. RFP Selection Points
 - a) Universal Design
 - b) Enhanced Sustainability (Tiers/Building Performance)
 - 3. Minnesota Housing design review process
 - 4. Alternative design concepts
 - 5. Initial construction budget
 - 6. Procurement of construction
 - 7. Equal employment requirements and applicable prevailing wage requirements
 - 8. Contract Compliance and Equal Employment Opportunity (EEO) requirements
 - 9. Section 3 and Black, Indigenous, and People of Color-Owned Business Enterprise and Women-Owned Business Enterprise (BIPOCBE/WBE) (if applicable)
- D. Due diligence/getting to closing
 - 1. Anticipated project schedule to get to closing
 - 2. Submittal process - Portal
 - 3. On-going communication and project meetings
- E. Development team and overall project
 - 1. Characteristics and capacity of the development team
 - 2. Any unique project features or issues

6.03 Architect’s Role

The Architect’s role at the project launch meeting is generally to:

- A. If a rehabilitation project, provide a current work scope (if changed since application) with enough detail to communicate scale and scope of improvements.
- B. If a new construction project, provide a current schematic design (ideally these schematic plans should be submitted in electronic PDF format four business days prior to any scheduled meeting to allow time for Minnesota Housing staff architect review), and include the following:
 1. Schematic site plans include: property lines, dimensions and contours, existing trees and buildings on the site, general location of proposed building(s), vehicular access/circulation, parking, available utilities, unusual site characteristics, proposed site amenities, proposed site drainage, structures, roads, etc. on the property and within 50-feet of property
 2. Schematic building plans that include: all residential and non-residential space floor plans at a minimum scale of 1/8”, dwelling unit plans at scale of 1/4” showing inside dimensions of all rooms and furniture layout, and elevations or 3D renderings showing materials proposed
- C. Provide updated cost estimates, if available.
- D. Review all of Minnesota Housing’s Building Standards such as this guide, *Contractor’s Guide*, *Rental Housing Design/Construction Standards*, *Minnesota Overlay and Guide to the Enterprise Green Communities Criteria*, etc. Prepare to discuss items regarding:
 1. Architecture services and Architect’s role in the development process
 2. Architecture compensation in the Owner-Architect Agreement
 3. Developer’s anticipated schedule
 4. Any additional analyses/assessments resulting from the Phase I or Phase II Environmental Assessment, geotechnical exploration, and energy audit, if applicable
 5. Construction loan versus end loan commitment
 6. Construction procurement process
 7. *Physical Needs Assessment Template*, *20 Year Capital Expenditure Template*, or *Capital Needs Assessment*, if required

6.03 Post-selection Schematic Design Review

During post-selection schematic design review, revisions and modifications may be necessary to arrive at the schematic design that meets the requirements and shared goals of Minnesota

Housing and the development team. Additional working sessions involving the development team and Minnesota Housing staff may be required.

Chapter 7 – Pre-Construction Due Diligence

7.01 Purpose

The purpose of pre-construction due diligence is to determine if the development is viable and can move toward an end loan commitment or a construction loan closing. The submittals reviewed in this phase include Minnesota Housing staff architect plan review of the construction documents and other pre-construction due diligence submittals in the Portal checklist.

7.02 Architect’s Role

The Architect’s role during pre-construction due diligence generally consists of preparing and submitting plans, specifications, sustainability submittals, universal design submittals, if applicable, and other submittals for approval at a minimum of three different stages as follows:

- A. Schematic Design/Design Development (SD/DD)
 - a) Include updated plans, updated *Intended Methods Worksheet*, updated *Universal Design Worksheet*, or other revisions needed due to Minnesota Housing’s review of application submittals.
- B. The 75% – 90% complete Contract Documents (CD)
 - a) Include plans/drawings with project manual/specifications.
 - b) Incorporate any changes noted in the SD/DD plan review.
 - c) Include a response letter and other submittals from the SD/DD plan review.
- C. The 100% complete Contract Documents (CD)
 - a) Include plans/drawings with project manual specifications.
 - b) Incorporate any changes noted in the 75% – 90% plan review.
 - c) Include a response letter and other submittals from the 75% – 90% CD plan review.
 - d) Do not issue final contract documents for hard bidding until after Minnesota Housing approval.

