



Housing Tax Credits Market Study Guidelines

2025 – 2026 Multifamily Consolidated Request for Proposals

2026 – 2027 Housing Tax Credits Funding Rounds

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Chapter 1 – General Requirements

Minnesota Housing requires a comprehensive market study of the housing needs of low-income individuals in the area to be served by low-income housing tax credit (HTC) projects. The market study is to be performed at the developer's expense and must be conducted by a disinterested party. A developer must choose a disinterested party from Minnesota Housing's [Authorized Market Analyst List](#). To review the requirements of the market analyst, apply to be added to the list, or renew your name on the list, review the [Market Analyst Requirements and Application](#).

For a market study to be considered, analysts must meet Minnesota Housing's market study guidelines. These guidelines establish the minimum information and analysis required for a satisfactory market study. The methodology used and conclusions drawn must be reasonable. In determining whether a market exists for a proposed project, Minnesota Housing will also consider factors other than the market study. The study must be a concisely written report that includes photos and tables.

1.01 When and How to Submit the Market Study

HTC projects applying for funding through the annual Multifamily Consolidated Request for Proposals (RFP)/HTC Rounds 1 and 2 will no longer be required to submit a market study at application. Market studies are now only required for selected projects and will be collected as a post-selection checklist item. Minnesota Housing will communicate a deadline in your selection letter.

Projects applying through the 4% HTC Only round are required to submit a market study at application/42M.

The developer or project owner must submit the market study via the [Multifamily Customer Portal \(Portal\)](#).

For projects selected through the annual Multifamily Consolidated RFP/HTC Rounds 1 and 2, submit your market study in the following checklist:

- 9% HTC: Carryover checklist
- 4% HTC: 42M checklist

For projects applying through the 4% HTC Only round, submit the market study in the Application checklist.

1.02 Effective Dates

The market study must have an effective date within six months of submission. An update may be accepted if the effective date of the original market study is within 18 months of submission. If a

project received a partial allocation from Minnesota Housing in a prior round, the market study submitted will be accepted, absent material changes to the project between rounds and HTC years.

If an update is submitted, the original market study analyst must include a letter with all of the following:

- An updated project concept that identifies and analyzes the impact of additional developments not identified in the prior market study report, including projects in the development pipeline.
- Any changes in the occupancy and rent structure in the marketplace, including an update to the achievable market rent for the proposed subject project.
- A description of other factors that may have significant impact on the proposed development, such as economic changes and/or demographics, as well as updated demand estimates.

The analyst must specify in the update whether any of these changes have occurred and, if so, provide detailed explanations of the changes and their resulting effects on the market area and the proposed project.

Chapter 2 – Content Standards for Market Studies for Rental Housing

The purpose of these standards is to provide uniform content for affordable rental housing market studies submitted to Minnesota Housing for projects selected to receive an allocation or award of HTC. Other funding requested from Minnesota Housing should be taken into consideration when completing the market study. The standards outline the content, data, analysis, and conclusions to be included in market studies for rental housing. The market study must include the information described in the following sections and be written and submitted in the exact order outlined below.

These guidelines were adopted in part from the National Council of Housing Market Analysts recommended practices.

2.01 Executive Summary

Each market study should contain a summary of the data, analysis, and conclusions, including the following:

- A concise description of the site and the immediate surrounding area
- A summary of the project, including the proposed number of units, rent levels, and population to be served
- A brief description and support of the defined primary market area (PMA)
- A summary of market related strengths and/or weaknesses that may influence the subject project's marketability, performance, and/or lease-up; this includes compatibility with surrounding uses, the appropriateness of the subject project's location, unit sizes and configurations, number of units, rent levels, amenities, and points that will mitigate any negative attributes
- Recommendations or suggested modifications to the proposed project, if appropriate
- A brief summary of key economic and demographic factors for the PMA
- A brief comparison of the subject project to comparable affordable and market rate properties
- A summary of key conclusions of market feasibility, including stabilized occupancy rates, achievable rent levels, and the forecasted absorption period for the subject project; if changes to the subject project are recommended, the forecasted absorption should specify whether the estimate assumes changes are made

