

**Housing Tax Credit and Deferred Projects<sup>1</sup>**

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## Instructions and Requirements

The Self-Scoring Worksheet sets the selection criteria and funding priorities that Minnesota Housing will use to prioritize applications requesting 4% Housing Tax Credits (HTCs), 9% HTCs, and/or deferred funds that are selected through the Multifamily Consolidated Request for Proposals (Consolidated RFP) or on a pipeline basis for available financing that may be available throughout the year.

Applicants must meet the requirements outlined in the Self-Scoring Worksheet and QAP to be eligible for points. To submit the Self-Scoring Worksheet for an application, all applicants must use the Scoring Wizard in the Multifamily Customer Portal website. All documents referenced in this Self-Scoring Worksheet can be found on Minnesota Housing's website or in the Multifamily Customer Portal.

When selecting projects for funding in the Consolidated RFP, Minnesota Housing considers the total amount of points achieved in conjunction with such factors as feasibility, amount of total funding requested, available resources, and ability to complete the development in a timely manner.

### A. Strategic Priority

1. All projects must meet at least one of the HTC statutory strategic priorities or a strategic objective contained in Minnesota Housing's current Strategic Plan as published on the Minnesota Housing website. Applicants must demonstrate how the project meets the Strategic Plan in the Multifamily Rental Housing Narrative.
2. Residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority for tax credits in accordance with Minn. Stat. 462A.222, subd. 3(d), and such projects are not required to meet a separate strategic priority.

### B. Pre-Application

A Pre-Application may be required for specific selection preferences or selection criteria. The applicant must provide the required Pre-Application prior to the application deadline according to the due date established by Minnesota Housing and published on Minnesota Housing's website. Failure to submit required pre-application materials may result in rejection of the Pre-Application.

### C. Preference for Eventual Tenant Ownership

HTC projects are eligible for homeowner conversion. These projects will receive a preference during the selection process when reviewing tie breakers. The project owner should submit a preliminary transition plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The Declaration of Land Use Restrictive Covenants (LURA) may contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units.

☐ The project will have an Eventual Tenant Ownership component.

### D. Preference for Innovative Construction Techniques

**A Pre-Application is required for this selection preference.** Using this selection preference, Minnesota Housing intends to select at least one project that will use innovative construction techniques that:

☐ Reduce total construction costs by at least 10%

**AND/OR**

☐ Reduce the time a project is under construction by at least 20%

Minnesota Housing will make a reasonable effort to select a minimum of one project that meets this preference criterion, based on competitive ranking applications and available funding, and reserves the right to select a lower-scoring proposal if deferred funding is applied for and the project meets this preference criterion.<sup>2</sup> The preference does not obligate Minnesota Housing to select a project that uses an innovative construction technique.

The Innovative Construction Technique preference is available in the 2023 Consolidated RFP/2024 HTC Round 1 and in the 2024 Consolidated RFP/2025 HTC Round 1<sup>3</sup>

Application Guidance for Innovative Construction Techniques will be posted on Minnesota Housing's website.

#### **E. Minimum Point Requirements**

1. Request for Minnesota Housing administered HTCs from the state's HTC volume cap must demonstrate the project is eligible for no fewer than 80 points, excluding projects funded through the Rural Development/Small Projects set-aside.
2. Request for HTCs in association with tax-exempt volume limited bonds must demonstrate the project is eligible for no fewer than 40 points.
3. Minnesota Housing reserves the right to reject applications not meeting its project selection requirements as contained in the Qualified Allocation Plan(QAP), to revise proposal features and associated scoring, and to help ensure the project meets the requirements.

#### **F. Claiming of Points**

An award and /or allocation is based upon the information provided in the application. The project is required to comply with all selection criteria that are claimed and awarded. This includes any -due diligence/reporting requirements after selection and term of the declaration. Failure to comply could result in the loss of the award and/or allocation as well as the assessment of penalty points.

#### **F.G. Documentation of Points**

In the Scoring Wizard, mark the selection criteria expected for your project. **Where indicated in the Minnesota Housing Self-Scoring Worksheet, the applicant must also submit documentation that clearly supports the points claimed. Refer to the Scoring Guide and Multifamily Customer Portal for additional details. Minnesota Housing will determine the eligible points; points may not be awarded unless the required documentation is provided along with the application to justify the points claimed.**

During the competitive process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to

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<sup>2</sup> 9% HTC applications will continue to be ranked and reviewed for selection based on competitive score and requirements as outlined in Chapter 5, Project Selection, of the QAP. Deferred only proposals or deferred with 4% HTC projects that meet this preference criterion will be reviewed and may be selected with a lower score than other deferred only or deferred with a 4% HTC projects in accordance with the Consolidated RFP Application Instructions.

<sup>3</sup> Minnesota Housing will review and score all proposals submitted to the Consolidated RFP according to the 2024-2025 HTC and Deferred Funding Selection Criteria. As outlined in the Consolidated RFP Application Instructions and the QAP, Minnesota Housing takes specified criteria into consideration when reviewing and selecting applications through the Consolidated RFP, in addition to project score (e.g., project feasibility, organization capacity, financial capacity).

determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant/owner.

#### **G.H. Documentation of Units**

In the Scoring Wizard, mark the number of units for each selection criteria expected for your project. Minnesota Housing will not award points if the necessary number of units is not included in the Self-Scoring Worksheet. The number of units will also be validated in the Multifamily Workbook and may result in a loss of points if the documentation is not consistent. When calculating a percentage for the criterion, all units must be rounded up to the next full unit.

#### **H.I. Extended Duration**

Request for Minnesota Housing administered HTCs from the state's HTC volume cap and in association with tax-exempt volume limited bonds must maintain the duration of low-income use for a minimum of 30 years or longer, if a longer duration is selected. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a Qualified Contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income, rental, and occupancy restrictions must apply for the term of the LURA.

#### **H.J. Design Standards**

The project must meet the requirements in the Minnesota Housing Rental Housing Design/Constructions Standards. Additional design requirements will be imposed if points are claimed/awarded that require specific design elements (e.g., Universal Design, Enhanced Sustainability).

#### **H.K. Declarations**

1. A Declaration of Land Use Restrictive Covenants (LURA) covering the income and rent restrictions and occupancy requirements presented at selection may be recorded against the property.
2. A deferred loan Declaration covering the income and rent restrictions and occupancy requirements presented at selection may be recorded against the property.

#### **H.L. Deeper Rent Targeting**

All applicants must meet the minimum deeper rent targeting unit requirements outlined below.

1. Request for Minnesota Housing deferred financing or Minnesota Housing administered HTCs from the state's total volume cap or in association with tax-exempt volume limited bonds must include at least 2% of the total units, with a minimum number of one unit, with rents restricted at or below the county 30% Multifamily Tax Subsidy Project (MTSP) rent limit. Units with project-based rental assistance count toward this requirement. Projects where 100% of the units include project-based rental assistance are excluded.

