



---

# State Housing Tax Credit Program and Contribution Fund Guide

09/28/2023

---

## Table of Contents

Chapter 1 – Program Background and Purpose.....	1
Chapter 2 – Contributions and Tax Credit Certificates .....	2
2.01 Contribution Types.....	2
2.02 Contribution Amounts and Limits .....	2
2.03 Eligible Contributors.....	2
2.04 Contribution and Tax Credit Process .....	2
Chapter 3 – Eligibility Criteria for SHTC Contribution Program Funds .....	4
3.01 Eligible Recipient of SHTC Contribution Program Funds .....	4
3.02 Eligible Uses of Funds of SHTC Contribution Program Funds .....	4
3.03 Occupancy Requirements .....	5
Chapter 4 – Funding Information .....	6
4.01 Funding Source .....	6
4.02 Funding Terms .....	6
4.03 Set-Asides.....	6
Chapter 5 – Selection and Award Process – General Contribution Pool.....	7
5.01 Threshold Criteria and Statutory Requirements .....	7
5.02 Review of the Application .....	8
5.03 Selection Notification .....	9
Chapter 6 – Distribution Process – Designated Contributions.....	10
6.01 Threshold Criteria and Statutory Requirements.....	10
6.02 Loan Agreement Timing.....	10
Chapter 7 – Funding and Disbursement Requests.....	12

7.01	Designee Request for Funds Content.....	12
7.02	Funding Disbursement Requests.....	12
Chapter 8 – Recipient and Designee Requirements and Responsibilities .....		13
8.01	Eligible Recipients and Restrictions.....	13
8.02	Recipient and Designee Responsibilities .....	13
8.03	Design and Construction Requirements .....	13
8.04	Contracting and Bidding Requirements .....	13
8.05	Visitability .....	14
8.06	Building Standards .....	14
8.07	Prevailing Wage .....	14
Chapter 9 – Compliance Monitoring and Reporting.....		15
9.01	Compliance Reporting Requirements – Rental Projects Financed through Designated Contributions and the State Housing Tax Credit Contribution Program RFP .....	15
9.02	Compliance Reporting Requirements – Projects Financed via the Multifamily Consolidated RFP	15
9.03	Compliance Reporting and Monitoring – Single Family Projects Financed via the Community Homeownership Impact Fund RFP, SHTC Contribution Program RFP, and Designated Contributions	16
9.04	Compliance Term .....	16
Chapter 10 – Fair Housing Policy.....		17
Chapter 11 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting .....		19
11.01	Fraud .....	19
11.02	Misuse of Funds.....	19
11.03	Conflict of Interest.....	19
11.04	Assistance to Employees and Affiliated Parties .....	21

11.05	Suspension .....	22
11.06	Disclosure and Reporting.....	22
11.07	Electronic Signatures .....	22
11.08	Minnesota Government Data Practices.....	22
Appendix – Terms.....		24

## **Chapter 1 – Program Background and Purpose**

The State Housing Tax Credit Program and Contribution Fund (SHTC Contribution Program) is authorized under [Minnesota Statutes 462A.40](#) and [290.0683](#), collectively.

The purpose of the SHTC Contribution Program is to help finance multifamily and single-family housing development and preservation. The SHTC Contribution Program does not receive state or federal appropriations and is entirely funded through eligible Minnesota taxpayer contributions. Eligible Minnesota taxpayers may contribute to the SHTC Contribution Program fund and receive a state housing tax credit certificate (TCC) in return. The contributions are used to help finance eligible multifamily and single-family housing projects in communities throughout the state.

## **Chapter 2 – Contributions and Tax Credit Certificates**

### **2.01 Contribution Types**

Eligible taxpayers may contribute to the SHTC Contribution Program fund and, in return, receive an tax credit, which the taxpayer may use against their Minnesota state tax liability. Contributors may designate their contribution for a specific Qualified Project or to the General Contribution Pool. If a contribution is designated for a specific Qualified Project and the project is not feasible or is otherwise not qualified to receive the designated funding, the contribution will be added to the General Contribution Pool and awarded to other Qualified Project(s) through a competitive application process. After a contribution is made and a TCC is issued, the contribution is irrevocable. Minnesota Housing is not required to notify contributors if the project they designated is not funded or does not qualify for funding.