2.02 Introduction and Scope of Work

The introduction of the market study should summarize the report's purpose and scope of work conducted during the preparation of the report. This section must include:

- A comprehensive market analysis full narrative report, a comprehensive summary report, a market advisory report, or other (explain)
- Name of client and project developer

- Intended use and users of the report
- Steps taken to complete the report; if any significant steps were not taken, identify and explain
- Date of field work and site visit
- Person conducting field work
- Name of the primary market analyst reaching conclusions of the report

2.03 Project Overview

The market study report should include a project description to show the analyst understands the project at the time the market study is undertaken. The project description should include:

1. Project Structure

- Number of units listed by unit mix (bedrooms and baths)
- Targeted income and rent limits as a percent of Multifamily Tax Subsidy Projects (MTSP)
- Each unit size in net square feet (the living area of a unit, exclusive of common areas)
- Proposed contract rents, gross rents, and the maximum allowable rents
- Utility allowance documenting both the type and estimated costs of utilities to be paid by the tenant

2. Project Description

- Target population, including population served, income restrictions, and proposed housing assistance; refer to section 2.10 (Additional Requirements for Projects Involving Special Needs Populations, Housing for Homeless/Long-Term Homeless Households, and Supportive Housing), if applicable
- Number of buildings
- Design type (for example, walk-up, elevator, townhomes)
- Number of stories
- Exterior finishes
- Unit features and common amenities
- Parking options, including number of spaces and any fees
- Developer's projected dates for construction start and completion, and start of pre-leasing
- A copy of the floor plans and elevations included as an attachment to the report¹

3. Additional Requirements for Rehabilitation

- Identification of any existing subsidized housing programs at the subject project such as Section 8, Section 202, Section 811, below market interest rate (BMIR), Section 236, etc., as well as current occupancy levels, current rents, and proposed rents

¹ If plans are not completed at the time of the analysis, identify this condition on the market study.

- A brief profile of current occupants that includes typical income, household size, age, etc.
- Description of program income and rent limits, and analysis of where current and proposed subsidized rents are relative to the market level
- Description of the rehabilitation and the scope of work, including the phasing of rehabilitation activities, impact of the rehabilitation work, impact of the new rent structure on current tenants, and whether the proposed rehabilitation supports post-rehabilitation rent increases
- An estimate of total construction costs and cost per unit, including a breakdown of hard and soft costs, if the hard and soft costs are available
- Information on tenant relocation (if necessary), such as number of tenants to be either permanently and/or temporarily displaced, for how long, and where
- An analysis of the income qualifications of existing residents with the proposed rent changes
- A three-year description of the subject project's occupancy
- If occupancy has averaged less than 90% over the last 12 months, address any of the issues identified as contributing to this
- A rent roll showing tenant incomes for all affordable units at the subject project, as well as the household size occupying the unit and the unit's number of bedrooms
- Documentation of the length of time subsidies will remain available at the subject project, or of the availability of additional rental subsidy at the subject project (for example, additional rental assistance (RA) units for Rural Development (RD) Section 515 projects), such as a copy of the applicable portion of the housing assistance payments (HAP) contract or a letter from RD showing that the RA units at the subject project will remain after rehabilitation efforts are finished
- The status or date of architectural plans, name of the architect, and/or a copy of the floor plans and elevations¹
- The market analyst should review site and architectural plans and give a rough opinion on their effects on the marketing of the completed project¹

2.04 Location and Market Area Definition

1. Primary Market Area (PMA) and Secondary Market Area (SMA)

- For the purpose of market studies, the PMA is the local area from which the subject project will draw potential renters. It implies that households within the PMA would be willing to move to, or shop for, housing located therein, and that rents, amenities and other aspects of housing would be similar among multifamily complexes in that area.
- Given this definition, the analyst must define the PMA that pertains to the subject project. Identify PMA boundaries by census tracts, school districts, jurisdictions, street names, or other geographic information forming the boundaries. Include a map that

clearly shows the borders of the PMA and its major features (towns, cities, counties, metropolitan statistical areas (MSAs), major roadways, and the location of the subject project).

