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# **Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program**

Program Guide

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## Values Statement

All Minnesotans live and thrive in a stable, safe, and accessible home they can afford in a community of their choice. To achieve the concept of One Minnesota where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

We will:

- Center the people and places most impacted by housing instability at the heart of our decision making,
- Listen and share the power we have,
- Honor, respect, and strengthen communities, and
- Be inclusive, equitable, just, and antiracist in our actions.

# Chapter 1 – Introduction

## 1.01 Program Purpose and Authorizing Statute

The Community Stabilization: Program was established pursuant to [Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 29](#) and [Minnesota Laws 2023, chapter 37, article 2, section 6](#) as a one-time program to preserve naturally occurring affordable housing.

[Minnesota Laws 2024, ch. 127, art. 14, sec. 11](#) amended the appropriation for the Community Stabilization Program, specifying that \$41,750,000 is to be used for multifamily rental housing. These funds will be available through Minnesota Housing’s Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program (the “Program”) and will be distributed as loans through a competitive Request for Proposals (RFP) process.

The legislation establishing the Program requires priority be given to applications with projects that:

- Serve lower-income households
- Maintain longer periods of affordability

## 1.02 Program Guide

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

## 1.03 Terms and Definitions

Appendix A (Terms and Definitions) of this document includes definitions of capitalized terms used in this Program Guide.

## 1.04 Legal Addendum

Any recipient of an award pursuant to the Program agrees to comply with the additional requirements and obligations as described in Appendix B (Legal Addendum) of this Program Guide.

## Chapter 2 – Eligibility Requirements

### 2.01 Eligible Properties

In order to be eligible, properties must be considered Naturally Occurring Affordable Housing (NOAH) and must be Multifamily Rental Housing. To meet the definition of NOAH Multifamily Rental Housing, a property must fulfill each of the following requirements:

- Have four or more rental units
- Be at least 20 years old
- Have rents in a majority of the units that are affordable to households at or below 60% of the greater of state or area median income (AMI) as determined by the United States Department of Housing and Urban Development (HUD)
- Not currently have federal or state financing or tax credits that require income or rent restrictions, except for public housing, as defined in section 9 of the Housing Act of 1937, that is part of a mixed-finance community

In mixed-use buildings, only the residential portions of the building are eligible for this Program. Structured or underground parking and common areas may be prorated to the residential areas, as determined by Minnesota Housing at its sole discretion.

### 2.02 Eligible Recipients

An Eligible Recipient is one of the following:

- Local unit of government
- Federally recognized American Indian Tribe located in Minnesota or its Tribally Designated Housing Entity
- Private developer
- Limited equity cooperative
- Cooperative created under [Minnesota Statutes Chapter 308A](#) or [Minn. Stat. Chapter 308B](#)
- Nonprofit Organization

The Eligible Recipient must own or control the property, which is demonstrated by meeting one of the following criteria:

- Properties directly owned by the Eligible Recipient.
- Properties that are: (1) owned by a Limited Liability Company (LLC), Limited Partnership (LP), or other similar ownership entity with approval from Minnesota Housing at its sole discretion; and the Eligible Recipient is the managing general partner or member of the LLC, LP, or other similar ownership entity. If there is more than one general partner or member, the Eligible Recipient



must control at least 50% of the combined ownership of all general partners or members in the ownership entity.

- Other properties where the Eligible Recipient can demonstrate ownership or control at Minnesota Housing's sole discretion.

## **2.03 Eligible Expenses**

Program funds are for the following purposes to support the preservation of NOAH:

- Acquisition costs – Includes costs related to the purpose of acquisition, such as title, survey, legal fees and other fees related to acquisition financing;
- Rehabilitation – Includes costs related to the purpose of rehabilitation, such as:
  - Architecture and design costs, general contractor costs, and permits;
  - Environmental reviews and remediation, including lead-based paint, asbestos, and radon mitigation;
  - Closing costs, including legal, title, survey, loan fees;
  - Temporary relocation expenses incurred as a result of the rehabilitation;
  - Reasonable developer fees in accordance with the applicable underwriting standards (see Section 4.04);
  - Capitalizing replacement reserves in accordance with the applicable underwriting standards (see Section 4.04);
- Interest rate reduction subject to Minnesota Housing review.

Minnesota Housing may approve, at its sole discretion, additional uses and reasonable expenses that support the purposes of acquisition, rehabilitation and interest rate reduction.

## **2.04 Ineligible Expenses**

Ineligible uses of funds include but are not limited to:

- New construction; for example, adding units or buildings
- Adding new amenities that are not already part of the property; for example, pools, fitness centers, basketball courts, and other luxury amenities
- Permanent relocation expenses

Approval or disapproval of any use of funds is at the sole discretion of Minnesota Housing.