### **2.02 Contribution Amounts and Limits**

The minimum single contribution amount is \$1,000 per taxable year. The maximum contribution amount per eligible taxpayer is \$2 million per taxable year. The amount of the credit will equal 85% of the amount that the taxpayer contributed to the SHTC Program fund during the taxable year.

The maximum aggregate amount of tax credits allowed to all eligible contributors is \$9.9 million annually until December 31, 2028.

### **2.03 Eligible Contributors**

Minnesota taxpayers are eligible to contribute to the fund as allowed in [Minnesota Statute 290.0683](#). The term "taxpayer" means any person or corporation subject to a tax imposed by [Minnesota Statutes Chapter 290, Income and Franchise Taxes](#), or any insurance company, association, surplus lines broker, or insured or any other person or entity required to pay any amount due under [Minnesota Statutes Chapter 297I](#).

Eligible contributors should review Eligible Recipient criteria to ensure their contribution can be disbursed as intended.

### **2.04 Contribution and Tax Credit Process**

The steps for making a contribution, receiving a TCC, and claiming the tax credit are as follows:

1. Eligible taxpayers submit an application for a TCC to Minnesota Housing.

2. Minnesota Housing reviews the application and sends the taxpayer payment and signature instructions. The contribution must be received within the timeline specified by Minnesota Housing in the payment instructions.
3. After Minnesota Housing receives the contribution and the signed taxpayer certification and approves the application, Minnesota Housing will send the information about the taxpayer and contribution to the DOR.
4. DOR will notify Minnesota Housing if there are errors in the submitted information. If no errors are identified, Minnesota Housing will issue a TCC to the taxpayer within 30 days of receipt of the funds and approval of all documents.
5. After Minnesota Housing issues the TCC, the taxpayer must claim the credit for the taxable year in which the contribution is received by Minnesota Housing. If the amount of the credit exceeds the taxpayer's tax liability under Minnesota Statutes Chapter 290, the excess may be carried forward in accordance with Minnesota Statute 290.0683, subdivision 2(e).

Minnesota Housing may, at its sole discretion, decline to issue a TCC and return any contribution, if applicable. Contributions may be declined for such reasons as:

- Failure to provide all required information on the TCC application and taxpayer certification;
- Data errors that cannot be resolved with the taxpayer and/or the DOR; or
- Insufficient credits to match the contribution.

Declined applications are not subject to appeal. Once a TCC is issued, the contribution is irrevocable.

## Chapter 3 – Eligibility Criteria for SHTC Contribution Program Funds

### 3.01 Eligible Recipient of SHTC Contribution Program Funds

Minnesota Housing may award loans to:

- A city as defined in [Minnesota Statute 462A.03, subdivision 21](#)
- A federally recognized American Indian Tribe or subdivision located in Minnesota
- A Tribal housing corporation
- A private developer
- A nonprofit organization
- A housing and redevelopment authority under [Minnesota Statutes 469.001 to 469.047](#)
- A public housing authority or agency authorized by law to exercise any of the powers granted by [Minnesota Statutes 469.001 to 469.047](#)
- The owner of the housing

Minnesota Housing will not award or distribute funds to Disqualified Individuals or Disqualified Businesses. Refer to [Section 8.01](#) of this document for more information.

### 3.02 Eligible Uses of Funds of SHTC Contribution Program Funds

Qualified Projects funded under the SHTC Contribution Program must result in new housing units or fund the rehabilitation of existing housing units for persons and families of low and moderate income.

Eligible uses include:

- Gap financing as defined in [Minnesota Statute 462A.33, subdivision 1](#)
  - Affordability Gap financing for Single Family projects
- New construction
- Acquisition
- Rehabilitation
- Demolition or removal of existing structures (in conjunction with new unit development or rehabilitation; not a standalone use)
- Construction financing
  - Interim financing for Single Family projects
- Permanent financing

At Minnesota Housing’s sole discretion, additional uses may be approved, to the extent such uses are permitted by [Minnesota Statute 462A.40](#).

### **3.03           Occupancy Requirements**

Except for Qualified Projects that receive funding from the General Contribution Pool in accordance with [Minnesota statute 462A.40, subdivision 2\(d\)](#), Recipients must use the funds to serve households that:

- For Homeownership projects, must not have incomes at the time of initial occupancy that exceed 115% of the greater of state or area median income, as determined by the United States Department of Housing and Urban Development (HUD); or
- For Rental housing projects, must not have incomes at the time of initial occupancy that exceed 80% of the greater of state or area median income, as determined by HUD.

Please note if SHTC Contribution Program funds are awarded through a Minnesota Housing RFP other than the SHTC Contribution Program RFP, additional requirements may apply.

## Chapter 4 – Funding Information

### 4.01 Funding Source

Funds for this program are solely contributions from eligible taxpayers to the SHTC Contribution Program. Designated Contributions that are not used or not able to be used by the specified Qualified Project are added to the General Contribution Pool.

### 4.02 Funding Terms

SHTC Contribution Program awards are generally provided in the form of a 0% loan with up to a 30-year term. The interest rate may be adjusted to allow these funds to be utilized with other sources of funding or resources, such as federal low-income housing tax credits.

The loan term may be adjusted based on the requirements and conditions of other funding sources related to the length of the term. Loans may be forgivable unless the terms of the Loan Agreement are not met. If this happens, the SHTC Contribution Program funds must be repaid in full to Minnesota Housing.

### 4.03 Set-Asides

All contributions to the General Contribution Pool are subject to the set-asides required in [Minnesota Statute 462A.40, subdivision 2\(c\)](#). Designated Contributions are not subject to the set-asides. The set-asides are:

- At least 10% of the General Contribution Pool will be set-aside for housing units located in a township or city with a population of 2,500 or less that is located outside of the metropolitan area as defined in [Minnesota Statute 473.121, subdivision 2](#);
- At least 35% of the General Contribution Pool will be set-aside for housing for people and families whose income is 50% or less of the area median income as published by HUD and adjusted for household size
- At least 25% of the General Contribution Pool will be set-aside for single-family housing

Contributions made to the General Contribution Pool from September 1 through August 30 of the following year will be used to fund proposals through the SHTC Contribution Program RFP or another Minnesota Housing RFP. If Minnesota Housing does not receive applications that qualify for the set-asides, the set-aside funds may be used for other Qualified Projects after September 1.

## **Chapter 5 – Selection and Award Process – General Contribution Pool**

Funds in the General Contribution Pool will be awarded through a competitive SHTC Contribution Program Request for Proposals (RFP) process. Minnesota Housing may require contributions to the General Contribution Pool to reach a minimum balance before publishing an RFP. Depending on the balance available for each set-aside category, Minnesota Housing may make the contributions available through the SHTC Contribution Program RFP and other Minnesota Housing RFPs. THE SHTC Contribution Program RFP is intended for proposals that do not need other affordable Minnesota Housing resources. (Note: the Workforce Housing Development Program is a market rate program and not considered an affordable housing resource.) Proposals requesting SHTC Contribution Program funds and other affordable Minnesota Housing resources should apply through the Community Homeownership Impact Fund or Multifamily Consolidated RFP.

The 35% set-aside for housing for people and families whose income is 50% or less of the area median income may be used to fund Qualified Projects that apply through the annual Multifamily Consolidated RFP. The 25% set-aside for single-family projects may be used to fund Qualified Projects that apply through the Community Homeownership Impact Fund RFP. Applications funded with SHTC Contribution Program funds through the Community Homeownership Impact Fund RFP or the Multifamily Consolidated RFP must meet all requirements of the awarding RFP, as well as any SHTC Contribution Program requirements. Review the Multifamily Request for Proposals Standards for requirement information and Community Homeownership Impact Fund Application Guide for requirement information.

### **5.01 Threshold Criteria and Statutory Requirements**

Applications for funding from the SHTC Contribution Program must meet all threshold and statutory requirements to be eligible. Program applications that meet threshold requirements are scored on selection criteria. Refer to the applicable RFP instructions for more detailed information. Note that Minnesota Housing reserves the right to add or remove selection criteria items.

