

Funded New Construction Developer Guide

Below are the steps a funded new construction project will be going through from the start to the completion of the project. This guide provides explanations for all the items found on the **Minneapolis Homes- Funded New Construction Housing Development Checklist**. All new construction projects where the city of Minneapolis is contributing funding to the project are required to follow the Single-Family Bidding Standards. Please note at the completion of the project the property will need to have a Certificate of Occupancy issued by Construction Code Services. As the bidding specifications are being created, it is important to review and incorporate all the information provided in this checklist as well as all the referenced material: Contract Information, HERS Report, Green Communities Criteria, etc. as part of this process.

When planning the project, the developer will be able to choose to hire a general contractor or bid to general contractors. Below are the differences.

Developer is a General Contractor or has hired a General Contractor to act as their project manager: The general contractor (GC) will need to bid out all bid sections according to the Single-Family Bidding Standards, if the GC would like to self-perform work on certain bid divisions, they will need to submit a sealed bid on each bid division or subsection.

Developer has no General Contractor: Developer chooses to bid the project out to General Contractors (GC) through a competitive bid process, the GC can submit one sealed bid for the entire project.

Civil Rights is Applicable to the Project: If the Project is receiving \$175,000 or more of City assistance, the Developer and its contractors and suppliers must comply with the Small and Underutilized Business Enterprise Program (SUBP) requirements as outlined in Minneapolis City Code Chapter 423. If a developer is bidding to General Contractors (GC), the developer will need to perform outreach to MBE and WBE MNUCP Certified companies to show a good faith effort to Civil Rights. If the developer has a GC, the Developer and/or GC will need to perform this outreach. Living wage is required. If the project is 8 or more units Civil Rights will set goals and are subject to the good faith effort review if the goals are not met.

PRE-BIDDING:

Step 1- Getting Started:

- *Reference Developers Contract*
- *Reference MHFA Design Standards (MN Overlay Guide to the 2020 Green Communities Criteria)*
- *Reference Minneapolis Homes: Funded New Construction Housing Development Checklist*

- Right of Entry- Obtain from Senior Project Coordinator
- Energy Modeling Report- Includes HERS ratings.
- Lot Survey and Soil Report
- Bidding Specifications and Plan Drawings of the Project
- Handicapped Visitability Requirements
- 2023-2024 Overlay to the 2020 Enterprise Green Communities Criteria (EGC) (Ownership= SF worksheet).
- Civil Rights Pre-Bid Meeting (Applies if city funding is \$175,000 or more)

- Build America, Buy America ACT: 5 or more units HOME, CDBG and ESG funds with a total project cost including all funds over \$250,000.

Right of Entry: Required for any inspections, surveys, testing, etc. being done by developer/contractors on the lot prior to owning the lot. Developer will need to contact their Senior Project Coordinator to start this process.

Energy Modeling Report: This is a report completed by a company such as Builders Knowledge, Center for Energy and Environment (CEE), or equivalent who will assess the plans projected energy rating or HERS (Home Energy Rating System). All new construction projects will need to be “Energy Star Certified”, to the required version as specified on energystar.gov (the Developer should work with their energy rater to confirm the required version). The energy rater will provide a report with recommendations to improve the structures energy efficiency through a combination of design and construction choices, which correlate to the projected HERS score. These recommendations must be included in the building specifications. The energy rater will be involved throughout the entire process of the new construction, this includes insulation/air sealing inspections, as they will need to verify the recommendations on the initial HERS report were implemented. A final blower door and Energy Report will need to be completed at the end of the construction project. All new construction projects must achieve Energy STAR Home Certification.

Soil Testing: The Developer is responsible for obtaining a soil report for the lot and will need to obtain a Right of Entry to complete this. Developers will need to contract with an Environmental consultant to complete soil testing on the vacant lot. City of Minneapolis may have completed a soil test; therefore, the Developer should check with the CMS to see if one is available. Soil testing should have a minimum of two soil borings in the footprint of the proposed structure. The report should contain recommendations based on the soil borings. The report should also have recommendations for any shoring which may be required. All soil corrections and shoring recommendations should be included in the bid spec. A Soil Engineer must sign off on all corrections, and proof of correction must be provided by the excavator. Language reflective of this must be in the bid specs.