Number of Units: \_\_\_\_\_

2. Request for Minnesota Housing deferred financing or Minnesota Housing administered HTC's from the state's total volume cap or in association with tax-exempt volume limited bonds must include at least 3% of the total units, with a minimum number of one unit, with rents restricted at or below the Housing Assistance Payment (HAP) payment standard as determined by the responsible entity in the jurisdiction. The units must generally be evenly distributed by bedroom type. Projects that are 100% project-based rental assistance or are located on tribal reservations are excluded.

0 Bedroom Units: \_\_\_\_\_

1 Bedroom Units: \_\_\_\_\_

2 Bedroom Units: \_\_\_\_\_

3 Bedroom Units: \_\_\_\_\_

4 Bedroom Units: \_\_\_\_\_

5 Bedroom Units: \_\_\_\_\_

6 Bedroom Units: \_\_\_\_\_

**Total Number of Units:** \_\_\_\_\_

## Round 1 – Minimum Threshold Requirements

In accordance with Minnesota Statutes § 462A.222 Subdivision 3 (e), all 9% HTC applications submitted statewide in HTC Round 1 must meet one of the following threshold types. Please indicate the threshold item your project meets:

### In the Metropolitan Area

#### A. In the Metropolitan Area<sup>4</sup>

1. ☐ New construction or ~~S~~ubstantial ~~R~~ehabilitation in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units are single room occupancy, efficiency, or one-bedroom units with rents affordable to households whose income does not exceed 30% of the area median income (AMI)
2. ☐ New construction or ~~S~~ubstantial ~~R~~ehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms, **OR**
3. ☐ Substantial ~~R~~ehabilitation projects in neighborhoods targeted by the city for revitalization.

### Outside the Metropolitan Area

#### B. Outside the Metropolitan Area

1. ☐ Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application.

### People with Disabilities

- C. ☐ Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the LURA), a percentage of the units are set aside and rented to persons:
1. With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c);
  2. With a developmental disability as defined in the United States Code, Title 42, Section 6001, paragraph (58), as amended;
  3. Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2;
  4. With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); **OR**
  5. With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1340.

<sup>4</sup> As set out in Minn. Stat. 473.121, subd. 2, Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague), and Washington.

**NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1340, also known as the Minnesota Accessibility Code.**

**NOTE: This definition is not limited to persons with mobility impairment.**

**Preserve Existing Subsidized Housing**

**D. Preserve Existing Subsidized Housing**

1. ☐ Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTCs is necessary to (1) prevent conversion to market rate use; or (2) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies; **OR**

**Rural Development**

**E. Rural Development**

1. ☐ Projects financed by Rural Development, which meet statewide distribution goals.



# 2024-2025 Housing Tax Credit and Deferred Funding Selection Criteria

## GREATEST NEED TENANT TARGETING

### 1. Greatest Need Tenant Targeting

#### Large Family Housing

##### A. Large Family Housing (12 to 15 points)

1. **Large Family Housing:** The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children. Select all that apply:

- a. ☐ At least 75% of the total assisted<sup>5</sup> units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. **(12 points)**

Number of units with:

2 Bedrooms: \_\_\_\_\_

3 Bedrooms: \_\_\_\_\_

4 Bedrooms: \_\_\_\_\_

5 Bedrooms: \_\_\_\_\_

6 Bedrooms: \_\_\_\_\_

- b. ☐ If eligible under 1.a. above, at least one-third of three or more bedrooms required above must contain four or more bedrooms. **(3 points)**

Number of units with:

4 Bedrooms: \_\_\_\_\_

5 Bedrooms: \_\_\_\_\_

6 Bedrooms: \_\_\_\_\_

#### Senior Housing

##### B. Senior Housing (3 to 7 points)

1. **Senior Housing:** The proposal is for a project that provides housing that is restricted to persons 55 years of age or older. Select all that apply:

- ~~a.~~ ☐ 100% of the total assisted units will be restricted and marketed to seniors 55 years of age

~~b.~~ a. \_\_\_\_\_ or older **(3 points)**

Number of Units: \_\_\_\_\_

<sup>5</sup> Assisted is defined as HTC units for HTC applications and affordable units for deferred funding.  
2024-2025 Self-Scoring Worksheet

~~e.b.~~ Projects eligible under 1.a. above that agree to further restrict the units' incomes to the county 30% MTSP income limit.

- i. ☐ 30% to 100% of the total units **(4 points)**  
Number of Units: \_\_\_\_\_
- ii. ☐ 20% to 29.99% of the total units **(3 points)**  
Number of Units: \_\_\_\_\_
- iii. ☐ 10% to 19.99% of the total units **(2 points)**  
Number of Units: \_\_\_\_\_
- iv. ☐ 5% to 9.99% of the total units **(1 point)**  
Number of Units: \_\_\_\_\_

**NOTE: The Senior Housing selection criterion 1.b. cannot be claimed for units that are claimed under the Rental Assistance selection criterion 2.B.2.**

### **Permanent Supportive Housing for High Priority Homeless**

#### **C. Permanent Supportive Housing for High Priority Homeless (HPH)<sup>6</sup> (7 to 32 points)**

- 1.** A minimum of 5% of the total units, but no fewer than four units, are set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by the Coordinated Entry System<sup>7</sup> (HPH Units) and targeted to the populations indicated below.

Minnesota Housing, at its sole discretion, in consultation with the owner of a selected project and the local community, will consider alternative referral and prioritization processes for populations that have a demonstrated need for supportive housing but are not included in the Coordinated Entry System.

The applicant agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

<sup>6</sup> Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing for High Priority Homeless selection criterion for "HPH Units". Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property. Alternative referral and prioritization options are available with approval from Minnesota Housing when there is not an eligible household on the Coordinated Entry waiting list. Reference the relief provisions in Chapter 6.A. of the QAP for additional details.

<sup>7</sup> Coordinated Entry System is defined by the statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. Alternative referral and prioritization options for special populations or supportive housing models are available with approval from Minnesota Housing. Reference the relief provisions in Chapter 6.A. of the QAP for additional details.

Select one and complete the unit count below:

- a. ☐ 50% to 100% of the total units, but no fewer than 20 units **(30 points)**  
Number of Units: \_\_\_\_\_
- b. ☐ 10% to 49.99% of the total units, but no fewer than 7 units **(10 points)**  
Number of Units: \_\_\_\_\_
- c. ☐ 5% to 9.99% of the total units, but no fewer than 4 units **(7 points)**  
Number of Units: \_\_\_\_\_

**NOTE: The Permanent Supportive Housing for High Priority Homeless (C.) and People with Disabilities (D.) selection criteria cannot be claimed for the same units.**

The documentation requirements to be eligible for Permanent Supportive Housing for HPH points is based upon the percentage of total units that are HPH, PWD, and other homeless households in the project. Projects are classified as either:

- Primarily Supportive Housing: 50% or more of the total units will serve HPH, PWD, or other homeless households.
- Partially Supportive Housing: Less than 50% of the total units will serve HPH, PWD, or other homeless households.