7.03 Submittal Requirements

- A. Contents in the plans and specifications varies with each submittal. However, no later than the 100% CD submittal, the following information must be included:
 1. Cover sheet with:
 - a) Name and location of proposed development
 - b) Developer’s name and/or entity
 - c) Architect’s firm name including all consultants

- d) Sheet index
 - e) Issue date submission with level of completeness (SD/DD, 75-90% CD’s, 100% CD’s, etc.)
 - f) Building Code Analysis including occupancy/building type, construction type, number of stories, building height, etc.
 - g) Tabular schedule containing lot area in square feet and acres, building coverage in square feet and percentage of total site, drive and parking coverage in square feet and percentage of total site, number of on-site parking spaces (covered, surface, accessible, non-accessible), gross building area, number and net rentable area of all dwelling unit types, level of each dwelling unit, Type A Unit count, Type B Accessible unit count, Vision/Hearing Impaired Unit count, and area of non-living unit spaces (community rooms, support services, leasing offices, common laundry, hallways/corridors, etc.)
2. ALTA Survey per Minnesota Housing requirements
 3. Site plan(s) containing property lines, dimensions, existing contours (topography), existing utilities with sizes, building setbacks, zoning ordinances, conditions at adjacencies (streets, lakes, buildings, other significant features), easements if any, onsite drive lanes/driveways, onsite sidewalks, onsite parking (striping), service drives, trash pick-up lanes, outdoor areas to be developed (terraces, play area(s), pools, community gardens, dog parks, activity areas), bike racks, proposed building foot prints, dimensions, and site drainage
 4. Landscape plan showing existing and proposed landscaping
 5. Floor plans showing overall stories, typical dwelling unit plans, enlarged area plans, furniture and finishes plans/schedules, roof plan(s), reflected ceiling plans, etc.
 6. Building sections, wall sections, wall/floor assemblies, roof assemblies with fire/sound transmission ratings, and other details/information required to thoroughly depict design and scope of work
 7. Consulting Engineer drawings (civil, structural, mechanical, electrical, plumbing, etc., as applicable)
 8. Project manual with cover, table of contents, industry standard three-part specifications with general requirements, bidding information, and project specifications that contain:
 1. Included by reference, embedded document, or attached exhibit, all geotechnical evaluation reports, and environmental assessments
 2. Federal and/or state prevailing wage requirements and rates, if applicable
 3. All necessary information for bidding and constructing the project, including the applicable wage decision, *HUD 4010, Equal Employment Opportunity*

Policy Statement and *Section 3 Guide* and all attachments, if federally funded and applicable

4. *Intended Methods Worksheet*:
 - a) Include in the project manual or drawing sheets
 - b) Must include all Mandatory Criteria and selected Optional Criteria clearly explained in the “How Will Criteria Be Implemented...” column
 - c) Must have current, last submittal date on first page
 - d) Must have all Compliance and Certification signatures

B. Rehabilitation Project Submittals and Review

1. Updated needs assessments and capital expenditure information
2. Accessibility Analysis and Survey

C. Other Architect Due Diligence items in Minnesota Housing’s Portal

1. Architect’s Opinion Letter
2. Energy Rebate Analysis
3. Applicable environmental submittals such as:
 - a) Phase I or II Environmental Assessments
 - b) Radon tests and reports
 - c) Minnesota Pollution Control Agency (MPCA) information
 - d) Asbestos Inspections Survey
 - e) Lead-Based Paint assessments
 - f) Mold assessments
 - g) Others
4. Subsurface soil explorations and geotechnical reports
5. Sustainability Submittals (*Intended Methods Worksheet*, energy model, etc.)
6. *Universal Design Worksheet*, if applicable

7.04 Other Information and Requirements

- A. Construction drawings must be submitted to scale in a PDF electronic format. Drawing scales must be appropriate for the size of the project. Typical dwelling unit plans must be at a minimum scale of 1/4” per 1 foot.
- B. Advise the Owner and Minnesota Housing of any adjustments to the preliminary estimate of construction cost and periodic cost estimates. Maintaining reasonable costs must be a design objective.

- C. Submittals must be uploaded to Minnesota Housing’s Portal within the pre-construction due diligence folder in PDF electronic format.
- D. Work must conform to all governing codes and regulations and applicable Minnesota Housing Building Standards.

7.05 State Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minn. Stat. § 116J.871. In broad terms, the statute applies to awards that meet the following conditions:

- 1) New housing construction (not rehabilitation); and
- 2) A single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds

The statute excludes new housing construction in which total financial assistance at a single project site is less than \$100,000.

Please note the following statutory provisions:

- A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6. Minn. Stat. § 116J.871, subd. 2.
- It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 [see above] to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense. Minn. Stat. § 116J.871, subd. 3.

In addition, a separate prevailing wage statute, Minn. Stat. § 177.41-.43, may apply if funds are used for a building that is publicly owned or leased.

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

Division of Labor Standards and Apprenticeship
Karen Bugar, State Program Administrator
443 Lafayette Rd. N., St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

7.06 Dual Wage Decision

If both federal Davis Bacon and Related Acts (DBRA) and state prevailing wages are required, both wage rates must be included in the final construction documents, typically the project manual. The higher wage rate of the federal wage versus the state wage must be paid.

Chapter 8 – End Loan Commitment and Construction Loan Closing

8.01 Purpose

The purpose of this section is to explain the difference between Minnesota Housing’s end loan commitment and construction loan closing, and to provide more detail on the requirements for key submittals such as Architect’s insurance, assignment of architect contract, and other documents.

8.02 Due Diligence Submittals

Architect due diligence submittals, noted as “Pre-Construction Due Diligence” in Minnesota Housing’s portal checklist, must be finalized and uploaded for staff review and approval prior to end loan commitment or construction loan closing.