Lot Survey: The Developer is responsible for surveying the lot and will need to obtain a Right of Entry to complete this. A survey needs to be provided to the CMS showing the location of the proposed structures with distances from the lot lines, as well as topography of the lot (Trees, tree removals, retaining walls, curb cuts, curb repairs, any substantial elevation changes, encroachments, driveway location, sidewalks etc.). The Developer must address any items within the bid specs which impacts the proposed structure.

Green Communities: Developers should use the current Green Communities Work sheet for the funding year of the project. All mandatory items must be completed on the form. All required items listed in Chapter 7 of the 2023-2024 MN Overlay Guide to the 2020 Enterprise Green Communities Criteria must be completed. All mandatory, and optional items chosen on the Green Communities Worksheet must be addressed in the plans and/or building specifications. 5.1a Building Performance Standard in the Green Communities Worksheet must be complied with. Links to the Housing Standards and Green Communities forms are listed below, as well as the link to the green communities online which references the HERS rating as well as the 5.1a Building Standard for rehab projects. The Green Communities worksheet must be signed by the Developer, Contractor, and architect (if applicable).

<https://www.mnhousing.gov/rental-housing/building-standards.html>

<https://www.mnhousing.gov/rental-housing/building-standards/archived-building-standards-and-guides.html>

<https://www.greencommunitiesonline.org/introduction>

Bidding Specifications and Plan Drawings: A drafts person or an architect can draw plans of the property showing what is being done. Plan Drawings should show the existing conditions as well as the proposed changes. The Bidding Specifications should articulate in detail what is being done and refer to the plans as needed. Bid specs are to be organized in bid divisions as identified in the Single-Family Bidding Requirements. A MHFA Building Design Standard, Green Communities, Energy Modeling Report, lot survey, and soil report must be incorporated into the detailed bidding specifications.

Handicapped Visibility Requirements: All new construction projects are required to have the following:

- 32-inch clear opening doorways throughout the Qualified Dwelling Unit; (Every door that someone can pass through including all floors of the building and any closet that you and can roll in and out of).
- At least one no-step entrance, if a no step entrance is not achievable the developer must apply for a no step waiver through the Project Coordinator. Please note no step waivers are a last resort and must be approved by MN Housing before the project can go to bid.
- A half bath or larger on the main level of the structure.

Civil Rights Pre- Bid Meeting: For all project where the funding is \$175,000 or greater Civil Rights will be involved. Civil Rights will provide an email to the developer of all the documents required to be completed. The Senior Project Coordinator will initiate this process once the developer submits their initial plan drawings and bid specifications to their assigned CMS. If the Developer is new to the Civil Rights process, or if a developer has questions on the Civil Rights process, prior to the project closing, Civil Rights will meet with the developer, CMS, and Senior Project Coordinator, to go over any questions the developer might have.

Build America, Buy America ACT (BABA): 5 or more units HOME, CDBG and ESG funds with a total project cost including all funds over \$250,000. Ensure BABA requirements are included in the terms and conditions of the bid documents, contracts, and purchase orders. Does not apply to demolition, acquisition, or emergencies. Requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the “Buy America Preference (BAP)” and the specific requirements are codified in 2 CFR § 184.

Step 2- Bidding Requirements

- *Reference the Single-Family Bidding Requirements.*
- *Minneapolis Homes- Funded New Construction Housing Development Checklist*

- Bid Advertisement
- Approved Bidding Specifications and Plan Drawings
- Civil Rights requirements incorporated into Bidding Specifications as determined by Civil Rights.
- Developer receives an email from the CMS to proceed to bidding.
- Developer provides proof of bid being publicly advertised to CMS.
 - If the developer does not publicly advertise the bid as approved by CMS, the Developer will be required to re-bid the project.