# Chapter 3 – Program Requirements

## 3.01 Rent and Income Requirements

The minimum rent requirements for the restricted units are as follows:

- At least 50% of all the units shall have gross rents that are affordable to households at or below 60% MTSP.
- At least 30% of all the units shall have gross rents that are affordable to households at or below 80% MTSP.

Up to 20% of all the units may be unrestricted; however, unrestricted units are ineligible for Program Funds and the Applicant must identify an alternative source of funding for those units.

The minimum income restrictions for the restricted units may be 10 percentage points higher than the corresponding rent restriction but shall not exceed 80% MTSP Income Limits. The table below provides examples.

Table 1: Example Rent with corresponding Income Limits

Rent Limit	Income Limit
30% MTSP Rent Limits	40% MTSP Income Limits
50% MTSP Rent Limits	60% MTSP Income Limits
60% MTSP Rent Limits	70% MTSP Income Limits
80% MTSP Rent Limits	80% MTSP Income Limits

The rent restrictions and the income restrictions, collectively the affordability requirements, shall be demonstrated in the form of a recorded declaration, covenants, land use restrictive agreement, or other documentation as provided by Minnesota Housing at its sole discretion.

The affordability requirements are in effect for the term of the loan. The affordability requirements may be terminated if the loan is prepaid in full before the end of the term.

## 3.02 Utility Allowances

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

### 3.03 Voucher Acceptance

Rental properties that receive funds under this Program may not reject an applicant based solely on their status as a holder of a rental subsidy, including but not limited to vouchers under section 8 of the United States Housing Act of 1937, as amended.

Units occupied by households benefited by 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 are deemed to satisfy the rent and income restrictions.

### 3.04 Design and Construction Requirements

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost-effective materials and systems that minimize the consumption of natural resources both during rehabilitation and for long-term maintenance and operations. Minnesota Housing encourages optimizing the use of renewable resources and energy, minimizing damages and impact to the environment, and maximizing the use of solar and wind.

All Borrowers are required to comply with both of the following:

- The most recently adopted edition of the Minnesota State Building Codes.
- Other local, state, and national codes and standards in effect; the most restrictive codes and regulations will apply

All Borrowers using federal low-income housing tax credits (HTC) must also comply with Multifamily Rental Design/Construction Standards, which can be found on Minnesota Housing's [Building Standards](#) webpage. All other Borrowers are subject to Minnesota Housing's Limited Scope Project Sustainability Requirements, which can be found on Minnesota Housing's [Building Standards](#) webpage.

### 3.05 Tenant Selection Plan

Minnesota Housing is committed to creating equitable, affordable, and accessible housing for all Minnesotans. Tenant Selection Plans (TSP) and tenant screening criteria that reduce barriers to housing access are critical to these efforts. It is recommended that all Recipients selected for Program funds follow Minnesota Housing's [Tenant Selection Plan Guidelines](#).

## **Chapter 4 – General Loan Characteristics**

### **4.01 Funding Source**

Funds for the Program are appropriated by the Minnesota Legislature.

### **4.02 Loan Terms**

Program funding will be structured as a deferred, forgivable, or amortizing loan depending on the needs and financial structure of the project. An interest rate is not required but can be included if necessary for the financial structure of the project.

Alternative loan structures may be considered but are subject to approval at Minnesota Housing's sole discretion. For example, an alternative loan structure may include a loan to a Borrower which is a Nonprofit Organization that subsequently loans or contributes the funds to a property owned or controlled by the Borrower.

Minnesota Housing may also allow non-resource debt on secured loans to single asset entities.

### **4.03 Loan Types**

The loan commitment term and closing date are determined by the type of loan the Applicant requests:

- Construction Loan: The Construction Loan must close within 20 months from the initial Minnesota Housing board approval date.
- End Loan: The project must enter into a loan commitment for an End Loan within 20 months of Minnesota Housing board approval. The project must be completed, and the loan closed within 18 months once the loan commitment for an End Loan is executed.

Either loan type may be available with Minnesota Housing approval.

If an Applicant does not enter into a loan commitment for an End Loan or close the Construction Loan within the 20-month term, Minnesota Housing reserves the right to recapture funds or require a commitment extension.

### **4.04 Underwriting Standards**

Minnesota Housing will use the following underwriting standards for underwriting and sizing:

- Multifamily Underwriting Standards for any project structured with federal low-income housing tax credits (HTC); or

- Program underwriting standards as published in Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program RFP Application Instructions.