~~The classification determines the~~ Based on the classification, the applicant must complete and submit the Supportive Housing application materials that must be submitted, including the narratives, forms, certifications, and submittals identified in the Application Checklist in the Multifamily Customer Portal.

Please also note the following requirements depending on the project classification:

#### **Primarily Supportive Housing**

1. The market need for the proposed HPH units must be verified and documented on the Continuum of Care (CoC) Confirmation form. Minnesota Housing, at its sole discretion, will determine if there is market need for HPH units based upon a number of factors including location, household type, Coordinated Entry waiting list, pending projects, resources etc.
2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy, or service funding contracts for as long as the funding is available.

#### **Partially Supportive Housing**

1. Minnesota Housing, at its sole discretion, will determine if there is a market need for HPH units based upon a number of factors including location, household type, Coordinated Entry waiting list, pending projects, etc. This will be verified with the local Continuum of Care during the application review process. If Minnesota Housing determines that there is not a need for additional HPH units within the local market, the applicant agrees that Minnesota Housing may remove the proposed HPH units from the project and/or convert the proposed units to units with rent restricted to 30% MTSP and ~~for~~ maintain a priority to serve homeless households.

2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy, or service funding contracts for as long as the funding is available.

A proposal that claims this criterion and is selected will be required to comply with any due diligence/reporting requirements after selection and term of the declaration. Failure to comply could result in the loss of the award and/or allocation as well as the assessment of penalty points. -The LURA and Minnesota Housing loan documents may contain performance requirements related to these permanent supportive housing units for High Priority Homeless and may be recorded with the property.

## People with Disabilities

### **D. People with Disabilities (PWD) (7 to 13 points)**

Select one:

1. **Tier 1:** Permanent supportive housing proposals that **are not restricted to persons of a particular age group** and in which a minimum of 5% of the total units, but no fewer than four units, are set aside and rented to persons with a disability as defined below. The applicant agrees that the units are restricted to households with incomes at or below the county 30% MTSP income limit.

The applicant agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

Select the number of units set aside for People with Disabilities:

- a. ☐ 15% to 25% of the total units, but no fewer than six units **(10 points)**  
Number of Units: \_\_\_\_\_
- b. ☐ 10% to 14.99% of the total units, but no fewer than five units **(9 points)**  
Number of Units: \_\_\_\_\_
- c. ☐ 5% to 9.99% of the total units, but no fewer than four units **(7 points)**  
Number of Units: \_\_\_\_\_

**OR**

2. **Tier 2:** People with Disabilities (PWD) units that will use Section 811 Project-based Rental Assistance (811 PRA): Permanent housing proposals that are not restricted to people of a particular age group and in which a minimum of 5% of the total units, but no fewer than five units, are set aside and rented to people with a disability as defined below. The applicant agrees that the units are restricted to households with incomes at or below the county 30% MTSP income limit.

The applicant must **provide the required 811 PRA Pre-Application prior to the application deadline. The due date will be established prior to the application deadline.** Failure to submit all required pre-application materials may result in rejection of the Pre-Application. Minnesota Housing will further evaluate the feasibility of the 811 PRA units during the formal application review process and reserves the right not to award the PWD points for 811 PRA units.

Select the number of units set aside for People with Disabilities that will use 811 PRA. The total number of 811 PRA units **cannot** exceed 11 units. Section 811 program requirements limit the percentage of supportive housing units. The total number of supportive housing units (HPH, homeless, PWD) in the project **cannot** exceed 25% of the total units.

- a. ☐ 15% to 25% of the total units, but no fewer than ten units **(13 points)**  
Number of Units: \_\_\_\_\_
- b. ☐ 10% to 14.99% of the total units, but no fewer than seven units **(11 points)**  
Number of Units: \_\_\_\_\_
- c. ☐ 5% to 9.99% of the total units, but no fewer than five units **(9 points)**  
Number of Units: \_\_\_\_\_

A percentage of the units are set aside and rented to persons with any of the following disabilities<sup>8</sup>:

1. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c);
2. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended;
3. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2;
4. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a); **OR**
5. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1340.

**NOTE:**

- Projects that meet Round 1 Minimum Threshold C.5. (persons with physical disabilities), as well as any other Round 1 Minimum Threshold Requirement serving People with Disabilities, may count any units rented to persons with a physical disability in their total units, even if the statutory 50% requirement of Threshold C.5. is not met.
- Projects that meet the Round 1 Minimum Threshold only with Threshold C.5. must meet the statutory requirement that 50% of units be accessible. Minnesota Housing considers

<sup>8</sup> Specific performance requirement relief provisions are available for projects that meet the People with Disabilities selection criterion for "PWD Units." Reference Section 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

accessible units to be Type A and B units as identified in the referenced Minnesota Rules Chapter 1340, also known as the Minnesota Accessibility Code.

- If the minimum threshold is not required, then the statutory requirement pertaining to accessible units is not applicable.
- The definition of permanent physical disability is not limited to people with mobility impairment.

**NOTE: The Permanent Supportive Housing for High Priority Homeless (C.) and People with Disabilities (D.) selection criteria may not be claimed for the same units. These units cannot be layered; they must be separate and distinct.**

**NOTE: Projects with unit(s) that are age restricted cannot claim the People with Disabilities selection criterion (D.).**

**The project must submit documentation that meets all of the following conditions:**

1. The applicant must submit the forms and submittals identified in the Application Checklist in the Multifamily Customer Portal.
2. The population, market need, and resource plan for the PWD units will be determined after selection in consultation with the county or tribal human services. If homeless eligibility is required the market need must be verified and documented on the CoC Confirmation form. Minnesota Housing, at its sole discretion, will determine if there is market need.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy, or service funding contracts for as long as the funding is available.

A proposal that claims this criterion and is selected will be required to comply with the Supportive Housing standards, any due diligence/reporting requirements after selection, and terms of the declaration.

## **SERVES LOWEST INCOME FOR LONG DURATIONS**

### **2. Serves Lowest Income for Long Durations**

Projects with ~~new or~~ existing rental assistance that has been in place for 15 years or more can only ~~may~~ take points under Preservation (A.). Projects with new rental assistance that has been in place for less than 15 years can only take points under ~~or~~ Rental Assistance (B.). The Serves Lowest Income selection criterion (C.) can only be claimed for units that do not have rental assistance. The definitions explained below determine which criteria the project qualifies for, and the project is only eligible for points in that criteria.