#### **Threshold Criteria for the SHTC Contribution Program General Contribution Pool Funds**

- The application must be complete and include all required items
- The application and all required items must be submitted by the deadline

#### **Statutory Requirements**

- Eligible Uses: Funds will be used on qualified expenditures described in [Section 3.02](#) of this document

- Occupancy Requirements: Funds will be used for households that meet the income requirements described in [Section 3.03](#) of this document
- Disqualified Individuals and Disqualified Businesses: Each Applicant must not be a Disqualified Individual or Disqualified Business as described in [Section 8.01](#) of this document
- Set-Asides: Funds will be awarded to Qualified Projects that qualify for set-asides or as otherwise described in [Section 4.03](#) of this document

## 5.02 Review of the Application

Projects requesting funding through the Multifamily Consolidated RFP and Community Homeownership Impact Fund RFP will be reviewed based on those RFP standards and requirements, along with the SHTC Contribution Program threshold criteria and statutory requirements.

These are competitive application processes. Proposals for funds from the SHTC Contribution Program that meet threshold criteria and statutory requirements will be scored on the selection criteria as outlined in the program instructions. Proposals will be reviewed and scored by Minnesota Housing staff to determine selection and funding recommendations. Final selection and funding recommendations will be presented to the Minnesota Housing board for approval.

In addition to the competitive selection criteria and final project score, Minnesota Housing considers the following when reviewing applications and making selection recommendations:

- Financial Feasibility.** Proposals that score competitively will be evaluated for financial feasibility. Projects determined not to be financially feasible will not be processed further in the current funding cycle and are not subject to appeal. During the financial review, Minnesota Housing may revise a proposal's financial structuring to help ensure financial feasibility and/or to meet required components of the underwriting standards, as applicable. Scores may be reduced 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 SHTC Contribution 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. This consideration may result in not selecting higher scoring projects, including in 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 proposals that appear to have excessive project costs.

### **5.03 Selection Notification**

Proposals recommended for selection will be presented to the Minnesota Housing board. All Applicants will be notified of their status after Minnesota Housing's board acts on the recommendations.

## Chapter 6 – Distribution Process – Designated Contributions

### 6.01 Threshold Criteria and Statutory Requirements

Designated Contributions may be distributed to the Designee if the project and Designee meet the threshold criteria and statutory requirements. Minnesota Housing reserves the right to add or remove distribution criteria.

#### Threshold Criteria for Designated Contributions

- The Designee must submit the SHTC Contribution Program Due Diligence Checklist and all required documentation
- The project must close, and a Loan Agreement must be executed, within 24 months of Minnesota Housing’s receipt of the Designated Contribution unless otherwise extended by Minnesota Housing at its sole discretion

#### Statutory Requirements

- Eligible Uses: Funds will be used on qualified expenditures described in [Section 3.02](#) of this document
- Occupancy requirements: Funds will be used for households that meet the income requirements described in [Section 3.03](#) of this document
- Disqualified Individuals and Disqualified Businesses: Each Designee must not be a Disqualified Individual or Disqualified Business as described in [Section 8.01](#) of this document

### 6.02 Loan Agreement Timing

Using the information submitted by the taxpayer that provided the Designated Contribution, Minnesota Housing will notify Designees when a Designated Contribution is made for their project. The Designee must enter into a Loan Agreement within 24 months of Minnesota Housing’s receipt of the Designated Contribution. The Designee may enter into the Loan Agreement only after the Designee can demonstrate to the satisfaction of Minnesota Housing that all other project financing is committed.

Designees request funds by submitting the SHTC Contribution Program Due Diligence Checklist and required documentation. Attestations that the project is a Qualified Project and that the Designee is not a Disqualified Individual or Disqualified Business are required when applying for funds and prior to entering into a Loan Agreement.

If the Designee does not enter into a Loan Agreement within 24 months of Minnesota Housing’s receipt of the Designated Contribution, the funds may be added to the General Contribution Pool and

used to fund other Qualified Projects. Extensions may be considered on a case by case basis at the sole discretion of Minnesota Housing.

## Chapter 7 – Funding and Disbursement Requests

### 7.01 Designee Request for Funds Content

Designees must submit, at a minimum, all items listed on the SHTC Contribution Program Due Diligence Checklist. Upon review of the SHTC Contribution Program Due Diligence Checklist and other submission items, Designees must be willing to provide additional documentation, if requested, to help ensure a project is a Qualified Project. Denial of a requests for funds may result from incomplete or insufficient documentation.

### 7.02 Funding Disbursement Requests

Funding disbursements may be requested using a draw request form provided by Minnesota Housing. The funding disbursement process depends on if the request is for a Designated Contribution or funds awarded through an RFP.

Disbursements of Designated Contributions and General Contribution Pool funds awarded through the SHTC Contribution Program RFP will be based upon the total amount of funds designated for or awarded to a Qualified Project:

- Up to \$100,000: All proceeds will be disbursed upon execution of the Loan Agreement.
- \$100,001 up to \$500,000: 50% of the proceeds will be disbursed upon execution of the Loan Agreement, and the remaining 50% will be disbursed after construction completion
- Over \$500,000: 50% of the proceeds will be disbursed upon execution of the Loan Agreement, 25% will be disbursed when project construction is 50% complete, and the remaining 25% will be disbursed after construction completion.

Disbursements of General Contribution Pool funds awarded through another Minnesota Housing RFP:

- Funds awarded through the Multifamily Consolidated RFP or Community Homeownership Impact Fund RFP will be disbursed in a manner consistent with other awards under such RFP.
- The amount disbursed and the timing of the disbursement may be modified at the sole discretion of Minnesota Housing.

## **Chapter 8 – Recipient and Designee Requirements and Responsibilities**

### **8.01 Eligible Recipients and Restrictions**

Disqualified Individuals and Disqualified Businesses (see definition in Appendix-Terms) are not eligible to receive an award or disbursement from the STHC Contribution Program fund. All Applicants and Designees must sign an attestation that they are not a Disqualified Individual or Disqualified Business.

A taxpayer is considered a Disqualified Individual or Disqualified Business if the taxpayer would be disqualified either individually or in combination with one or more members of the taxpayer's family, as defined in [Internal Revenue Code, section 267\(c\)\(4\)](#). For a married couple filing a joint return, the limitations apply collectively to the taxpayer and spouse. For purposes of determining the ownership interest of a taxpayer in a business entity, the rules under [section 267\(c\) and 267\(e\) of the Internal Revenue Code](#) apply.

Minnesota Housing cannot give tax advice. Contributors, Designees, and Applicants are encouraged to consult with a knowledgeable tax professional.

### **8.02 Recipient and Designee Responsibilities**

The Applicant is responsible for understanding the submission requirements necessary for a complete application through either the SHTC Contribution Program RFP or another Minnesota Housing RFP. Proposals funded with SHTC Contribution Program funds through another Minnesota Housing RFP are subject to the program requirements of the applicable RFP. Applicants can access the applicable program application, supplemental materials, and resources on Minnesota Housing's [State Housing Tax Credit Program and Contribution Fund](#) webpage.

Recipients and Designees of Designated Contributions are responsible for understanding and complying with the requirements of [Minnesota Statute 462A.40](#), this guide, the terms of the Loan Agreement, and any other compliance monitoring and reporting requirements.

### **8.03 Design and Construction Requirements**

Recipients are responsible for complying with all applicable state and local requirements.

### **8.04 Contracting and Bidding Requirements**

Recipients that are municipalities as defined in subdivision 1 must follow [Minnesota Statute 471.345](#).

## **8.05 Visitability**

Recipients and Designees must comply with visitability requirements contained in [Minnesota Statute 462A.34](#).

## **8.06 Building Standards**

Recipients, Designees and all third parties involved must adhere to the local building code. If a project area does not have a local building code, adherence to the state of Minnesota building code is required.

## **8.07 Prevailing Wage**

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minnesota Statutes 116J.871](#) and [Minnesota Statutes Chapter 177](#). In broad terms, Minnesota Statute 116J.871 applies to awards that meet the following conditions:

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

The statute excludes (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.

All determinations regarding prevailing wage are made by the Minnesota Department of Labor and Industry. All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship  
Karen Bugar, State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651-284-5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

## Chapter 9 – Compliance Monitoring and Reporting

### 9.01 Compliance Reporting Requirements – Rental Projects Financed through Designated Contributions and the State Housing Tax Credit Contribution Program RFP

Assisted rental units must be leased to qualified households who must disclose their annual household income at initial occupancy on an [Initial Occupancy Statement by Tenant Form](#) (other, more detailed income certification forms may be acceptable, approval of which will be determined by Minnesota Housing). This form is used to certify households are qualified to occupy an assisted unit.

Each adult member of a household occupying an assisted unit must sign and date a [Minnesota Government Data Practices Act Disclosure Statement](#). This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state and/or federal programs that provide housing for low- and moderate-income families.

Owners must submit an annual certification that the project has complied with the income and other statutory requirements of the SHTC Contribution Program.

### 9.02 Compliance Reporting Requirements – Projects Financed via the Multifamily Consolidated RFP

Minnesota Housing actively monitors each development. This includes monitoring of tenant incomes, rents, affirmative marketing and equal opportunity requirements. All forms referenced below can be found on Minnesota Housing's website.

Developments financed by Minnesota Housing are subject to periodic management reviews and physical inspections. Assisted units must be leased to qualified households who must disclose their annual household income at initial occupancy on an [Initial Occupancy Statement by Tenant Form](#) (other, more detailed income certification forms may be acceptable, approval of which will be determined by Minnesota Housing). This form is used to certify households are qualified to occupy an assisted unit.

Owners must also request (but cannot require) that qualified households complete a [Head of Household Demographic Information Form](#), which provides additional information for program evaluation. Occupancy information on all units must be reported annually in the form and manner requested by Minnesota Housing.

Each adult member of a household occupying an assisted unit must sign and date a [Minnesota Government Data Practices Act Disclosure Statement](#). This statement informs the tenant that their annual household income and other information will be reported to Minnesota Housing and may be

reviewed by other governmental agencies. This is required for the administration and management of state and/or federal programs that provide housing for low- and moderate-income families.

Owners must maintain year-end operating (financial) reports and make them available upon request.

### **9.03 Compliance Reporting and Monitoring – Single Family Projects Financed via the Community Homeownership Impact Fund RFP, SHTC Contribution Program RFP, and Designated Contributions**

Assisted single-family homeownership units must be occupied by households who meet the annual household income requirements at initial occupancy. Information may be provided on the Household Demographic Project Information Form and the Eligibility Income Worksheet (other, more detailed income certification forms may be acceptable, approval of which will be determined by Minnesota Housing). This form is used to certify households are qualified to occupy an assisted unit.

Each adult member of a household occupying an assisted unit must sign and date a Minnesota Government Data Practices Act Disclosure Statement. This statement informs the homebuyer that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state and/or federal programs that provide housing for low- and moderate-income families.

Single Family projects will be monitored according to the terms of the Loan Agreement and requirements for the applicable activity in the Community Homeownership Impact Fund Procedural Manual.

Single Family projects financed through the SHTC Contribution Program RFP and Designated Contributions, but not projects financed through the Community Homeownership Impact Fund RFP, are exempt from Green Communities Criteria.

### **9.04 Compliance Term**

All Recipients are required to comply with all monitoring and reporting requirements for the term of the loan.

## Chapter 10 – 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 the 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 makes unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling 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.

## **Chapter 11 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting**

### **11.01 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 11.06](#) of this document.

### **11.02 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 11.06](#) of this document.

### **11.03 Conflict of Interest**

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

An individual conflict of interest is any situation in which one’s judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain

to a Partner, Family Member, Relative, Friend, Business or other Outside Interest with which they are involved. Such terms are defined below.

**\*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.

**\*Partner:** A person's romantic and domestic partners and outside business partners.

**\*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.

**\*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.

**\*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.

**\*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.

**\*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.

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 actual, potential or perceived conflicts of interest through one of the communication channels described in [Section 11.06](#) of this document.

A contracting party should review its contract agreement and RFP material, if applicable, for further requirements.

#### **11.04 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 11.03](#) of this document;
- 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 11.03](#) of this document.

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 11.06](#) of this document.

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

## **11.06 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 [mike.thone@state.mn.us](mailto:mike.thone@state.mn.us);
- Any member of Minnesota Housing’s [Servant Leadership Team](#) (visit [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select About Us, and select Servant Leadership Team); or
- [Report Wrongdoing or Concerns](#) (visit [mnhousing.gov](http://mnhousing.gov); scroll to the bottom of the screen and select Report Wrongdoing).

## **11.07 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.

## **11.08 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 Statute 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.

## Appendix – Terms

Table 1: Terms

Term	Definition
Applicant	Individual or organization that applies for funds.
Community Homeownership Impact Fund RFP	The process by which the Single Family Division of Minnesota Housing solicits applications for funding under the Community Homeownership Impact Fund.
Loan Agreement	The Loan Agreement consists of loan documents that evidences a loan, or commitment to make such a loan, between Minnesota Housing and Recipient.
Designated Contribution	A contribution made by a taxpayer and designated to a specific Qualified Project.
Designee	The project or organization the taxpayer who makes a Designated Contribution names as the intended Recipient of the funds.
Disqualified Individual	<p>An individual who:</p> <ul style="list-style-type: none"> <li>(1) made a contribution to the account in the current or prior taxable year and received a credit certificate; or</li> <li>(2) owns the housing for which the loan will be used and is using that housing as their domicile; or</li> <li>(3) meets the following criteria: <ul style="list-style-type: none"> <li>(i) the individual is an officer or principal of a business entity; and</li> <li>(ii) that business entity made a contribution to the account in the current or previous taxable year and received a credit certificate; or</li> </ul> </li> <li>(4) meets the following criteria: <ul style="list-style-type: none"> <li>(i) the individual owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of a business entity; and</li> <li>(ii) that business entity made a contribution to the account in the current or previous taxable year and received a credit certificate</li> </ul> </li> </ul>
Disqualified Business	<p>A business entity that:</p> <ul style="list-style-type: none"> <li>(1) made a contribution to the account in the current or prior taxable year and received a credit certificate; or</li> </ul>

Term	Definition
	<p>(2) has an officer or principal who is an individual who made a contribution to the account in the current or previous taxable year and received a credit certificate; or</p> <p>(3) meets the following criteria:</p> <ul style="list-style-type: none"> <li>(i) the business entity is owned, controlled, or is subject to the power to vote 20 percent or more of the outstanding securities by an individual or business entity; and</li> <li>(ii) that controlling individual or business entity made a contribution to the account in the current or previous taxable year and received a credit certificate.</li> </ul>
DOR	The Minnesota Department of Revenue
General Contribution Pool	The pool of funds contributed by taxpayers which are not designated for or not able to be awarded to a specific Qualified Project.
HUD	United States Department of Housing and Urban Development
Minnesota Housing	The Minnesota Housing Finance Agency
Multifamily Consolidated RFP	A competitive funding round offered annually that Minnesota Housing uses to award and allocate federal and state resources for multifamily projects.
Qualified Project	A project that meets all requirements of the SHTC Contribution Program (including, but not limited to, threshold criteria, and supporting documentation submitted to the satisfaction of Minnesota Housing, and all laws applicable to said program), and is reasonably expected to close in the next 24 months.
Recipient	An individual or business that is awarded SHTC Contribution Program funds, either through an RFP or in connection with a Designated Contribution.
Request for Proposals (RFP)	The competitive process of applying for funds.
SHTC Contribution Program	The State Housing Tax Credit Program and Contribution Fund established pursuant to Minnesota Statutes 462A.40 and 290.0683 through which eligible taxpayers make contributions and receive tax credits and eligible Recipients receive funding for Qualified Projects.
TCC	State housing tax credit certificate issued by Minnesota Housing to an eligible contributor following receipt of the contribution.