#### **4.05 Transfer of Ownership**

Sale of the property to another eligible borrower, assumptions, and subordinations of the loan must be pre-approved in writing by Minnesota Housing. Approval must be requested through the Request for Action (RFA) Process. Approval is at Minnesota Housing's sole discretion and will only be considered (but not guaranteed to be approved) if each of the following are true:

- The Borrower is not in default of any of its agreement(s) with Minnesota Housing
- The new entity is creditworthy, in Minnesota Housing's sole opinion
- The new entity assumes all contractual obligations with Minnesota Housing
- Payment of an assumption fee is submitted, if required

#### **4.06 Prepayment**

The mortgage may be prepaid in full at any time. Minnesota Housing may charge a prepayment fee to cover the approximate administrative costs incurred by Minnesota Housing in processing the prepayment.

## Chapter 5 – Application Process and Review Criteria

### 5.01 Financial and Organizational Capacity

Applicants must submit the required qualification forms. The qualification forms, along with additional information and instructions for submittal, can be found on Minnesota Housing’s [Development Team Qualification Forms](#) webpage.

### 5.02 Management and Operating Budget

The budget submitted in the application is reviewed and compared to historical operating performance and budgets of comparable Minnesota Housing financed developments.

Minnesota Housing reserves the right to reject or adjust the operating and maintenance figures based on the information provided specific to development type, circumstances, and significant changes to the economics of the development’s current marketplace.

Refer to the Underwriting Standards (Section 4.04) for more information on Minnesota Housing’s requirements for and evaluation of management and operating expenses.

### 5.03 Relocation Plan

All existing developments must submit a relocation plan that addresses both temporary relocation and permanent voluntary displacement. The Applicant must thoroughly assess the potential for displacement.

The plan must include each of the following:

- A description of the project
- A list of any other funding source(s) that will require compliance with the Uniform Relocation Act (URA) or a statement that no other funding source(s) will require compliance with the URA
- A description of any temporary relocation, if any, that will or may occur based on the scope of work
- A description of how tenants’ needs will be accommodated while they are temporarily displaced
- A description of how tenants with disabilities will be accommodated
- A description of what the development team will do to help displaced tenants who have additional challenges when facing temporary or permanent voluntary displacement; for example, households with a large family size
- A description of the assistance and compensation that will be offered to tenants who will either be temporarily relocated or permanently and voluntarily displaced

- An estimated budget identifying relocation/displacement expenses and an identified funding source
- A relocation plan timeline

Minnesota Housing prohibits permanent involuntary displacement of residents from developments receiving Minnesota Housing funding.

#### **5.04 Program Fees**

Please review the Multifamily Loan Programs and Housing Tax Credit Fee Schedule for applicable fees.

## **Chapter 6 – Selection Process**

### **6.01 Application Review**

Program applications must meet all statutory requirements and threshold criteria in order to be eligible to receive funding. Applications will be submitted for review in a competitive RFP process, and the applications will be evaluated on selection criteria and scored.

All Program funding awarded is subject to approval by the Minnesota Housing board.

### **6.02 Threshold Criteria**

To meet the minimum threshold criteria, each of the following must be true:

- The building is an eligible property as described in section 2.01 (Eligible Properties) of this Program Guide
- The Applicant is an Eligible Recipient as described in section 2.02 (Eligible Recipients) of this Program Guide
- The application is for an eligible use as described in section 2.03 (Eligible Expenses) of this Program Guide
- The application is complete
- The application is submitted by the deadline

### **6.03 Selection Criteria**

In conjunction with application scores, Minnesota Housing will evaluate Program RFP applications using the following selection criteria.

#### **Project Feasibility**

Applications must demonstrate and satisfy the following project feasibility requirements:

- The costs of acquiring or rehabilitating the housing are reasonable based on market conditions and/or justifiable as determined by Minnesota Housing at its sole discretion.
- The housing is economically viable and sustainable when Program underwriting standards (Section 4.04) are applied.
- Demonstrated organizational capacity as determined by Minnesota Housing at its sole discretion.

Applications determined to not meet feasibility requirements will not be processed further in the applicable funding cycle. An application's financial structuring may be revised by Minnesota Housing during this review to help ensure financial feasibility and/or meet required components of the Program



underwriting standards (see Section 4.04). A reduction to the application's scoring may occur as a result of these revisions.

### **Geographic Distribution**

Minnesota Housing considers geographic distribution of resources and the resulting amount and type of anticipated housing production throughout the state when making the Program selection decisions.

### **Amount of Funding Requested**

Minnesota Housing considers the amount of funding requested in comparison to available resources in order to fully fund or nearly fully fund as many projects as reasonably feasible, which may result in not selecting higher scoring projects. This includes instances where insufficient resources are available to fully fund or nearly fully fund a project.