#### **Preservation**

##### **A. Preservation (15 to 40 points)**

#### **Thresholds:**

Applicants seeking Preservation must read the descriptions and then select one of the following three Thresholds:

1. ☐ Risk of Loss Due to Market Conversion

a. Expiration of contract/use-restrictions

- i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions;

**OR**

- ii. Existing HTC projects eligible to exercise their option to file for a Qualified Contract, and have not previously exercised their option; **AND**

b. Risk of market conversion evidenced by a low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's sole discretion); **AND**

c. Risk of market conversion evidenced by one or more of the following:

- ~~i. An appraisal commissioned by Minnesota Housing within a year of the application date where the as-is unrestricted value is equal to or greater than the as-is restricted value;~~

**OR**

- ~~ii.i.~~ For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers that was completed within a year of the application date that shows current rents are below comparable market rents; **OR**

- ~~ii.ii.~~ A market study approved by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has a comparable location(s), amenities, and condition to convert to market rate; **AND**

- ~~d. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units.~~

**NOTE: Minnesota Housing, at its sole discretion, must agree that a market exists for a conversion to market rate housing.**

2. ☐ Risk of Loss Due to Critical Physical Needs

- ~~a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units; **AND**~~

- ~~b.a.~~ Critical physical needs identified by third party assessment to support the following conclusions:



~~i. Repair/replacement of major physical plant components have been identified that will result in 15+ years sustained operations; AND~~

~~ii.i.~~ Identified scope of critical physical needs exceeds the available reserves by at least \$5,000 per unit, as evidenced by the Year Critical Needs Model submitted with the application.

**NOTE: Minnesota Housing will~~may~~ conduct an inspection of the project and must agree with applicant scope of work, severity levels, and cost estimates.**

3. ☐ Risk of Loss Due to Ownership Capacity/Program Commitment

~~a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units; AND~~

~~b.a.~~ One of the following four conditions exist:

i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessment, ongoing lack of compliance with lenders or terms of the Existing Federal Assistance, or self-determination by a nonprofit board are severe enough to put the property at significant risk of not remaining decent, safe, and affordable. Ownership must be transferred to an unrelated party;

**OR**

ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the HAP contract has been submitted to Minnesota Housing;

**OR**

iii. The property has been or will be acquired from an unrelated party within three years of the application date as a result of a Preservation Affordable Rental Investment Fund (PARIF) Right of First Refusal being exercised;

**OR**

iv. The acquisition of a property with U.S. Department of Agriculture (USDA) Rural Development (RD) rental assistance has occurred or will occur when the current or previous owner intends or intended to allow the existing USDA RD mortgage to mature and has turned down offers from USDA RD to re-amortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

**NOTE: Minnesota Housing, at its sole discretion, must agree that a change in ownership is necessary for units to remain decent, safe, or affordable.**

**Criteria:**



1. **Tier1 - Existing Federal Assistance – ~~Tier 1—project-based rental assistance/operating subsidies projects with existing project based rental assistance~~ (15 to 40 points)**

Any housing receiving project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), Native American Housing Assistance and Self Determination Act (NAHASDA), ~~or other program that is not scheduled to sunset or expire.~~ Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration Program (RAD), Component 2 (RAD 2), and RAD for Project Rental Assistance Contracts (PRAC) are eligible. Such assistance must have been committed to the property at least 15 years prior to the year of application.

For eligible projects, fifteen (15) or more years must have passed since the award of the federal project based rental assistance.

The owner will continue renewals of the existing project-based rental assistance contract(s) for as long as the assistance is available. Except for “good cause,” the owner will not evict existing subsidized residents and must continue to renew leases for those residents.

Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through a Section 8bb transfer) must count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

a. Existing Federally Assisted Units:

- i. ☐ 100% of the total units are federally assisted **(40 points)**  
Number of Units: \_\_\_\_\_
- ii. ☐ 75.01% to 99.99% of the total units are federally assisted **(32 points)**  
Number of Units: \_\_\_\_\_
- iii. ☐ 50.01% to 75% of the total units are federally assisted **(25 points)**  
Number of Units: \_\_\_\_\_
- iv. ☐ 25.01% to 50% of the total units are federally assisted **(20 points)**  
Number of Units: \_\_\_\_\_
- v. ☐ Fewer than 25% of the total units are federally assisted **(15 points)**  
Number of Units: \_\_\_\_\_

**NOTE: The Rental Assistance selection criterion cannot be claimed if the project is of a type covered under Preservation – Tier 1, Existing Federal Assistance , even if the project is not claiming preservation points because it does not meet a Risk of Loss. Rental assistance under the Rental Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible. Any public housing repositioning that results in project-based vouchers or project-based rental assistance is also not eligible.**

NOTE: The Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) cannot be claimed for units as units that have new or existing rental assistance. This would include People with Disabilities – Tier 2 –811 PRA (1.D.2.), Preservation – Tier 1 and Tier 2 –Existing Federal Assistance (2. A.1. and 2.A. 2), and Rental Assistance (2.B.).

OR

2. Tier 2 - Other Existing Federal Assistance and Critical Affordable Units – Tier 2 (15 points)

Rental housing with existing federal, state, ~~or~~ local or intermediary funding with a current recorded deed restriction that limits rents for at least 50% of the total assisted units to at or below the county 50% MTSP limit (or utilizes another rent limitation whose current maximum is at or below the 50% MTSP limit) without long-term project based rental assistance. This may include units funded with Low-Income Housing Tax Credits, RAD Component 1, existing public housing units, RD units without Rental Assistance, other existing federal assistance not described above, or a loan funded by federal, state, local or intermediary sources. Applicants who claim these points must agree to continue limit the rents to at or below 50% MTSP for the term of the deferred declaration or the LURA.

For eligible projects, fifteen (15) or more years have passed since the award of the existing federal assistance or the most recent HTC placed in service date or since the closing of the loan that created rent restrictions.

NOTE: The Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) cannot be claimed for units that have new or existing rental assistance. This would include People with Disabilities – Tier 2 –811 PRA (1.D.2.), Preservation – Tier 1 and Tier 2 –(2. A.1. and 2.A. 2), and Rental Assistance (2.B.).

NOTE: Preservation – Tier 2 (2.A.2) and the Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) may not be claimed for the same units. These units cannot be layered; they must be separate and distinct.

