



Impact Fund Manual Updates

January 20, 2026

Agenda



- Manual updates: highlights
- How the Manual and forms work together
- New and revised forms
- Questions

Overview of Manual & Form Updates

- Overall goal: make it easier to understand program requirements and how to document them.
- Although the redlines appear extensive, many changes:
 - Reorganize existing sections
 - Apply consistent language
 - Reflect current practices
- Comments are included throughout the redlined version to note when changes are due to reorganization

~~Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting~~

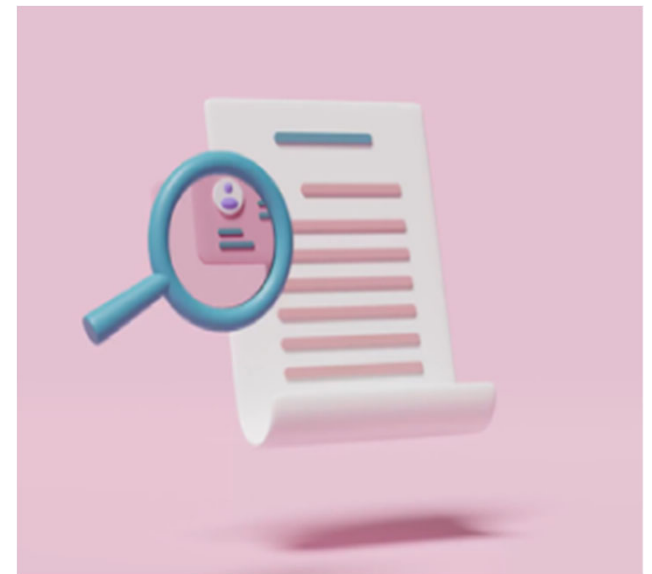
~~Fraud~~

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

Commented [KS3]: Replaced with Legal Addendum

Manual Definitions

- Several important updates in this round are reflected in the definitions
- Definitions set a foundation for program requirements
- The recent Manual updates include key definition changes



Value Gap Calculation

- **Value Gap (VG) now uses the final purchase price for calculation metric.**

$$\text{VG} = \text{Total Development Cost} - \text{Market Value Purchase Price}$$

- Previously: Value Gap was based on the appraised value while Affordability Gap was based on purchase price.
- Value Gap and Affordability Gap now use the same transaction numbers (Purchase Price) as the base for calculation.

VALUE GAP AND AFFORDABILITY GAP – Two Sides of a Project



Appraisals

- An appraisal is required when the Administrator is the seller or affiliated with the seller.
- The appraisal supports the market value purchase price of the property at the time of sale.
- Up to 10% variation allowed to accommodate unexpected changes during the transaction process.



Total Development Cost (TDC) & Value Gap Financing

Total Development Cost

- Total eligible costs to develop a home.
- Costs before award contract effective date are not eligible.
- Some pre-development costs before contract effective date may be included in TDC, **with prior approval from Minnesota Housing.**
- TDC is used to calculate Value Gap.
 $VG = TDC - \text{Market Value Purchase Price}$

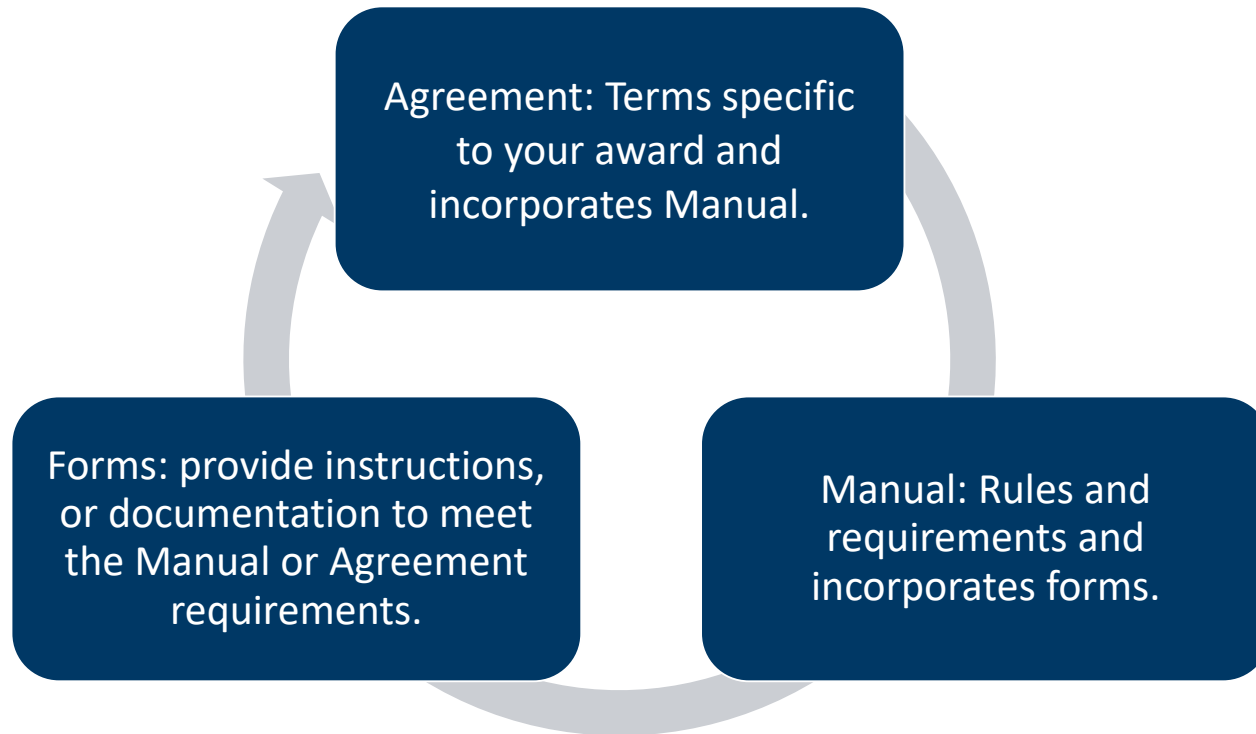
Value Gap Financing

- Funding provided to cover all or part of the Value Gap amount.
- The amount of Value Gap Financing must be reconciled with documentation of eligible costs.
- Amount limited to eligible costs or actual value gap need, whichever is less.

Documentation, Income Calculation and Waivers

- **New Form:** Minimum Required Documents Checklist replaces former Appendix C
- **Revised Form:** Detailed income guidance moved to the Income Verification Worksheet
- **New Form:** Change Request Form used to submit:
 - Waivers
 - Contract amendments
 - Other requests requiring Minnesota Housing approval

How It All Works Together



Thank You!

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