### **Development Cost Review**

Minnesota Housing will review project costs based on comparability and reasonableness. Minnesota Housing may, at its sole discretion, reject applications that have excessive project costs.

### **Statutory Preference**

Preference will be given to applications with projects that have a deeper commitment to restricted rent requirements either through:

- More deeply affordable units; for example, units with rents restrictions at 30% AMI or 50% AMI.
- Maintaining longer periods of affordability; for example, 30 years.

### **Project Readiness**

Minnesota Housing will evaluate the state of preparedness involving all stakeholders and their ability to successfully take on, develop, and deliver a project.

## **6.04 Selection Notification**

After selection, the Applicant will receive a funding selection letter with the anticipated loan amount, terms, and due diligence requirements.

## Chapter 7 – Disbursement Requests

The Borrower shall submit a disbursement request using the template provided by Minnesota Housing. Disbursements will only be made to the Borrower or their designated title agent as approved by Minnesota Housing.

The Borrower shall provide evidence of the eligible expenses with the disbursement request, which may include the following supporting documentation:

- Contractor pay applications/draw requests
- Paid invoices
- Photographs of work in progress and completed work
- Invoices for the eligible expenses

Minnesota Housing reserves the right to request additional documentation as needed to verify expenses, including a cost certification prepared by a third-party auditor or accountant.

Disbursement requests will not be processed more than once per month.

## **Chapter 8 – Compliance Monitoring and Reporting**

### **8.01 Compliance Monitoring Requirement**

Minnesota Housing performs periodic inspections of the projects financed. The frequency of physical inspections is determined by several factors such as loan type, term, loan amount, etc. Borrowers will be notified in advance of any inspection.

### **8.02 Compliance Reporting Requirement**

Borrowers are required to provide annual reporting in a form and manner directed by Minnesota Housing. Owners must submit an annual Certification of Compliance and occupancy data on all units in the property. Owners must maintain year-end operating (financial) reports and make them available upon request.

### **8.03 Compliance Term**

All projects funded with Program loans are required to comply with affordability requirements and are subject to monitoring and reporting for the term of the Loan Agreement. Borrowers must retain files for six years after the expiration or termination of the Loan Agreement.

## Appendix A - Terms and Definitions

Table 2: Terms and Definitions

Terms	Definitions
Applicant	An individual or entity that applies for Program funds.
Borrower	An Eligible Recipient that has been selected for Program funding by Minnesota Housing.
Community Stabilization Program	Program Established by <a href="#">Minnesota Laws 2023, ch. 37, art. 2, sec. 6</a> and amended by Minnesota Laws 2024, ch. 127, art. 14, sec. 11.
Construction Loan	A construction/permanent long-term loan to finance rehabilitation and eligible soft costs. The loan funds are advanced incrementally during rehabilitation.
Eligible Recipient	An Eligible Recipient pursuant to the Program as further described in section 2.02 (Eligible Recipients) of this Program Guide.
End Loan	A permanent long-term loan that is used to pay off a short-term rehabilitation loan or other form of interim financing.
Loan Agreement	The Loan Agreement between Minnesota Housing and the Borrower and any related documents evidencing a loan pursuant to the Program.
Minnesota Housing	The Minnesota Housing Finance Agency
Multifamily Rental Housing	A single residential property with 4 or more housing units that are available for rent.
Multifamily Tax Subsidy Projects (MTSP) Income Limits	<p>Income limits published annually by HUD that are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under section 42 of the Internal Revenue Code and projects financed with tax exempt housing bonds issued to provide qualified residential rental development under section 142 of the Internal Revenue Code.</p> <p>Such limits must follow the hold-harmless policy established in section 3009 of the Housing and Economic Recovery Act of 2008 based on the limits in effect on the date of the funding application or, for projects receiving Low Income Housing Tax Credits under section 42 of the Internal Revenue Code, the placed in service date.</p>
Naturally Occurring Affordable Housing (NOAH)	<p>Multifamily Rental Housing that meets all the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 20 years old</li> <li>• Have rents in a majority of the units that are affordable to households at or below the 60% of the greater of state or area median income (AMI) as determined by the United States Department of Housing and Urban Development (HUD)</li> </ul>