~~Such assistance must have been committed to the property at least 15 years prior to the year of application. Applicants who claim points under this category must also claim points under the Serves Lowest Income selection criterion.~~

~~NOTE: The Rental Assistance selection criterion cannot be claimed if the project is of a type covered under Preservation – Tier 1, Existing Federal Assistance, even if the project is not claiming preservation points because it does not meet a Risk of Loss. Rental assistance under the Rental Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible. Any public housing repositioning that results in project-based vouchers or project-based rental assistance is also not eligible.~~

~~NOTE: The Serves Lowest Income Tenants/Rent Reduction selection criterion cannot be claimed for units as units that have new or existing rental assistance. This would include People with Disabilities~~

~~Tier 2 811 PRA (1.D.2.), Preservation Tier 1 Existing Federal Assistance (2.A.1.), and Rental Assistance (2.B.)~~

~~NOTE: If a project qualifies for Tier 2 and has new project-based rental assistance, then units within the project must not be double-counted between Serves Lowest Income Tenants/Rent Reduction and Rental Assistance (B.).~~

## Rental Assistance

### A.B. Rental Assistance (6 to 26 points)

1. Priority is given to an owner who submits with the application a **project-specific, fully executed binding commitment** (i.e., binding Resolution/binding Letter of Approval from the governing body) for project-based rental assistance, which is effectively project-based by written contract or for project-based vouchers (PBVs) awarded in accordance with 24 CFR Ch. IX, Section 983.51. For the purposes of this category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden, and provides for the tenant paid portion of rent to be no greater than 30% of household income.

**Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. For all other types of rental assistance programs with an alternative rent structure, the applicant must submit commitment documentation that includes details regarding the rent structure, tenant paid portion of household income, program structure, goals, and population served.**

- New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
- Site-based Housing Support<sup>9</sup> and awards of project-based McKinney Vento Continuum of Care funding will be considered project-based rental assistance.
- Privately funded rental assistance must demonstrate a commitment of a minimum of four years. Documentation must also contain language regarding the possibility of future renewals. Be aware that rental assistance from non-governmental organizations will not be treated the same as governmental rental assistance when determining tenant income eligibility for compliance purposes. Refer to the Scoring Guide for more information.
- A current request for Minnesota Housing rental assistance is not eligible to claim this category. A past award of existing rental assistance will be counted toward meeting the required percentages.

For projects that agree to set aside units and have the required binding commitment for the associated percentage of units with project-based rental assistance units as follows. Select one option from a-f. In addition, by selecting an option, the project agrees to continue renewals of the

<sup>9</sup> Formerly known as Group Residential Housing.  
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existing project-based rental assistance contract(s) for a **minimum of 15 years** from the later of the last placed in service date for any building in the property or loan closing. The applicant agrees that rents will remain affordable at the county 50% MTSP income limit for a 15-year period if the rental assistance is not available for the full period<sup>10</sup>.

- a. ☐ 100% of the total units will have project-based rental assistance **(19 points)**  
Number of Units: \_\_\_\_\_
- b. ☐ 51.1% to 99.9% of the total units **(16 points)**  
Number of Units: \_\_\_\_\_
- c. ☐ 20.1% to 51% of the total units **(13 points)**  
Number of Units: \_\_\_\_\_
- d. ☐ 10.1% to 20% of the total units, but no fewer than four units **(10 points)**  
Number of Units: \_\_\_\_\_
- e. ☐ 5% to 10% of the total units, but no fewer than four units **(7 points)**  
Number of Units: \_\_\_\_\_
- f. ☐ Fewer than 5% of the total units, but no fewer than four units **(6 points)**  
Number of Units: \_\_\_\_\_

### **Further Restricting Rental Assistance**

#### **2. Further Restricting Rental Assistance**

Projects that are eligible under 2.B.1. a-f above and have rental assistance (as described above) that agree to further restrict units to households whose incomes do not exceed the county 30% MTSP income limit for a 10-year period<sup>11</sup>. Select one:

- a. ☐ 75.1% to 100% of the total units **(7 points)**  
Number of Units: \_\_\_\_\_
- b. ☐ 50.1% to 75% % of the total units **(6 points)**  
Number of Units: \_\_\_\_\_
- c. ☐ 25.1% to 50% of the total units **(5 points)**  
Number of Units: \_\_\_\_\_
- d. ☐ 15.1% to 25% of the total units **(4 points)**  
Number of Units: \_\_\_\_\_

<sup>10</sup> Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for “RA Units.” Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

<sup>11</sup> Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Further Restricted Rental Assisted Units (“FRRA Units”). Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

- e. ☐ 5% to 15% of the total units, but no fewer than four units **(3 points)**

Number of Units: \_\_\_\_\_

**NOTE: The Rental Assistance selection criterion cannot be claimed if the project is of a type covered under Preservation - Tier 1 criterion Existing Federal Assistance (2.A.1), even if the project is not claiming preservation points because it does not meet a Risk of Loss. Rental assistance under the Rental Assistance Demonstration Program (Components I or II) or the Public Housing Program are also not eligible. Any public housing repositioning that results in project-based vouchers or project-based rental assistance is also not eligible.**

**NOTE: The Serves Lowest Income Tenants/Rent Reduction selection criterion (2.C.) cannot be claimed for units that qualify as units that have new or existing rental assistance. This would include People with Disabilities – Tier 2 –811 PRA (1.D.2.), Preservation – Tier 1 – Existing Federal Assistance (2.A.1.), and Rental Assistance (2. B.).**

To claim the criterion, the applicant must comply with all program requirements for the assistance at application, including maintaining rents within the appropriate payment standard for the project area in which the project is located for the full compliance and extended use period of the HTC.

Rent for assisted units must be at or below Fair Market Rents (or the appropriate payment standard for the project area). Eligibility and agreeing to a minimum number of assisted units does not release owners from their obligations under the Minnesota Human Rights Act and Section 42 prohibiting refusal to lease to the holder of a voucher of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

### **Serves Lowest Income Tenants/Rent Reduction**

#### **B.C. Serves Lowest Income Tenants/Rent Reduction (8 to 20 points)**

1. The project agrees to restrict the rents for a percentage of the units in the project. Eligible units **cannot** have project-based rental assistance and the rents must be based on the gross rent level, including utilities. Rents must be affordable to households whose incomes do not exceed the county 30 % MTSP or 50% MTSP income limit as published by HUD. MTSP rent limits are available on Minnesota Housing's website.

The applicant agrees to maintain the deeper rent structuring for which selection points are requested for the term of the LURA or deferred declaration.

This selection will restrict rents only (tenant incomes will not be restricted to the county 50% MTSP income limit by claiming this selection criterion).