8.02 End Loan Commitment

- A. The end loan commitment outlines the requirements, conditions, and documentation for the end loan that the borrower agrees to follow and submit before the time of the end loan closing. Proceeds of the end loan will be used for reimbursement to borrower and certain interim lenders for funds used to acquire, construct and/or rehabilitate the development.
- B. The Architect is not required to attend the end loan commitment or the end loan closing.

8.04 Construction Loan Closing

- A. Construction loan closing will occur when Minnesota Housing is providing a construction loan which will be used to pay for construction and/or rehabilitation costs associated with the construction/rehab of the development.
- B. Loan documents and/or other legal documents are executed by the borrower and the Architect, Minnesota Housing, and other lenders, if applicable, before the time of the construction loan closing. Unless an early start is granted, the construction loan closing will be completed prior to the commencement of any construction work. Once the construction closing has been completed, all loan documents have been recorded and priority pictures taken, a Notice to Proceed letter will be issued.
- C. A construction loan closing will be scheduled once 100% Construction Documents have been reviewed and approved by a Minnesota Housing staff architect, award of the construction contract to a successful Contractor has been completed, all construction due diligence has been received and approved, loan documents are considered in final form by all parties, and the draw requisition has been finalized and approved by all parties.
- D. If Minnesota Housing is the coordinating lender, the construction loan closing will be coordinated by Minnesota Housing. Following the loan closing, funds are disbursed in

accordance with the Minnesota Housing loan documents executed at the construction loan closing.

8.05 Architect’s Role Leading up to End Loan Commitment or Construction Loan Closing

- A. The Architect’s role leading up to an end loan commitment and construction loan closing will vary depending on whether the loan is a construction loan versus an end loan commitment. The Architect’s role leading up to end loan commitment and construction loan closing typically includes submitting and gaining approval of the following:
1. The 100% Construction Documents submittal consisting of:
 - a) Signed/sealed drawings, project manual, and any subsequent issued addenda.
 - b) Upload to Minnesota Housing’s Portal within the Pre-Construction Due Diligence checklist.
 - c) Any conformed sets of plans, (plans with addenda revisions fully incorporated) may only be used for loan closing and/or construction if they are added to the project through an architect supplemental instruction, change order, or other approved contract change document.
 2. Architect’s Opinion Letter, that uses Minnesota Housing’s template, shall be uploaded to Minnesota Housing’s Portal within the pre-construction due diligence checklist.
 3. For federally funded projects, complete and submit to Minnesota Housing the Black, Indigenous, and People of Color-owned Business Enterprise and Women-owned Business Enterprise (BIPOCE/WBE) requirements.
 4. Drawing sheet index confirmed and project manual table of contents reconciled with actual sheets and pages of the contract document set.
- B. Other roles of the Architect:
1. Provide guidance to the Owner in preparing the construction agreement and conditions.
 2. Provide project manual table of contents and drawing index exhibits for enumeration into the construction agreement. Note, these same exhibits will be used for the Architect’s Opinion Letter exhibits.
- C. If a construction loan, the Architect must:
1. Become familiar with Minnesota Housing’s *Assignment of Architects Contract* document.
 2. Approve and certify Contractor’s application for payment, if applicable.

8.06 Architect’s Role at Loan Commitment or Construction Loan Closing

- A. If a construction loan, the Architect shall:
 - 1. Execute Minnesota Housing’s *Assignment of Architects Contract*.
 - 2. Participate in a pre-construction meeting, typically held at after loan closing, to discuss the construction payment draw schedule and procedures.

- B. Architect’s participation at time of end loan commitment is typically not required.

Chapter 9 – Construction Administration

9.01 Purpose

The purpose of this chapter is to summarize overall requirements, processes, and the Architect’s role during construction administration.

9.02 Requirements and Process

- A. After funding has been secured through an end loan commitment or a construction loan closing, a Notice to Proceed will be issued by Minnesota Housing to the Owner, who then issues a Notice to Proceed to the Contractor. This starts construction administration, which brings the construction documents and previous stages of Minnesota Housing’s development process to realization as site improvements are completed in accordance with the contract documents.
- B. Minnesota Housing’s *Supplement to General Conditions of the Agreement between Owner and Contractor*, which is executed at time of loan closing, grants Minnesota Housing the following rights:
 - 1. During construction administration, it gives Minnesota Housing the right to enter the site and observe the work.
 - 2. If at any time during the construction of the project Minnesota Housing determines the Contractor has failed to perform the work in accordance with the contract documents, or if Minnesota Housing determines the Contractor has failed to utilize materials in accordance with the contract documents, Minnesota Housing, without the approval of the Owner, may issue a Correction Order to the Contractor for correction of such items.