Terms	Definitions
	<ul style="list-style-type: none"> <li>Not currently have federal or state financing or tax credits that require income or rent restrictions, except for public housing, as defined in section 9 of the Housing Act of 1937, that is part of a mixed-finance community</li> </ul>
Nonprofit Organization	A tax-exempt nonprofit organization under section 501(c)(3) of the Internal Revenue Code that was established before January 1, 2025, as demonstrated by registration or filing of organizational documents with the state of origin.
One Minnesota	The <a href="#">One Minnesota Plan</a> is a vision for what our state can be and how we can make this vision a reality.
Program	The Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program.
Program Guide	The Program Guide for the Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program
Request for Action (RFA) Process	The process which must be used for all servicing requests including, but not limited to, assumptions, ownership/management company changes, subordinations, and payoffs. Refer to Minnesota Housing’s <a href="#">RFA and Change Notifications</a> webpage for information on how to complete this process.
Request for Proposals (RFP)	The competitive process of applying for Program funds.
Section 8	HUD’s housing choice voucher program for assisting very low-income families, the elderly, and people with disabilities to afford decent, safe, and sanitary housing in the private market.
Tenant Selection Plan (TSP)	The plan developed by the Recipient per all applicable guidelines, which is then used by prospective tenants to self-screen and determine their eligibility for a property prior to submitting an application for housing.
Tribally Designated Housing Entity	An entity as defined by U.S. Code, title 25, section 4103(22).
Uniform Relocation Act (URA)	<p>The Uniform Relocation Act (URA) applies to federally funded projects involving rehabilitation or acquisition. The URA provides displaced persons with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public.</p> <p>The URA requirements must be adhered to by the owner. If the borrowing entity will be displacing or temporarily relocating tenants, a tenant relocation plan that conforms to all URA requirements is mandatory and must include an outline of how tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated budget, and a statement regarding whether the scope of work will require temporary or permanent relocation.</p>

## **Appendix B – Legal Addendum**

### **1.01 Conflict and Control**

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

### **1.02 Fraud**

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

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

### **1.03 Misuse of Funds**

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

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

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

### **1.04 Conflict of Interest**

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

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

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

- **Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, or any other legal entity which engages either in nonprofit or profit-making activities.
- **Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children-in-law, parents-in-law, and siblings-in-law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.
- **Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member, or their Partner has a connection to an organization via employment (current or prospective), has a financial interest, or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage, or legal action with whom the individual has a close personal relationship.

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

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

## **1.05 Assistance to Employees and Affiliated Parties**

Any party entering into a contract with Minnesota Housing for the purpose of receiving an award or benefit in the form of a loan, grant, combination of loan and grant, or other funding is restricted in issuing a loan, grant, combination of loan and grant, or other funding to a recipient ("Affiliated Assistance") who is also: (1) a director, officer, agent, consultant, employee, or Family Member of an employee of the contracting party; (2) an elected or appointed official of the State of Minnesota; or (3) an employee of Minnesota Housing, unless each of the following provisions are met:

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms, and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten, and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## **1.06 Suspension**

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to



Minnesota Housing’s website for a list of [suspended individuals and organizations](#) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## **1.07 Disclosure and Reporting**

Minnesota Housing promotes a, “speak-up, see something, say something,” culture whereby internal staff must immediately report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation through one of the communication channels listed below. External business partners (e.g., administrators, grantees, or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation using these same communication channels.

- Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at [MHFA.ReportWrongdoing@state.mn.us](mailto:MHFA.ReportWrongdoing@state.mn.us)
- Any member Minnesota Housing’s [Servant Leadership Team](#), as denoted on Minnesota Housing’s current organizational chart (Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team)
- [Report Wrongdoing or Concerns](#) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing)

## **1.08 Electronic Signatures**

Minnesota Housing will use and accept e-signatures on eligible program documents subject to all requirements set forth by state and federal law and consistent with Minnesota Housing policies and procedures. The use of e-signatures for eligible program documents is voluntary. Questions regarding which documents Minnesota Housing permits to be e-signed should be directed to Minnesota Housing staff.

## **1.09 Fair Housing Policy**

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation.

Minnesota Housing’s fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing, and operating procedures comply with non-discrimination requirements. Housing providers

and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

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

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing, or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions, or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print, or publish (or cause to make, print, or publish) notices, statements, or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- Deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Under certain circumstances, applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly, and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

## 1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, , as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the contracting party under the contract. The civil remedies of apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

## 1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minn. Stat. Chapter 177](#) or [Minn. Stat. 116J.871](#). In broad terms, Minn. Stat. Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minn. Stat. 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minn. Stat. 116J.871 sets out several exceptions to the applicability of prevailing wage including: (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in [Minn. Stat. 177.30, paragraph \(a\), clauses \(6\) and \(7\)](#). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to [mhfa.prevailingwage@state.mn.us](mailto:mhfa.prevailingwage@state.mn.us).

All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Rd. N

St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

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