- Defend the composition and extent of the PMA. Provide a written narrative detailing the rationale for the PMA, including market specific information rather than generic factors or concepts considered. This narrative should specifically address any issues with the market area including the exclusion of nearby areas or justification for geographically large market areas. In addition, PMAs that cross state borders are allowed only if convincing evidence of cross-border interaction (for example, migration, commuting, shopping, experience of other projects in the market) is presented in the study.
- Define the SMA, if applicable. SMA refers to the portion of a market area that supplies additional support to an apartment property beyond that provided by the primary market area. To complete your market conclusions, provide, as needed, the same data and information relative to the SMA that was provided to complete your market conclusions for the PMA.

2. Site Characteristics

- Provide a description of the site characteristics including size, shape, general topography and vegetation, and proximity to adverse conditions. For scattered site projects, note the differences in quality that may occur between parcels, as well as a map of the parcels showing their geographic distribution.
- Provide photographs of the site and neighborhood including adjacent site uses, and a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, public transportation, and other services such as libraries, community centers, banks, etc. In situations where it is not feasible to show all the categories on a map, the categories may be addressed in the narrative.
- Where applicable, provide evidence of new private or public investment in the area near the proposal. This could include community revitalization plans, other housing developments, new commercial enterprises, or other new private or public investments.
- Describe the marketability of the proposed development. Aspects of this include the following:
 - Curb appeal
 - Non-residential land uses contiguous to the site (landfills, auto salvage yards, heavy industrial uses, or other land uses that are generally not compatible to the proposed development)
 - An analysis of the linkages between the project and local amenities
 - An analysis of the surrounding neighborhood, including the analyst's perception of its residential character, non-residential land uses (if any), the quality of the housing stock, its level of upkeep, and its effects on the market performance of the proposal

- Describe and evaluate the visibility and accessibility of the site. Important aspects of this include the following:
 - Ease of ingress and egress, including a discussion of traffic controls around the site, difficult left-hand turns against prevailing traffic, excessive curb cuts surrounding the entrance to the development, and unreasonable lines of sight at the entrance; excessive traffic congestion should be avoided, such as around major employment parking lots, large shopping malls, and multi-screen theaters
 - Self-advertising quality of the site, by virtue of its visibility from roadways
 - Adequate visual separation from adjacent land uses
 - Potential for adequate signage, lighting, and landscaping

2.05 Demographic Characteristics

Provide recent census demographic data for the PMA (and SMA, if appropriate) using current year estimates and a five-year projection using reputable sources. Use historical data as a baseline (for example, the 2010 census or 2020 census) to demonstrate how the market has changed in recent years. Data from third-party demographic data providers (such as Claritas, CACI, ESRI, and others) is acceptable. Indicate the source for all data, provide an analysis of trends indicated by the data, and provide a copy of the demographic source data in the appendix.

Detail on the following demographic topics is required:

- Population and household trends
- Population and households by age, including the number of non-senior (0-61) and senior (62 and over)
- Building trends in relation to household trends
- Tenure by age of household, including the number of renter and owner households that are headed by seniors (aged 62 and over) and non-seniors
- Households by tenure and household size
- Income by tenure
 - Provide a breakdown of households by income in \$5,000-\$10,000 increments by tenure, for the current year and the year of market entry; if necessary, the current income distribution by tenure can be applied to the market-entry estimate of households

In most cases, senior households (62 and over) must be removed from these totals when analyzing family projects, and non-senior households must be removed with senior projects. The only exception for this rule concerns markets where the subject, by virtue of market or unit size (for example, markets with a lack of senior housing, or proposals that feature one- and two-bedroom unit mixes), might indeed attract senior renters. Adequate evidence supporting the exception must be provided.

Summarize any specific demographic trends that positively or negatively affect rental housing demand, with emphasis on how it may impact the subject project.