- a. ☐ 100% of the total units will restrict rents at or below the county 50% MTSP rent limit **(13 points)**

Number of Units: \_\_\_\_\_

- b. ☐ At least 50% of the total units will restrict rents at or below the county 50% MTSP rent limit **(8 points)**

Number of Units: \_\_\_\_\_

- c. ☐ Projects that are eligible for 1.a. or 1.b. above and agree to further restrict units to the county 30% MTSP rent limit:
- i. ☐ 30% to 40% of the total units **(7 points)**  
Number of Units: \_\_\_\_\_
  - ii. ☐ 20% to 29.99% of the total units **(6 points)**  
Number of Units: \_\_\_\_\_
  - iii. ☐ 10% to 19.99% of the total units **(5 points)**  
Number of Units: \_\_\_\_\_
  - iv. ☐ 5% to 9.99% of the total units **(4 points)**  
Number of Units: \_\_\_\_\_

**NOTE: The Serves Lowest Income Tenants/Rent Reduction (2.C.) selection criterion cannot be claimed for units that qualify for units that have new or existing project-based rental assistance. This would include People with Disabilities – Tier 2 –811 PRA (1.D.2.), Preservation – Tier 1 – Existing Federal Assistance (2.A.1.), and Rental Assistance (2.B.).**

The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Final determination is contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma, and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

### Long-Term Affordability

#### G.D. Long-Term Affordability (8 to 9 points)

For an HTC project, the owner agrees to extend the long-term affordability of the project by agreeing to extend the term of the LURA beyond 30 years by choosing an option below. The owner also agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a Qualified Contract for the acquisition of the project) do not apply to the project for the term of the LURA.

For a deferred loan project, the owner agrees to extend the term of the Declaration beyond 30 years.

Select one:

- a. ☐ The HTC project will extend the term of the LURA and waive the right to a Qualified Contract for a minimum of 50 years and/or the deferred loan project will extend the term of the deferred loan Declaration to 50 years **(9 points)**

- b. ☐ The HTC project will extend the term of the LURA and waive the right to a Qualified Contract for a minimum of 40 years and/or the deferred loan project will extend the term of the deferred loan Declaration to 40 years **(8 points)**

## INCREASING GEOGRAPHIC CHOICE

### 3. Increasing Geographic Choice

#### Need for More Affordable Housing Options

##### A. Need for More Affordable Housing Options (8 to 10 points)

1. Projects located in communities with a need for more affordable housing options because either there is a low share of affordable rental housing compared to all housing options in a community or a large share of renters are cost burdened by their rent. Select one:
  - a. ☐ **Tier 1 Tracts or Cities, and Tribal Reservations:** Those in the 80<sup>th</sup> percentile or higher in the highest share of cost burdened renters or in the lowest share of affordable rental housing relative to the community type. Tribal reservations are also considered Tier 1 for having a need for more affordable housing options **(10 points)**
  - b. ☐ **Tier 2 Tracts or Cities:** Those in the 50<sup>th</sup> to 79<sup>th</sup> percentile in the highest share of cost burdened renters or in the lowest share of affordable housing relative to the community type **(8 points)**

#### Workforce Housing Communities

##### B. Workforce Housing Communities (3 to 6 points)

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce commuting long distances, as outlined in the Workforce Housing Communities Methodology [in the Methodology Guide](#)). Select one:
  - a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**
  - b. ☐ The proposed housing is in an Individual Employer Growth Community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)**
  - c. ☐ The proposed housing is in a Long Commute Community **(3 points)**

In the Metropolitan Area, project locations must be within five miles of a workforce housing city or township. In Greater Minnesota, project locations must be within ten miles of a workforce housing city or township.

#### Transit and Walkability



## C. Transit and Walkability (1 to 9 points)

### Metropolitan Area

1. For projects in the **Metropolitan Area**, indicate if the project is located in a community for transportation and access to transit.
  - a. Access to Transit: To claim access to transit in the Metropolitan Area, a project must be (select one):
    - i. ☐ Located within one-half mile of a planned or existing Light Rail Transit (LRT), Bus Rapid Transit (BRT), commuter rail station, or a Metro Transit Hi-Frequency Network transit stop. Planned stations include those eligible for Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Grants (<https://metro council.org/Communities/Services/Livable-Communities-Grants/LCA/2020-LCA-TOD-application-guide.aspx>), but not including express bus stations eligible for Metropolitan Council Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Grants **(7 points)**
    - ii. ☐ Located within one-quarter mile of a high service public transportation fixed route stop defined as those with service from 6 a.m. to 7 p.m. and has a frequency of approximately every half hour during that time or located within one-half mile of an express bus route stop or located within one-half mile of a park and ride lot **(4 points)**
    - iii. ☐ Served by demand response/dial-a-ride with prior day notice. This excludes Metro Transit's Transit Link Service. Transit service must be available daily, Monday through Friday, for a minimum of 8 hours per day. **(2 points)**
  - b. Walkability: To claim walkability in Minneapolis and Saint Paul, a project must be (select one):
    - i. ☐ Located in an area with a Walk Score of 80 or more according to [www.walkscore.com](http://www.walkscore.com) **(2 points)**
    - ii. ☐ Located in an area with a Walk Score between 60 and 79 according to [www.walkscore.com](http://www.walkscore.com) **(1 point)**
  - c. Walkability: To claim walkability in suburban communities, a project must be (select one):
    - i. ☐ Located in an area with a Walk Score of 60 or more according to [www.walkscore.com](http://www.walkscore.com) **(2 points)**
    - ii. ☐ Located in an area with a Walk Score between 50 and 59 according to [www.walkscore.com](http://www.walkscore.com) **(1 point)**

If applicants would like to request revisions of a location's Walk Score, they should email Walk Score directly with details of the request to: [mhfa-request@walkscore.com](mailto:mhfa-request@walkscore.com). Walk Score staff will review the request and make any necessary adjustments to scoring with 45 business days. If an address cannot be found in the Walk Score tool, use the closest intersection within one-quarter mile of the proposed location.



## **Greater Minnesota Urbanized Area**

2. For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census, are places with populations greater than 50,000 and are defined by the Minnesota Department of Transportation (MnDOT) (Greater Minnesota Transit Investment Plan: <http://minnesotago.org/index.php?cID=435>) as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato, and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

a. **Urbanized Areas** (population greater than 50,000):

- i. Access to Transit: To claim access to transit, a project in a Greater Minnesota urbanized area must be (select one; refer to the Transit and Walkability section to determine points):

1. ☐ Located within one-quarter mile of a planned or existing public transportation fixed route stop. For a planned transit stop to be eligible, applicants must provide detailed location and service information, including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available daily, Monday through Friday, and provide service every 60 minutes for a minimum of 10 hours per day. **(7 points)**
2. ☐ Located between one-quarter mile and one-half mile of a planned or existing public transportation fixed route stop. For a planned transit stop to be eligible, applicants must provide detailed location and service information, including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available daily, Monday through Friday, and provide service every 60 minutes for a minimum of 10 hours per day.

**OR**

Located less than one-half mile of an express bus route stop or park and ride lot **(4 points)**

- ii. Walkability: To claim walkability, a project in a Greater Minnesota urbanized area must be (select one):

1. ☐ Located in an area with a Walk Score of 70 or more according to [www.walkscore.com](http://www.walkscore.com) **(2 points)**
2. ☐ Located in an area with a Walk Score between 50 and 69 according to [www.walkscore.com](http://www.walkscore.com) **(1 point)**

## **Greater Minnesota Rural and Small Urban Areas**

b. **Rural and Small Urban Areas** (population fewer than 50,000)

For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation

service is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advance notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as “Dial-A-Ride”).