Bid Advertisement: The developer is to provide a document describing their project, and it must include: a bid start date, bid end date and time, how bid documents can be requested, how sealed bids can be submitted, and where and when the bid opening will take place. It is recommended the bid advertisements detail both options of virtual attendance and physical in person location for the bid opening. The bid ad should provide an option for a physical location of where bids will be opened and where a sealed bid can be dropped off. It is recommended the bid end date and time corresponds to the bid opening date and time. It is recommended the developer creates an email address specific to the project where electronic bids can be received if the bids are under \$100,000 per the Single-Family Bidding Requirements. The email account should not be opened until bid opening. The Developer should take in all bids. The developer must provide proof of the bid publicly advertised, as approved by the CMS.

Bid Form and Invitation for Bid: Developer should submit a copy of the invitation for bid and bid form to CMS for review. An invitation for bid document will have additional information the developer may want the contractor or sub-contractors to know about the project. It is information which may not be in the bid advertisement. It will also list what a complete bid will look like. A bid form is simply the form the contractor will put their bid number on.

Receiving Bids: Bids must be received in compliance with the Single-Family Bidding Standards. If sub-contractors are submitting bids this can be completed by secured email, if the bids are under \$100,000. The developer will need to show the bids were not opened. If General Contractors are submitting bids and there is potential for the bids to be greater than \$100,000, all bids must be mailed or dropped off at a chosen location. All bids are to remain sealed until the bid opening date and time.

POST- BIDDING:

Step 1- Opening of the bids

➤ *Minneapolis Homes- Funded New Construction Housing Development Checklist*

Attendance sheet, Bid Tally, and Contractor bid(s) provided to CMS.

Bid Opening: This is the date, time, and place where the developer, contractor(s), and CMS are present (virtually or in person), and the sealed bids received prior to the bid closing date and time are opened in front of all parties. No bids are to be opened prior, if bids are opened prior to the bid opening, they may be disqualified. At the beginning of the bid opening an attendance sheet needs to be completed, listing all persons present whether they are in person or attending virtually at the time of the bid opening. At the conclusion of the bid opening, the developer will need to complete a bid tally, which is a list of the contractors and their bid amount. The developer will then provide the CMS with a copy of the attendance sheet, bid tally, and the contractors bids.

Step 2: Contracting:

➤ *Minneapolis Homes- Funded New Construction Housing Development Checklist*

➤ *Reference the Single-Family Bidding Requirements.*

Executed general contractor (GC) agreement with developer.

Executed contractor agreements between the GC and sub-contractors

Sworn Construction Statement

- Builders License and Insurance
- System of Awards Management (SAMS) for all contractors.
- Building Permit- Evidence of a full submission to Development Review as required for a permit.
- Civil Rights- If applicable, developer submits Affirmative Action Plan and the list of subcontractors and other requested documents to Civil Rights.

Executed General Contractor Agreement with the Developer- This is a legally binding agreement between the General Contractor and the Developer which outlines the details of the specific project, which must be signed by both parties. The value of the contract should match the Sworn Construction Statement. The contract should reference the approved bid specifications and building plans. **“Construction Contract”** means the executed construction contract between Developer and the Contractor, or, if the Developer is acting as the Contractor, the executed contracts between the Developer and its subcontractors.

Permit- The developer will need to submit the plans and specifications once they close on the property and provide proof of this submission to the CMS. Once the permit is approved, the developer will need to provide a copy of the approved stamped plans to the CMS. The building permit must be in the General Contractors name. Permit costs should be verified by the General Contractor prior to close so the correct cost can be reflected on the sworn construction statement.

Sworn Construction Statement: A full list of all contractors, sub-contractors, and suppliers involved in the project and how much each are being paid, this form should be notarized by the General Contractor, who provides it to the developer, and should be fully executed. All sworn construction statements should be whole numbers and reflective of the contractors bid, no rounding, and no second-tier subbing. The sworn should be itemized to reflect the bid divisions and/or subsections as closely as possible.

Builder License: All contractors who have a trade license, found on the MN Dept. of Labor and Industry website.

<https://www.dli.mn.gov/>

System of Awards Management (SAMS): A federal search on all contractors, subcontractors, and suppliers for any EXCLUSIONS. The searches should be saved in pdf form which must include the date of the search and emailed to CMS with the Sworn Construction Statement.

<https://sam.gov/content/home>

State EPLS Search: A state search on all contractors, subcontractors, and suppliers for any EXCLUSIONS. The searches should be saved in pdf form which must include the date of the search and emailed to CMS with the Sworn Construction Statement.

<https://mn.gov/admin/osp/government/suspended-debarred/>

Civil Rights: Developer and General Contractor to submit all required documents to Civil Rights (Affirmative Action Plan and list of subcontractors).

POST-CLOSING- CONSTRUCTION

Step 1- Construction Process Requests (Hard Cost Approvals):

➤ *Minneapolis Homes- Funded New Construction Housing Development Checklist*

- Copy of approved stamped plans provided to CMS.
- G702 and G703 (AIA documents submitted for purposes of payment.
- Change Order

Payment requests- Form G702 and G703 are to be completed by the developer and submitted to the Construction Management Specialist (CMS), and carbon copies in the same email the Project Coordinator (PC). The amount requested should reflect the work which has been completed, and the GC fee should match the percentage of work completed. The G703 must have all the contractors who are doing the work listed and their contract amounts which should be reflective of the approved sworn and subcontractor agreements the GC submitted prior to the project closing. Contractor who has material off site, they can provide proof of the cost of material, and insurance on material, pictures.

Once the CMS reviews the pay applications, completes an onsite visit, and approves of the payment, the CMS will email the approved G702 and G703 back to the developer, carbon copying the PC. The Developer will then need to complete a draw application including all soft and hard costs and submit the payment request to the PC for payment (PC may request additional information which the Developer will need to provide). The Project Coordinator will process all payment requests.

Change Orders: Are to be completed on a form, by the developer, which indicates any changes from the original plan specifications, or if there is an unforeseen condition. The change order should document in detail what the change is, and the cost. The CMS may request additional documentation of the labor and material breakdown on a case-by-case basis. Change orders are to be submitted to the CMS prior to the change taking place. Upon payment where applicable, the G703 should be updated to reflect any changes in cost, when submitting for payment. Change orders should listed on the G703 as Change Order 1, Change Order 2 etc. and should document the costs per contractor involved in that change order, which includes any additional GC fees.

Contingency Funds (As available on the Proforma): Are funds used through change orders. To use these funds, the developer will need to complete a change order, signed by the developer and contractor, and submit to the CMS. Once the CMS approves the change order the, the developer will need to list the change order details on the G702 and G703. If the change order is not approved by the CMS, the change order cannot be paid through CPED funds.

Links to AIA Documents: Paid for by the developer:

<https://shop.aiacontracts.com/>

Step 2- Construction Completed

➤ *Minneapolis Homes- Funded New Construction Housing Development Checklist*

- Certificate of occupancy
- Final Green Communities Compliance Report
- Home Energy Rating System (HERS Report)/Final Energy Audit- Zero Energy Ready
- Final Radon Testing
- CMS Completes Final Project walkthrough and CMS Final Project Completion Form

Certificate of Occupancy: Developer to provide copy of certificate in pdf form to CMS.

Radon Testing: If a passive radon system was installed and testing resulted in 4.0 or higher, it will need to be converted into an active radon system (installing a fan within the system), and re-tested. Test should be provided to CMS in a scientific report from a licensed consultant.

Green Communities Compliance Report: This original report approved by the CMS, should now be signed by the contractor, developer, and architect (if applicable) at the end of the project indicating all provisions listed in the initial Green Communities Report have been completed. The completed signed document is to be provided to the CMS.

Home Energy Rating System (HERS Report)/Final Energy Audit: This final report should be provided by the Energy Rater, to the developer. This report should confirm the improved energy efficiency of the house, with a confirmed HERS score.

CMS Final Completion Report: Once the project is completed and the developer provides all the required documents to the CMS, the CMS will then schedule a final walk through of the project. During this final walk through, the CMS will take pictures of the project. If all the work is completed the CMS will then complete the Final Project Completion Form. Once the form is completed the developer will be able to close on any sale of the property and obtain their Good Faith Deposit Back. If any work is not completed due to weather or other reasons, the project will be partially completed by the CMS and an escrow amount of 1.5 percent of the work yet to be completed will be held back until the work is completed.