9.03 Architect’s Role

- A. During construction administration, the Architect is responsible for assisting in administering the Owner-Contractor Agreement.
- B. The Architect’s role during construction generally consists of the following:
 - 1. Attend the pre-construction meeting which establishes procedures to be followed during construction administration of the development. The Owner, Architect, Contractor, Minnesota Housing staff architect, and the labor standards officer (if labor standards are applicable, the entity monitoring compliance), must attend. Topics typically discussed include:
 - a) Monthly draw meeting schedule
 - b) Construction draw procedure
 - c) Handling requests for changes to the work
 - d) Providing design of temporary project sign, if applicable

- e) Sustainability requirements and field verification
 - f) Construction administration documentation and dissemination as noted below
2. Attend bi-weekly or, at a minimum, monthly on-site construction meetings. The Architect must prepare and distribute construction meeting minutes or, if minutes are prepared by the Contractor, the Architect must review and approve the minutes.
 3. Process the Contractor’s shop drawings, product data and samples.
 4. Review the results of construction tests and inspections.
 5. Participate in pre-installation meetings called for in the construction documents.
 6. Attend monthly on-site pay draw meetings to evaluate and certify for payment the Contractor’s Application and Certificate for Payment (*AIA Documents G702 and G703*) or other Minnesota Housing approved pay application form.
 7. Respond to Contractor’s requests for information (RFIs).
 8. Interpret contract documents and facilitate changes in the work.
 9. Prepare change orders. When significant design or material modifications occur that affect the construction cost and/or when extension of the contract time is justified, the Architect must prepare a change order (*AIA document G701*). All change orders must include detailed material and labor quantity (hours and hourly rate) and cost itemization showing how adjustments to the contract sum were determined. Formal change orders must be approved by the Owner, Contractor, Architect, and Minnesota Housing. Minnesota Housing must be aware of any changes before the Contractor is authorized to proceed.
 10. Address and resolve claims brought by the Owner or Contractor.
 11. Prepare and issue regular field reports.
 12. Issue architectural supplemental instructions (ASI’s) or construction change directives as needed.
 13. Inspect work for substantial completion and issue the Certificate of Substantial Completion (*AIA document G704*) after determining the work is substantially complete. If there are items remaining to be completed or corrected, a comprehensive list (punch list) must be prepared and appended to the Certificate of Substantial Completion.
 14. Perform any additional duties associated with providing full contract administration services as required by the Owner-Architect Agreement.
 15. If Design/Build MEP is approved and allowed by Minnesota Housing, provide requested and required submittals to Minnesota Housing.

- C. All work noted above must be included in the lump sum fee agreed to in the Owner-Architect Agreement and per the Architecture Compensation chapter of this guide.
- D. Once the Architect inspects the work and issues a certificate of substantial completion, project construction close-out begins.

Chapter 10 – Post-Construction Due Diligence

10.01 Purpose

The purpose of this chapter is to explain what documentation is typically collected in post-construction due diligence as a project nears construction completion. Post-construction diligence typically starts when the certificate of substantial completion is issued by the Architect.

10.02 Architect’s Role

The Architect’s role during post-construction due diligence generally consists of the following:

- A. After Certificate of Substantial Completion has been issued by the Architect and the Certificate of Occupancy, if applicable, has been issued by the local municipality, the Architect must:
 1. Make an independent estimate of the costs of completing items on the punch list. If portions of the work cannot be completed for some time after the work is determined substantially complete, and the project status cannot remain open, Minnesota Housing may approve disbursement of funds for uncompleted work (typically 1.5 times the estimated value) into an escrow account governed by terms of an agreed upon escrow agreement. Funds must be withheld until all work is complete and all terms of the escrow agreement are satisfied.
 2. Recommend adjustment of retainage as provided in the Owner-Contractor Agreement
- B. Issue Contractor’s final certificate for payment after making a final check to ascertain that:
 1. The contract work has been completed. The Architect must not issue the final certificate for payment until it is satisfied the Contractor has fulfilled all contractual obligations, including all punch list items and any correction orders issued by Minnesota Housing.
 2. The Contractor has executed compliance certification and documentation as per Minnesota Housing’s *Rental Housing Design/Construction Standards* and sustainability submittal requirements
 3. The Owner’s interests have been protected with respect to the filing of liens as required by the general conditions and applicable mechanics lien laws
 4. The accounts between the Owner and Contractor have been adjusted, including original contract sum, additions and deductions as included in change orders and unit prices, cash allowances, and deduction for uncorrected work
 5. Written warranties and guarantees, operation and maintenance manuals, certificates of inspection, and record documents have been delivered to the Owner by the Contractor. Minnesota Housing requires evidence, via transmittal

to the Owner, that the Architect has reviewed and approved such items and has forwarded them to the Owner.

6. The Contractor has provided the Owner with proper orientation and training of the building and its equipment.
- C. Perform any other duties associated with administering the project close-out process as required by the Owner-Architect Agreement and other required submittals noted in Minnesota Housing’s Portal within the post-construction due diligence checklist.

Chapter 11 – Warranty Period

11.01 Purpose

The purpose of the chapter on warranty period is to assess whether building elements are performing at expected levels prior to expiration of warranty.

11.02 Requirements

- A. The warranty period includes the requirements associated with the AIA general conditions of the contract for construction and requires the Contractor to correct defective work within one year after the date of substantial completion.
- B. It also includes the statutory warranties providing protection mechanisms against faulty workmanship and defective materials beyond the one-year correction period, and any manufacturer warranties.
- C. The warranty period generally starts on the date of substantial completion for those portions of the work covered by the Certificate of Substantial Completion and remains in effect until all warranties expire.

11.03 Architect’s Role

The Architect’s role during the warranty period generally consists of the following:

- A. Before the correction period expires, when retained by the Owner to do so, perform an “eleventh month” onsite review to determine if there are any problems associated with performance of specified materials, systems, and equipment. Secure any needed repairs or replacements as follows:
 1. If any problem has resulted from failure in a material or system required by the construction documents, record observed problems and assist the Owner in preparing instructions to the Contractor for correction of the noted defect or deficiency.
 2. If any problem has resulted from improper operation or maintenance of equipment, observe, and advise the Owner on proper operations and maintenance measures.
- B. After the correction period expires, when retained by the Owner to do so, assist the Owner with assessing any ongoing defects. Determine if the defects were due to noncompliance with building standards as stated by statutory warranties.
- C. Perform other duties associated with administering the project’s warranty period as required by the Owner-Architect Agreement.
- D. Communicate all warranty items to Minnesota Housing.

Chapter 12 – 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 the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should make sure that admissions, occupancy, marketing, and operating procedures comply with non-discrimination requirements.

In part, because of protected class status, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities
- Engage in any conduct relating to the provision of housing that otherwise makes 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 as not available when it is in fact available
- 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
- 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 housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

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.

Chapter 13 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting

13.01 Fraud

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

Any person or entity (including its employees and affiliates) that enters into an agreement 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 ways described in Section 13.05.

13.02 Misuse of Funds

A loan or grant agreement is a legal contract. The borrower or grantee 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 borrower or grantee to pay for those activities, goods, or services. Regardless of the Minnesota Housing program or funding source, the borrower or grantee must use Minnesota Housing funds as agreed, and the borrower or grantee 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 borrower or grantee; or (2) A borrower or grantee cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the loan or grant agreement.

Any borrower or grantee (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 ways described in Section 13.05.

13.03 Conflict of Interest

A conflict of interest, actual, potential, or perceived, 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 or perceived conflict of interest exists even if no unethical, improper, or illegal act results from it.

An individual conflict of interest is 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 friend, relative, acquaintance or business or organization with which they are involved.

Organizational conflicts of interest occur when:

- A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties
- A contracting party’s objectivity in carrying out their responsibilities might be otherwise impaired due to competing duties or loyalties
- A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors

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 an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in Section 13.05.

A contracting party should review its contract agreement and request for proposals (RFP) materials, if applicable, for further requirements.

13.04 Suspension

By entering into any agreement 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 agreement) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing’s website for a list of [List of Suspended Individuals and Organizations](#).

13.05 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff, external business partners (e.g., grantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:

- Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769

- Any member of Minnesota Housing’s [Servant Leadership Team](#) (visit mnhousing.gov and enter **SLT** in the Search box)
- [Report Wrongdoing or Concerns](#) (visit mnhousing.gov and enter **Wrongdoing** in the Search box)

Appendix A – Abbreviations, Acronyms, Terms and Definitions

Abbreviations, acronyms, terms, and definitions noted here are for interpretation and applicability of all Minnesota Housing [Building Standards](#) (guides, standards, overlays, templates, and forms).

Term	Definition
20YCE	Twenty-year Capital Expenditure
AC	Air conditioning
Accessibility Analysis and Survey	A Minnesota Housing required report documenting an existing property’s compliance with applicable accessibility codes and regulations based upon a site inspection and review of existing as-built plans in conjunction with new plans. Applicability and other requirements are based on funding sources.
Adaptive Reuse	Refers to the process of reusing an old site or building for a purpose other than which it was originally built or designed.
A&E	This is an abbreviation for Architect and Consulting Engineer.
AFCI	Arc-fault circuit-interrupter
AFUE	Annual Fuel Utilization Efficiency
Americans with Disabilities Act	42 U.S.C. 12131-12189
Architect	The Architect of Record and professional entity contracted with the Owner to provide architectural services. It is also the entity responsible for signing (sealing) documents per Minnesota Administrative Rules 1800.4200
Bath and Bathroom	A room within a dwelling unit where a water closet and lavatory sink are included. It may or may not include either (or both) bathtub and shower.
Bedroom	A Sleeping Area within a Dwelling Unit with all walls continuous to the ceiling, a closet, and a door.
Broadband Infrastructure	Cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure – including wireless infrastructure with a minimum broadband speed of 25 Mbps download and 3 Mbps upload (if receiving federal assistance, speed will be mandated by the U.S. Department of Housing and Urban Development).
Building Standards	Minnesota Housing’s minimum design standards applicable to projects funded by Minnesota Housing. Visit Minnesota Housing’s Building Standards webpage to view all Building Standards and documents. They include, but are not limited to: <ul style="list-style-type: none"> A. <i>Rental Housing Design/Construction Standards and Guides</i> B. <i>Architect’s Guide</i>

Term	Definition
	<p>C. <i>Contractor’s Guide</i></p> <p>D. <i>Sustainability</i></p> <p>E. <i>Environmental Standards</i></p> <p>F. Forms and Templates</p>
CFM	Cubic Feet per Minute
CFR	Code of Federal Regulations
CNA	Capital Needs Assessment
COP	Coefficient of Performance
Construction Documents	Also know, as the “Contract Documents”, they are the written documents that define the roles, responsibilities, and work under the construction contract, and are legally-binding under the Owner-Architect Agreement and the Owner-Contractor Agreement. They include drawings (plans), project manual (specifications), addenda, change orders, and formal revisions thereof.
Consulting Engineer	A Consulting Engineer is a professional licensed in Minnesota who provides expertise and leadership in engineering disciplines that include civil, structural, sanitary, environmental, mechanical, electrical, geotechnical, chemical, industrial and agricultural engineering. The Consulting Engineer’s scope of work is included in the Architect’s basic services included in the Owner-Architect Agreement.
Contractor	The single prime general contractor.
Correction Order	A formal directive may be issued by Minnesota Housing if at any time during the construction of a project, the Contractor has failed to perform the work under the contract documents in accordance with the construction documents or has failed to utilize materials in accordance with the construction documents.
CO	Carbon Monoxide
Covered Multifamily Dwellings	As defined at 24 CFR §100.201
Critical Need(s)	Property condition deficiencies that if left unattended will likely jeopardize the property’s federal assistance.
Design/Build MEP	Design, construction, and procurement process whereas the applicable mechanical, electrical, and plumbing (MEP) subcontractor designs and builds their scope of work. The design work must be by a master electrician, master plumber, professional engineer licensed in Minnesota, or other entity allowed to do so per state statute.
Rental Housing Design/Construction Standards	Minnesota Housing’s Rental Housing Design and Construction Standards (RHDCS)

Term	Definition
Dwelling Unit	A Dwelling Unit (DU) is a single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping (separated Bedroom or Bedrooms), eating, cooking (full kitchen) and sanitation (3/4 or full bath).
EER	Energy Efficiency Ratio
EF	Energy Factor
Efficiency Unit (SRO or Studio)	A single room (or resident) occupant unit providing complete, independent living facilities, including living, sleeping, and eating. Includes provisions for in-unit sanitation (bathroom) and kitchen facilities (refrigerator, sink, and range). May include a Sleeping Area but does not include a Bedroom. Also known as a single resident occupant (SRO) or studio.
EGCC™	Enterprise Green Communities Criteria (current applicable version unless noted otherwise)
Electrical Subcontractor	A subcontractor (to the Contractor) who performs electrical installation of above-ground and below-ground electrical work as required by an electrician licensed in Minnesota.
Electric Vehicle Supply Equipment	Also known as charging stations or charging docks. Electric Vehicle Supply Equipment (EVSE)’s are devices that provide electric power to a battery-operated vehicle and use that to recharge the vehicle’s batteries.
ENERGY STAR (ES)	A U.S. Environmental Protection Agency program that helps save money, reduces financial risk from rising energy costs, and protects our climate through energy efficiency. ENERGY STAR labeled/qualified designation may include windows, doors, plumbing fixtures, lighting, and appliances. ENERGY STAR certified buildings follow either the New Homes program or Multifamily New Construction (ES MFNC) program.
Enhanced Sustainability	A building characteristic offered in the Consolidated Request for Proposal (RFP) Self-Scoring Worksheet for projects with enhanced sustainability features as defined in the Self-Scoring Worksheet.
ESAs	Environmental Site Assessments
ERA	Energy Rebate Analysis
Effected Remaining Life (ERL)	The number of years a building component may function as originally intended. It’s established by subtracting the age of the component from the Expected Useful Life.
Expected Useful Life (EUL)	The number of years, based upon industry standards for which a building component is expected to function as originally intended.
Federal Housing Administration	The Federal Housing Administration (FHA) provides mortgage insurance on single-family, multifamily, manufactured home, and hospital loans made by FHA-approved lenders throughout the United States and its territories.

Term	Definition
Full (Bath)	A bathroom with lavatory sink, water closet, and tub with or without a shower head.
GFCI	Ground-fault circuit-interrupter
Green Capital Needs Assessment	A physical needs assessment which integrates sustainable retrofits into capital improvement, modernization, and the financial planning process.
HERS Rater	A Residential Energy Services Network (RESNET) certified individual required for ENERGY STAR certification program.
HOME	HOME Investment Partnerships Program
HSPF	Heating Seasonal Performance Factor
HTC	Housing Tax Credits also known as Low Income Housing Tax Credits
HUD	The United States Department of Housing and Urban Development
HVAC	Heating, ventilating and air conditioning system
ICC/ANSI A117.1	International Code Council/American National Standards Institute A117.1 is a nationally recognized standard of technical requirements for making buildings accessible.
Impact Fund	Minnesota Housing’s Single Family Community Homeownership Impact Fund
IMW	Intended Methods Worksheet. A Minnesota Housing Microsoft Excel spreadsheet used to document compliance with the <i>Minnesota Overlay and Guide to the Enterprise Green Communities Criteria</i> . This may be found at Minnesota Housing’s Building Standards webpage.
IRS	Internal Revenue Service
KCMA	Kitchen Cabinet Manufacturers Association
Life-Threatening Items	In relation to the Uniform Physical Conditions Standards, Life-Threatening Items are deficiencies which call for immediate attention or remedy.
Limited Scope	A rehabilitation work scope considered by Minnesota Housing to be limited and not considered substantial or moderate rehabilitation based upon the cost, funding source, and number of Dwelling Units, number of Stories, or other purpose.
Mandatory Criteria	Enterprise Green Communities Criteria (as amended by the MN Overlay and Guide) which are required based upon construction type and other project characteristics.
Mbps	Megabits per second
Mechanical Subcontractor	A subcontractor (to the Contractor) who performs mechanical installation and engages in the business of heating, air conditioning, ventilation, refrigeration and associated sheet metal work.
Minnesota Housing	The Minnesota Housing Finance Agency
MN Overlay	Minnesota Overlay and Guide to the Enterprise Green Communities Criteria. Minnesota Housing’s amendment to the Enterprise Green

Term	Definition
	Communities Criteria (current applicable version unless noted otherwise).
Moderate (Mod) Rehabilitation (Rehab)	Refer to Chapter 3 of Rental Housing Design/Construction Standards for full definition and applicability.
MF	Multifamily
Multifamily Accelerated Process (MAP)	A system that establishes national standards for approved lenders to prepare, process and submit loan applications for FHA/HUD multifamily construction financing. By using MAP processing, borrowers and lenders can save significant time during the loan application processing.
Multifamily Consolidated Request for Proposals	Minnesota Housing’s competitive funding round, offered once per year, which provides a means of "one stop shopping" by consolidating and coordinating multiple multifamily housing funding resources into one application process. It deploys significant capital funds and is the primary mechanism that Minnesota Housing uses to award and allocate federal and state resources.
NSPIRE	National Standards for Physical Inspection of Real Estate
Notice To Proceed	The official letter from Minnesota Housing authorizing onsite construction work to start after construction loan closing or end loan commitment.
NHTF	National Housing Trust Fund Program
NO ²	Nitrogen Dioxide
NSP	Neighborhood Stabilization Program (Single Family)
Optional (Criteria Points)	Enterprise Green Communities Criteria (as amended by the MN Overlay and Guide) which are selected by a project team for the purpose of meeting minimum optional criteria point thresholds.
Owner	Also referred to as applicant/developer/borrower and is the same entity for the purpose of reference in this guide. The Owner is the party with whom the Architect of Record and Contractor enters a contract.
Owner-Architect Agreement	The agreement for architecture and engineering services which identify or describe initial information, responsibilities of the parties, terms and conditions, scope of services, special conditions, and compensation. The agreement must be one of the American Institute of Architects (AIA) B-Series agreements approved in the Minnesota Housing Architect’s Guide or other Minnesota Housing approved agreement.
Owner-Contractor Agreement	The American Institute of Architects (AIA) <i>A101-2017 Stipulated Sum Agreement</i> , or another industry standard form of agreement approved by Minnesota Housing for construction services. It is a legal document that sets the scope and terms of work for a construction project which includes start and completion dates, cost of labor and

Term	Definition
	materials, contents of the work, dispute resolution, procedures for scope modification and other conditions.
Plumbing Subcontractor	A subcontractor (to the Contractor) who performs above-ground and below-ground plumbing installation for a construction project as required by a plumber licensed in Minnesota.
PNA	Physical Needs Assessment. An assessment similar to a Capital Needs Assessment, however a PNA is typically completed on Minnesota Housing Physical Needs Assessment Template (PNAT) and 20YCE forms. Refer to Chapter 3 of RHDCS for full description.
PNAT	Minnesota Housing Physical Needs Assessment Template (PNAT). A Minnesota Housing template available on the Building Standards webpage.
Portal	Minnesota Housing’s multifamily customer portal that uses the Salesforce cloud-based platform.
Predictive Cost Model	A Minnesota Housing developed software tool used to compare a project’s proposed costs with the expected costs based upon Minnesota Housing’s experience with similar projects and industry-wide standards. The model considers the following project specific attributes: activity type (new construction vs. rehabilitation), building type, unit sizes, gross square foot, amount of non-residential space, location, year built, garage type, and acquisition type (land or structure).
Preservation	Funding priority and policy focused on preserving properties with existing federal assistance (project based rental assistance or operating subsidies).
Project-Based Rental Assistance (PBRA)	A project-based rental assistance contract that applies to a specific property and is only available to qualified households while they live in an assisted unit in the property. If a household moves from the property or to a unit within the property that is not covered by the PBRA, the rental assistance does not move with them. PBRA generally requires a household to pay 30% of their adjusted income toward the rent payment, and the remainder is subsidized by the rental assistance program. PBRA may come from the U.S. Department of Housing and Urban Development under a Section 8 contract or project-based Section 8 vouchers, from USDA Rural Development’s Multifamily Housing Rental Assistance program, or from a state or local government rental assistance program.
Property Standards	Refer to 24 CFR Part 93, Subpart G, §93.301 (if receiving NHTF funding) and/or 24 CFR Part 92, Subpart F, §92.251 (if receiving HOME funding), including part (a) New construction projects and part (b) Rehabilitation projects.

Term	Definition
Qualified Rehabilitation Specialist	A non-licensed professional (or entity) with at least five years of experience providing physical needs assessments and preparing project work scopes for multifamily housing rehab projects.
REAC	Real Estate Assessment Center
Rehab	Rehabilitation
Rental Housing Design/Construction Standards	Minnesota Housing’s design and construction standards applicable to multifamily rental housing developments.
RHDCS	Rental Housing Design/Construction Standards
Rural Development (RD)	A mission area within the United States Department of Agriculture which runs programs intended to improve the economy and quality of life in rural parts of the United States. RD promotes economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools.
SEER	Seasonal Energy Efficiency Ratio
Senior Unit(s) and Senior Housing	Dwelling units or housing developments intended for occupancy by seniors aged 55 or older.
SF	Single Family
Sleeping Area	An area used for sleeping which does not meet the definition of a Bedroom.
Sleeping Unit	Also known as congregate living or dormitory. A room or space in which people sleep, which can also include permanent provisions for living, eating and either sanitation (bathroom) or kitchen facilities but not both.
Staff Architect	Minnesota Housing Staff Architect responsible for the review of funding applications, review of due diligence submittals, providing construction loan administration, and other duties to help ensure the project is following Minnesota Housing’s Building Standards.
Story(ies)	Also known as level or floor. That portion of a building included between the upper surface of the floor and the upper surface of the floor or roof next above.
Substantial (Sub) Rehabilitation	Refer to Chapter 3 of Rental Housing Design/Construction Standards for full definition and applicability.
Supportive Housing	A type of multifamily housing property where supportive services are provided on-site for households with a history of homelessness and barriers to accessing and maintaining housing, thereby improving housing stability, employment, health, and many other qualities of life factors. Supportive Housing design features are applicable to all Dwelling Units in 100% Supportive Housing properties or to the fixed/non-floating Supportive Housing units in partially supportive properties.

Term	Definition
Sustainable Building Guidelines	State building guidelines that apply to projects receiving Minnesota Housing Publicly Owned Housing Program general obligation bond proceeds.
Sustainable Housing and Sustainable Housing Standards	Minnesota Housing standards for new construction and rehabilitation that requires compliance with the Enterprise Green Communities Criteria and current version of the MN Overlay and Guide to the Enterprise Green Communities Criteria.
Tenant-Based Rental Assistance (TBRA)	Is provided to qualified households who can use the rental assistance in the private market. However, the rent must be at or below the payment standard for the program and the housing must meet program habitability standards. TBRA generally requires a household to pay 30% of their adjusted income toward the rent payment and the remainder is subsidized by the rental assistance program, although some programs allow participants to pay up to 40% of their adjusted income toward rent. TBRA may be administered by a local housing authority under the U.S. Department of Housing and Urban Development’s Section 8 voucher program or by an administrator of a state or local program. A household may move from one property to another with their TBRA if the new property meets habitability standards and rent requirements; some TBRA programs may allow a household to “port” their TBRA to a unit located in a different county or state and some may limit the location of where the assistance can be used.
tCO2e	Metric tons of carbon dioxide equivalent
Townhome	A dwelling unit meeting the definition of a Townhome in the Minnesota Residential Code Chapter 2 – Definitions.
Type A Unit(s)	Dwelling Units or Sleeping Units which meet the Type A Unit requirements of the Minnesota Accessibility Code.
Type B Unit(s)	Dwelling Units or Sleeping Units which meet the Type B Accessible unit requirements of the Minnesota Accessibility Code.
UEF	Uniform Energy Factor
Universal Design	As defined in the Multifamily Self-Scoring Worksheet.
UPCS	HUD’s Uniform Physical Condition Standards
USDA	The United States Department of Agriculture
Vision/Hearing Impaired Unit	A dwelling unit designed to be adaptable for the installation of future communication features.
Visitability	Designs that allow persons with mobility impairments to enter a residence and comfortably stay for a duration. See Minnesota Statute 462A.34 Visitability Requirement for dwelling units required to meet Visitability.