- i. Access to Transit: To claim access to transit, a project in a Greater Minnesota rural and small urban area must be (select one):
  1. ☐ Within one-half mile of a designated transit stop **OR** served by demand response/dial-a-ride **OR** within one-half mile of a commuter rail station, and is available daily, Monday through Friday, providing same day service. Commuter rail stations include the Elk River and Big Lake Stations serviced by Metro Transit’s Northstar Commuter Rail. **(7 points)**
  2. ☐ Served by demand response/dial-a-ride with prior day or greater notice needed and is available daily, Monday through Friday **(4 points)**
- ii. Walkability: To claim walkability, a project in a Greater Minnesota rural and small urban area must be (select one):
  1. ☐ Located in an area with a Walk Score of 50 or more according to [www.walkscore.com](http://www.walkscore.com) **(2 points)**
  2. ☐ Located in an area with a Walk Score between 30 and 49 according to [www.walkscore.com](http://www.walkscore.com) **(1 point)**

#### 4. Supporting Community and Economic Development

##### Community Development Initiative

##### A. Community Development Initiative (3 points)

1. ☐ The project contributes to the active implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders. The initiative can be created by, and involve engagement from, a wide variety of public and private local community development partners such as cities, counties, employers, private foundations, public housing authorities, or other community stakeholders. The plan must contain more components than the project itself. Documentation must be provided that addresses four requirements for the Community Development Initiative:
  - a. Targeted Geographic Area and Map
  - b. Current implementation plan with goals or outcomes specific to the need identified by the initiative
  - c. Affordable housing as a key strategy of the initiative
  - d. A list of stakeholders, including their role in active implementation of the initiative

If a project is located in a Qualified Census Tract (QCT), in order to be eligible for these points, the application must provide additional evidence that demonstrates a strategy for obtaining commitments of public and/or private investment in non-housing efforts to demonstrate that the project contributes a concerted community revitalization plan.

Applicants must complete the Community Initiative Narrative and submit documentation demonstrating how the initiative meets the requirements outlined below. Documents can include plans, charters, or other evidence demonstrating active implementation of the Community Development Initiative. A full copy of all referenced plans or initiatives must be submitted.

REQUIRED	REQUIRED DOCUMENTATION	DESCRIPTION OF REQUIREMENT
a. Targeted Geographic Area and Map	Yes	A Targeted Geographic Area and map of the area.  The Targeted Geographic Area boundaries must be larger than the proposed rental project site, yet within a measurable impact area. For larger geographic areas, the Targeted Area must be small enough that one municipality or county (or a small conglomerate of municipalities or counties) can exercise jurisdiction over it.
b. Current implementation plan with goals	Yes	Include milestones or steps of the plan that have been:

REQUIRED	REQUIRED DOCUMENTATION	DESCRIPTION OF REQUIREMENT
or outcomes specific to the need identified by the initiative		1. Completed 2. Underway 3. Planned
c. Affordable housing as a key strategy	Yes	Affordable housing is identified as a key strategy of the initiative.
d. Stakeholder list and role	Yes	Provide a list of local stakeholders involved and a description of their role in the active implementation of the initiative.
<b>ADDITIONAL REQUIREMENTS FOR PROJECTS IN A QCT</b>		
a. Public or Private Investment (non-housing)	Required if the project is in a QCT	Demonstrated strategy for obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities, or services that could include, but are not limited to: <ul style="list-style-type: none"> <li>• Commercial/retail development</li> <li>• Economic development</li> <li>• Education-related initiative/ development</li> <li>• Environmental clean-up</li> <li>• Public works/infrastructure</li> <li>• Parks, green space, and recreation</li> <li>• Transit-oriented development or transit initiatives</li> </ul>

## Equitable Development

### **B. Equitable Development (3 points)**

- ☐ To receive Equitable Development points, there must be evidence that the project attempts to address the needs of a Community Most Impacted (CMI) by housing disparities and that a Qualified Stakeholder Group, with meaningful participation from that community, has a significant role in the project proposal as defined below. Occupancy restrictions or services provided as a result of the selection criteria are excluded.

Applicants must complete the Equitable Development Narrative and submit documentation demonstrating how the initiative meets the requirements outlined below into the Multifamily Customer Portal. A full copy of all referenced data, reports and information must be uploaded into the Multifamily Customer Portal. Links to other websites will not be accepted in lieu of uploading the supporting documentation.

A Qualified Stakeholder Group:

- Is not required to be a registered nonprofit organization and could consist of a group of community members, advocates, people with lived experiences, etc. The group must demonstrate meaningful and inclusive representation and participation of a CMI.

- Must be an independent body separate and apart from the proposed project owner, sponsor, developer, development team, service provider and management agent of record for the project. The developer may initiate or convene a Qualified Stakeholder Group, but the participants and opinions of the group must be independent of the development team organizations.
- Must include at least three participants who belong to the CMI the project is proposing to serve.
- Examples of a Qualified Stakeholder Group: A local nonprofit organization that serves the needs of indigenous individuals and families
- A neighborhood organization concerned about healthcare access and inequities
- A parent group formed to influence a youth-centered development
- A group of individuals with lived experience of homelessness informing the service model of a supportive housing development

**To be eligible for Equitable Development, submit documentation into the Multifamily Customer Portal that meets *all* of the following threshold criteria:**

1. Threshold Criteria:

a. Housing Disparity Addressed by the project.

i. Identity which CMI(s) is/are this project proposal focused on serving. If the project is focused on serving multiple populations, select the CMI(s) participating in the Qualified Stakeholder Group that has a significant role in the proposal.

- a. Lowest Income (e.g.,  $\leq 30\%$  of MTSP)
- b. People of Color
- c. Indigenous People
- d. LGBTQ+ People
- e. People Experiencing Homelessness
- f. People with Disabilities
- g. Immigrants
- h. Large Families
- i. Seniors
- j. Families with Children

~~ii. Provide data demonstrating the housing disparity experienced by the CMI(s) selected and identify how this project will address that disparity. The data should apply to people living in Minnesota and be from a reputable source, which would include among others: the U.S. Census Bureau's American Community Survey, federal, state, or local governments, the Wilder Foundation's Community Compass, etc. The data can also come from a published research or evaluation report. A full copy of all data and sources must be submitted.~~

- b. Meaningful participation of Communities Most Impacted: A Qualified Stakeholder Group must have meaningful participation of the CMI that is the focus of the project proposal as documented in the narrative.
- i. Describe the Qualified Stakeholder Group's mission, and purpose in elevating the voices of the identified CMI.
  - ii. Identify and describe what leadership and/or advisory roles people belonging to the identified CMI have in the Qualified Stakeholder Group, including one or more of the following:
    - a. A paid leadership position; list position (if applicable)
    - b. A member of the board (if applicable)
    - c. A paid staff position (if applicable)
    - d. A member role, such as serving on an advisory committee
    - e. Other meaningful role, such as a volunteer (describe)
  - iii. Provide a list of the Qualified Stakeholder Group's previous activities related to the identified CMI and community development. If there have been no previous activities, describe who formed the Qualified Stakeholder Group and why.
- c. Meaningful Engagement with the identified CMI through the Qualified Stakeholder Group: The development team must evidence that the Qualified Stakeholder Group and specifically the CMI participants have been meaningfully engaged in the project concept by conducting, at minimum, two meetings with the group prior to submission of the current application. Documentation must be provided to evidence engagement and may include meeting minutes, notes, survey results, etc.
- NOTE:** Any in-process engagement with the Qualified Stakeholder Group must include a detailed timeline for work done to-date, next steps, and future completion.
- d. Significant involvement of the Qualified Stakeholder Group: The developer partnered with the Qualified Stakeholder Group and the identified CMI to develop the project proposal. Identify and submit a narrative explaining how the Qualified Stakeholder Group was involved in the development, the specific input they provided, and how the project addresses or responds to that input. These must be in addition to any mandatory minimum requirements of the QAP, and in addition to the minimum requirements for which points are claimed in other selection criteria, such as Serves Lowest Income Tenants and/or Large Families. Applicants may select more than one of the following:
- i. Design
  - ii. Services
  - iii. Community Benefits: An agreement between the developer and local community to provide a benefit as identified by Community(ies) Most Impacted in the local community. (Examples include projects that support paying a competitive wage such as using union workers, employing individuals from the neighborhood, or signing onto a Worker-Driven Social Responsibility compliance and monitoring system, community services, training, shared green space, etc.)
  - iv. Other (describe in the narrative)

- e. Provide a signed letter from the Qualified Stakeholder Group. The letter must be signed by group participants who are willing to sign the document. ~~or one of its authorized representatives.~~

The letter must address each of the following questions:

- i. How has the developer engaged with the Qualified Stakeholder Group and the identified Communities Most Impacted to create a project responsive to the vision of the group and needs of the CMI?
- ii. How will this project help in fulfilling a need in your community?
- iii. How often did the Qualified Stakeholder Group meet with the developer and what were those meetings like?
- iv. How has the project changed in response to the input from the Qualified Stakeholder Group?
- v. If the development is selected, what are your expectations for the Qualified Stakeholder Group's continued involvement in the project?

### **Rural/Tribal**

#### **C. Rural/Tribal (6 points)**

1. Projects located in Rural/Tribal Designated Areas outside of the Metropolitan Area as defined by the 2024-2025 QAP and urbanized areas in Greater Minnesota. Urbanized areas in Greater Minnesota are areas with population over 50,000. They include Duluth, East Grand Forks, La Crescent, Mankato, Moorhead, Rochester, and St. Cloud. Select one:
  - a. ☐ Tier 1: The project is located in a Rural/Tribal Designated Area that is outside of the Metropolitan Area and has a population less than 5,000. **(6 points)**
  - b. ☐ Tier 2: The project is located in a Rural/Tribal Designated Area outside of the Metropolitan Area and has a population at or greater than 5,000. **(4 points)**

### **Qualified Census Tracts/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones**

#### **D. Qualified Census Tracts (QCT)/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones (3 points)**

1. ☐ The proposed housing is located in a QCT/Community Revitalization Area, Tribal Equivalent Area, or Opportunity Zone. **(3 points)**

Projects that are located in a Tribal Equivalent Area or Opportunity Zone are eligible for the criteria solely based upon geographic location. To be eligible as a QCT/Community Revitalization component, the project must be located in a Qualified Census Tract (refer to Qualified Census Tract – Reference Materials Index on the Minnesota Housing website) **and** be part of a concerted plan that provides for community revitalization consistent with the definition described in the Community Development Initiative selection criteria.



## Multifamily Award History

### E. Multifamily Award History (4 points)

1. ☐ Projects located in communities that have not received an award or allocation of funding or HTC from Minnesota Housing for a source of funding offered through the Multifamily Consolidated RFP/HTC Round 1, HTC Round 2, in any pipeline funding round if the funding source is available in the RFP/HTC Round 1, or for projects receiving an allocation of bonding authority from Minnesota Management and Budget (MMB) with an award of 4% Minnesota Housing HTCs in the last five years. Projects that received Low and Moderate Income Rental (LMIR)-only financing are excluded. Refer to the Multifamily Award History Methodology [in the Methodology Guide](#) for more information **(4 points)**

### Black-, Indigenous-, and People of Color-, ~~owned~~ and Women-owned Business Enterprises

### F. Black-, Indigenous-, ~~and~~ People of Color-, ~~owned~~ Women-owned Business Enterprises (1 to 15 points)

1. A Black-, Indigenous-, ~~or~~ People of Color-~~owned~~ or Women-owned Business Enterprise is a tribe or tribally-designated housing entity, tribal corporate entity, or other entity which is at least 51% owned by an individual(s) that is(are) Black, Indigenous, a Person of Color, or a woman. This includes nonprofits and governmental entities where the executive director or equivalent where the individual is Black, Indigenous, a Person of Color, or a woman. The individual must also control and manage the daily business operations. Provide documentation demonstrating that the entity meets the definition. This could include a signed and dated certification statement, qualification forms, ownership documentation, or third-party verification.
  - a. Ownership/Sponsorship
    - i. ☐ The project owner/sponsor is a tribal designated housing entity or a for-profit Black-, Indigenous-, People of Color-owned Business Enterprise **(8 points)**
    - ii. ☐ The project owner/sponsor is a for-profit Women-owned Business Enterprise **(5 points)**
    - iii. ☐ The project owner/sponsor is a nonprofit Black-, Indigenous-, People of Color-, ~~owned Business Enterprise~~ or Women-owned Business Enterprise **(43 points)**
    - iv. ☐ ~~The project owner/sponsor is a nonprofit Women-owned Business Enterprise~~ **(2 points)**
  - b. Development Team

The developer, general contractor, architect, service provider, or management agent is a Black-, Indigenous-, People of Color-, ~~owned Business Enterprise~~ or Women-owned Business Enterprise.

    - i. ☐ Two or more entities are a Black-, Indigenous-, People of Color-owned Business Enterprise **(7 points)**



- ii. ☐ Two or more entities are Women-owned Business Enterprises or a combination of Black-, Indigenous-, People of Color-, ~~or owned Business Enterprise/~~ Women-owned ~~Business Enterprise~~ (4 points)

- iii. ☐ One entity is a Black, Indigenous, People of Color-owned Business Enterprise/ Women-owned Business Enterprise (1 point)

**NOTE:** