

Questions and answers related to prevailing-wage exemption in Minn. Stat. § 116J.871, subd. 1(b)(3)

Question: If developers with projects all over the state apply for impact funds in one application, will the exemption under Minnesota Statutes § 116J.871, subdivision 1(b)(3), apply?

Answer: It depends. If the application is for 10 or fewer fully detached single-family homeownership units then, yes, the exemption will apply and prevailing-wage requirements will not attach. The number of homes must be at 10 or fewer for developers to obtain the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3). The homes must also be “fully detached” with no shared walls to obtain the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3).

Question: If a developer builds 30 homes in distinct phases, will the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), apply?

Answer: It depends. If an application for financial assistance is for 10 or fewer fully detached single-family homeownership units then, yes, the exemption will apply and prevailing-wage requirements will not attach. The number of homes must be at 10 or fewer for developers to obtain the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3). If a developer applies for financial assistance in three distinct applications, each application will then be reviewed individually to see if the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), applies.

Question: What if a developer submits one application that contains “phase 1” and “phase 2” of a development? The plan is to first build 10 fully detached single-family homeownership units (phase 1) and then build 10 additional fully detached single-family homeownership units in the same development (phase 2). Will the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), apply?

Answer: No, because the developer is receiving financial assistance for more than 10 fully detached single-family affordable homeownership units, the prevailing-wage exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), does not apply. If the developer received a separate grant or loan through a separate application and award for the second phase, the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), would apply.

Question: A developer submits application for 10 homes to be built in Willmar, Minnesota. The application indicates the homes are for larger families and will have four bedrooms, two bathrooms and an attached two-car garage. The same application has a request for an additional 10 homes to be built in St. Paul, Minnesota. Homes in St. Paul are for smaller families, will have two bedrooms, one bathroom and a detached one-car garage. Will the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), apply?

Answer: No, because the developer is receiving financial assistance for more than 10 fully detached single-family affordable homeownership units, the prevailing-wage exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), does not apply. If the developer received a separate grant or loan through a

separate application and award for the 10 homes in St. Paul, the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), would apply.

Question: A developer submits application for 11 homes to be built in Minneapolis, but in different neighborhoods. Homes are to be built simultaneously, each using the same stick build or prefab mode, and marketed to the same group of potential homebuyers. The application request totals \$1 million in financial assistance. Will the exemptions under Minn. Stat. § 116J.871, subd. 1(b), apply?

Answer: No, because the financial assistance being provided is over the threshold and the financial assistance is for more than 10 fully detached single-family affordable homeownership units, the prevailing-wage exemptions under Minn. Stat. § 116J.871, subd. 1(b), do not apply.

Question: A developer submits application for four homes to be built next to each other on a street. The garages for homes one and two will share a common wall and the garages for homes three and four will share a common wall. Will the exemption under Minn. Stat. § 116J.871, subd. 1(b)(3), apply?

Answer: No, although the financial assistance is for 10 or fewer single-family homeownership units, the shared garage wall would not meet the requirement in Minn. Stat. § 116J.871, subd. 1(b)(3), that the homes be “fully detached.”