2.06 Employment and Economy

Provide data and analysis on the employment and economy of the PMA to give an understanding of the overall economic health of the community in which the PMA is located. List sources for the data and methodology for the analysis and relate all findings to the market performance of the subject project.

1. Employment and Unemployment

- Provide a description of employment by industry sector for the PMA or smallest geographic area available that includes the PMA and compare the data to the larger geographic area (for example, city, county, labor market area, and metropolitan statistical area (MSA)).
- List major employers in the PMA, the type of business, and the number employed. Compare the data to the larger geographic area (for example, city, county, labor market area, MSA).
- Show the historical unemployment rate for the last 10 years (or other appropriate period) for the PMA and appropriate geographic areas and compare it to the larger geographic area (for example, county, SMA, MSA).
- Show employment growth over the same period. Compare it to the larger geographic area.
- Comment on future trends for employment as well as general economic conditions in the PMA in relation to the subject project. This would include expected employer expansions or contractions, plant openings and closings, or other similar information. Adequate supporting evidence must be provided.

2. Workforce Housing

- If relevant, comment on the availability of housing that is affordable to the local workforce that draws from the PMA.

3. Wages by Occupation

- Provide a breakdown of typical wages by occupation. These are usually available on an MSA-wide or county level basis, but some sources might exist for smaller areas.

4. Commuting Patterns

- Provide commuting patterns for workers such as how many workers in the PMA commute from surrounding areas outside the PMA. Comment on what these patterns mean for the marketability of the subject proposal.

2.07 Existing Rental Housing Stock

Provide information on other multifamily rental housing in the PMA and any rental housing proposed to be developed in the PMA. Include:

1. Overview

- Provide an overview of the rental housing market in the PMA or the larger region, if the overview for the larger region is appropriate.
- Describe the size of the overall rental market in the PMA or region, including the percentage of market rate and affordable housing properties.
- Provide occupancy statistics for the larger market, if available.
- Provide a five-year history of residential building permits (by housing type, if available) and comment on building trends in relation to household trends included in the study.

2. Rental Market Information

- Identify comparable market rate and affordable multifamily rental projects in the PMA. The projects should include all comparable affordable apartments and a sufficient sample of comparable market rate apartments to draw conclusions.
- Provide a list of affordable projects identified but excluded from the analysis and the reason for the exclusion. Note that apartments with project-based rental assistance should not be considered comparable to subject properties that do not have project-based rental assistance.
- Provide the following information for each comparable project:
 - Name
 - Street address
 - Population served
 - Type of design
 - Age and condition
 - Number of units by bedroom type
 - Rent levels
 - Number of bedrooms and baths for each unit type
 - Square footage of units
 - Unit features (for example, kitchen equipment, air conditioning, in-unit washers and dryers)
 - Type of utilities (state whether paid by tenant or owner and energy sources for hot water, heat, and cooking)
 - Site amenities that are included
 - Site staffing
 - Occupancy rate by unit size and area median income (AMI), if applicable
 - Rental absorption history within the last two years
 - Concessions currently offered
 - Number of households on waiting list
 - Name, address, and phone number of project contact
 - Date of data collection
 - Photos of the project property that are large enough to be useful to reviewers
- Include a map identifying the location of each project in relation to the subject project with a useable scale and a northern directional arrow.

- In markets with limited multifamily rental communities or low-density subject properties, provide an analysis of available scattered site rentals, including pricing and other available/pertinent data.
- Provide a narrative evaluation of the subject project in relation to both the PMA's comparable market rate apartments and the comparable affordable properties.
 - Evaluate the subject site in comparison to the competition.
 - Provide tables showing how each comparable project compares to the subject project based on unit size (square feet), unit features, common amenities, tenant-paid utilities, location, and parking. Separate comparisons should be made between the subject project and market rate units and the subject project and affordable units.
 - Provide a weighted average rent comparison between the subject project and comparable market rate and affordable properties, and address its ramifications related to the marketability of the subject project. Note that in many markets, the level of rent charged in United States Department of Housing and Urban Development (HUD)-assisted properties is often not attainable without the provision of rental subsidies, and apartments with project-based rental assistance should not be used as comparable properties to the subject project unless the subject project also includes project-based rental assistance.
 - Discuss any current rental concessions and trends in rent increases or decreases.
 - Calculate the vacancy rate by:
 - Product type (for example, market rate, HTC, and project-based rental assistance)
 - Type of occupancy (for example, family, seniors, special populations)
 - Unit size
 - Discuss the availability of affordable housing options, including the purchase or sale of homes and future trends of home prices and impending developments. Include an analysis of the cost to rent versus to own. If applicable, discuss the impact of foreclosures and the shadow single family and condominium rental market. This is important in the case of rural markets or subject properties that contain a high number of larger (three- or four-bedroom) units and for senior projects, in that homeowners must sell their existing homes before moving to the subject project.
 - If the subject project has three- or four-bedroom units and the existing multifamily rental stock does not have units with three or more bedrooms, use single family rentals for comparison purposes.
- Discuss rental projects planned or under construction in the market area, providing as much detail as possible.
- Discuss the impact of the subject project on the existing housing stock in terms of conventional multifamily projects and affordable projects.

2.08 Local Perspective of Rental Housing Market and Housing Alternatives

The market study should include a summary of the perspective on the rental market, the need for the proposed housing, and the unmet housing need in the market. The local perspective should consider:

- Interviews with local planners, housing and community development officials, and market participants to estimate proposed additions to the supply of housing that would compete with the subject project and to evaluate the local perception of the need for additional housing.
- Interviews with local public housing authority (PHA) officials to seek comment on the need for housing and possible impact of the proposed development on their housing inventory and waiting lists for assisted housing. Include a statement on the number and availability of housing choice vouchers and the number and types of households on the waiting lists for housing choice vouchers. Compare subject project's proposed rents to local payment standards or median rents.

2.09 Analysis/Conclusions

- To determine the pool of potential renters, provide a detailed analysis of the minimum and maximum income limits allowable for renters to reside at the subject project. Also estimate the number of age and income eligible renter households for the proposed units, accounting for the proposed MTSP rent and income level(s) targeted. This analysis should be conducted with minimum income limits derived, assuming family populations will pay up to 35% of income for gross housing costs (rent plus utility allowance) and seniors (age 62+) will pay up to 40% for gross housing costs. Maximum income limits should be determined based on an average of 1.5 persons per bedroom, the same standard as the calculations of MTSP rent limits, except for senior projects, which should be limited to 2.0 persons.
- Calculate the subject project's capture rate for each targeted income level and the project overall by dividing the subject units by the number of income and age-appropriate renter households at the time of the project's anticipated opening. The capture rate should be illustrated as a percentage. Analysts should explain what this capture rate means in terms of the depth of support and in context with other market factors (for example, strength of rental housing market, subject project's competitive position, etc.).
- Calculate the penetration rate for the proposed HTC and market rate units. Penetration rate is determined by dividing the total number of comparable HTC units targeting the same household income segments and age groups by the total number of age and income eligible renter households. The penetration rate should be presented as a percentage and discussed as to whether the analyst believes it is achievable.
- Define and justify the absorption period and absorption rate for the subject project. The absorption rate should be calculated using a standardized and stabilized occupancy rate of 93%.
- Provide documentation and descriptions that show the methodology for calculations in the analysis section and relate the conclusions to the data.

- Quantify and address market advantage of the subject project and impact on marketability.
- Project and explain any future changes in the housing stock within the PMA or SMA.
- Identify risks, (for example, competitive properties that may come on line at the same time as the subject project, declining population in the PMA, etc.), unusual conditions, and mitigating circumstances. Evaluate the need for rental assistance or HUD contracts.
- Evaluate the demand in two ways: one as an HTC project only without any subsidy, and the other as if the subject project were to retain its current subsidy, if applicable.

Additional Market Study Considerations

HTC Set-Asides

For each floor plan proposed, forecast each of the following:

1. Achievable market rate rent, assuming there are no income or rent restrictions on the subject project
2. Maximum achievable rent, assuming the units are rent restricted at the MTSP income level and the rent percentage tier
3. Maximum allowable rent, assuming the units are rent restricted at the MTSP income level and the rent percentage tier
 - Complete and include the chart below, comparing each floor plan and rent level proposed to the achievable market rate rents and achievable contract rent at the rent tier proposed.
 - Conclude whether the developer's proposed rents are achievable. The achievable rents must be written as Contract Rents. Refer below for the definition of Contract Rents.
 - If the proposed contract rents are not achievable at the rent tier proposed, determine the achievable rent and the highest rent tier under which the subject project would fall.
 - For example, if the proposed contract rent of \$900 for a one-bedroom unit is not achievable in the 70% MTSP rent tier, the highest achievable contract rent may be \$705, which is at 55% MTSP, which is below the 60% MTSP rent tier. In this example, \$705 would be the achievable contract rent for a one-bedroom unit, and \$770 is the maximum allowable contract rent at the 60% MTSP rent tier.
 - Complete a memo or an addendum, and include the following information:
 - Describe the derivation of achievable HTC rents
 - Describe or revise the capture rates using the new targeting income level
 - Describe or revise the absorption and penetration rate projections
 - Update the conclusions on the marketability and the overall market advantage

Table 1: Unit and Rent Breakdown

Unit Type (MTSP)	Proposed Subject Contract Rent	Achievable Market Rent	Achievable Contract Rent at Proposed Rent Tier	Maximum Allowable Contract Rent at Proposed Rent Tier ²
1 BR (70%)				
2 BR (50%)				

Definitions

Multifamily Tax Subsidy Projects (MTSP) Income and Rent Limits: The MTSP rent and income limits are used to determine qualification levels as well as set maximum rental rates for HTC funded projects authorized under section 42 of the Internal Revenue Code (Code) and projects financed with tax-exempt housing bonds issued to provide qualified residential rental developments under section 42 of the Code. Rent limits are based on the county in which the subject project is located and by the allocation date or placed-in-service date, depending on owner's gross rent floor election (gross rent floor is based on the allocation date if owner does not make an election to use the placed-in-service date). Income limits are always based on a project's placed-in-service date.

Proposed Subject Contract Rent: Contract rent proposed in the application.

Achievable Market Rents or Market Rents: Rent that an apartment without rent restrictions, income restrictions, or rent subsidies would command in the primary market area (PMA) considering its location, features, and amenities.

Achievable Contract Rent: Maximum rent that an apartment with restrictions would be able to charge less the value of tenant paid utilities at the proposed rent tier. If the achievable contract rent is not achievable at the proposed rent tier, state the achievable rent at the nearest rent tier.

Utility Allowance: This is a deduction from a renter's gross rent to assist in paying their utilities. The allowance is an average utility cost (not including phone or cable) by unit size and set by the administering agency, which will vary by housing authority. The owner may also choose utility

² Maximum allowable rent less an allowance for tenant paid utilities and any fees or charges that are a condition of occupancy (for example, mandatory renter's insurance, fee for in-unit washer/dryer).

benchmarking to determine the utility allowance. This consists of tracking, analyzing, and reporting utility consumption at a development. Obtain the utility allowance from the developer.

Maximum Allowable Contract Rent: Maximum allowable rent that could be charged at either the proposed rent tier (Income Averaging chart) or the 50% or 60% rent limit (Non-Income Averaging chart) as calculated by subtracting the utility allowance from the MTSP rent limits for the proposed bedroom type.

Instructions for determining Maximum Allowable Contract Rent: Request the development's earliest placed-in-service or gross rent floor election date, the current utility allowance, and any fees or charges that will be a condition of occupancy from the owner. Using the placed-in-service date, go to Minnesota Housing's Rent and Income Limits webpage to find the corresponding MTSP table. If no buildings have been placed in service, use the MTSP income and rent limit table for projects on or after the effective date of the most recently published limits. Open the PDF and locate the county in which the subject project is located. Find the maximum gross rents by bedroom size for the various MTSP percentages proposed in the application. Subtract the corresponding utility allowance and any non-optional charges and enter these figures as the maximum allowable contract rent into the chart.

2.10 Additional Requirements for Projects Involving Special Needs Populations, Housing for Homeless/Long-Term Homeless Households, and Supportive Housing

- Identify and describe the population to be served by the proposed housing as well as the amount and type of subsidy, which will be made available to make this rental housing more affordable to the population to be served. If no such subsidy will be made available, state that fact, and justify the rents based on the incomes of the target population.
- State the location of relevant support service providers and the distance in miles from the site. Provide detail on the types of services to be provided, experience at providing these services, and the ability of the service provider to sustain these services over time. Indicate any other entities that will be involved in providing services to the targeted population.
- Provide data on the current number of persons and households in the special needs category or categories to be served. Identify the sources for these estimates (for example, service providers, human service agencies, Wilder Survey). Indicate changes in these populations and household counts from previous years and provide projections for future years. To the extent possible, provide data on household size, age distribution, current place of residence, and tenure.
- Include in the overview of the local economy the level of employment in unskilled and semi-skilled occupations. Supportive work settings should be identified and their capacity of providing additional work opportunities addressed.

- Provide estimates on the current income of the targeted population and indicate the sources of income.
- Estimate the time it will take for all the proposed units to be occupied. Explain how this estimate was derived.
- Identify any existing rental housing specifically targeted to meet the needs of the targeted population. This includes conventionally financed rental housing that serves a significant special needs population and those in the target market who currently live in group quarters/facilities. Identify any existing special needs housing where leases may not be renewed due to either investor influence or significant increases in area rental rates.
- Identify other proposed developments that focus on the same target population or have the potential to be competitive. Describe each in detail, including information on location, unit types, and rents. If no other potentially competitive developments are in the planning stages, a statement to that effect must be provided.

2.11 Other Requirements

- Include the date the report was prepared, the date of the site visit, and the name and telephone number of the analyst who prepared the study
- Complete and include the Minnesota Housing Market Study Checklist (Addendum A)
- Complete and include the Minnesota Housing Market Study Certification (Addendum B)
- Include a résumé or statement of qualifications of the market analyst
- Include a list of sources for data that was used in the market study

Appendix A – 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 (that is, interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.
- **Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.
- **Partner:** A person's romantic and domestic partners and outside Business partners.
- **Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

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

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

- Terminating the contracting party's participation

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

1.04.1 Federal Conflict of Interest Requirements

State and federal conflict of interest requirements differ, and Minnesota Housing business partners must comply with all requirements.

Minnesota Housing administers various programs using federal funds. Minnesota Housing requires that each of its external business partners (for example, administrators, borrowers, contractors, grantees or subrecipients) complies with all applicable federal conflict of interest standards. Specifically, no external business partner's employee, agent or consultant may participate in the selection, award or administration of a contract supported by a federal award if they have a real or apparent conflict of interest. Such a conflict of interest would arise when the business partner's employee, agent, consultant or any member of their immediate family, their partners, or an organization which employs or is about to employ any of these parties, has a financial or other interest in, or obtains a tangible personal benefit from, a firm considered for a contract. External business partner's employees, agents and consultants may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts supported by a federal award. Minnesota Housing will not consider it a violation of this policy if the external business partner's employee, agent or consultant receives an unsolicited item of nominal value.

In addition, no external business's partner employees, agents or consultants "who exercise or have exercised any functions or responsibilities with respect to activities assisted with" funds from HOME Investment Partnerships (HOME), HOME American Rescue Plan (HOME ARP), Housing Opportunities for Persons with AIDS (HOPWA) or National Housing Trust Fund (NHTF) "or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from" a HOME, HOME ARP, HOPWA or NHTF-assisted activity "or have a financial interest in any contract, subcontract, or agreement with respect to the" HOME, HOME ARP, HOPWA or NHTF-assisted activity "or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a

stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.”³ Violation of federal conflict of interest requirements by business partners, agents or consultants will result in appropriate actions by Minnesota Housing, including the potential termination of the relationship and additional contractual or other remedies. Violation of federal conflict of interest requirements may need to be reported to the federal government in appropriate circumstances.

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing relating to federal funds 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

³ See generally, HOME: [24 C.F.R. 92.356](#); including any revisions by the Appendix to the HOME-ARP Notice as amended; HOPWA: [24 C.F.R. 574.625](#); NHTF: [24 C.F.R. 93.353](#). In limited circumstances, a conflict of interest could be waived via an exception request, in writing. For further information, see federal regulations at: HOME: [24 C.F.R. 92.356](#); HOPWA: [24 C.F.R. 574.625](#); NHTF: [24 C.F.R. 93.353](#).

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 (for example, administrators, grantees or borrowers) and the general public are strongly encouraged to report instances of fraud, misuse of funds, conflicts of interest or other concerns without fear of retaliation using these same communication channels.

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

1.08 Electronic Signatures

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

1.09 Fair Housing Policy

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

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

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

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

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish

design and construction mandates for covered multifamily dwellings and requires those in the business of buying and selling dwellings to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

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

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

1.10 Minnesota Government Data Practices

Minnesota Housing, and any party entering into a contract with Minnesota Housing, must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Minnesota Housing under the contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the contracting party under the contract. The civil remedies of Minnesota Statutes, Section 13.08 apply to the release of the data referred to in this section by either the contracting party or Minnesota Housing. If the contracting party receives a request to release the data referred to in this section, the contracting party must notify Minnesota Housing. Minnesota Housing will give the contracting party instructions concerning the release of the data to the requesting party before the data is released. The contracting party's response to the request shall comply with applicable law.

1.11 Prevailing Wage

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

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

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

Questions related to submission of required information to Minnesota Housing may be directed to mhfa.prevailingwage@state.mn.us.

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

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

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

Addendum A – Minnesota Housing Market Study Checklist

Attach this fully completed checklist as an addendum to the market study submitted via the Portal.

This checklist references the components of the market study and is intended to assist in locating information relevant to its analysis. Indicate the market study page number(s) where each component is fully addressed. Where the item is not relevant, indicate N/A or not applicable. Where a conflict or variation from Minnesota Housing market study guidelines exists, indicate a V (variation), and provide a comment explaining the conflict.

Table 2: Components for Market Studies

Component	Page(s)	Comments
1. Unit mix and pro forma rents		
2. Description and justification of primary market area (PMA)		
3. Income tiers for subject project		
4. Demand projections		
5. Comparison of subject project to comparable market rate properties		
6. Comparison of subject project to comparable affordable properties		
7. Forecasted achievable market rents for the subject project		
8. Non-income averaging chart or the income averaging chart		
9. Required capture rate		
10. Forecasted lease-up schedule		
11. Recommended changes to the subject project		

Addendum B – Minnesota Housing Market Study Certification

The authorized representative acting on behalf of the Market Analyst must complete and attach this certification as an addendum to the submitted market study. The developer or project owner must submit the market study via the Portal.

The undersigned certifies that the following is true and correct:

- 1. That the market analyst is knowledgeable and experienced in the development of affordable rental properties.
- 2. That the market analyst conducted and was the primary author of the attached Low-Income Housing Tax Credit Market Study Report (Report) for _____ (project name) or _____ (developer/owner name).
- 3. That the Report was completed on _____ (date).
- 4. That to the best of the market analyst’s knowledge, all data contained in the Report is accurate.
- 5. That the market analyst has made a physical inspection of the area in which the project will be located, has reviewed all relevant data, and has independently established the conclusions for the Report.
- 6. That all projections contained in the Report were based on current, professionally accepted methodology.
- 7. That the market analyst has no financial interest in the proposed project.
- 8. That the market analyst’s fee for conducting the Report, and the findings and conclusions contained therein, were not contingent upon the proposed project being selected by the Minnesota Housing Finance Agency.

Name of Company

Authorized Signatory Printed Name	Title
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Authorized Signature	Date
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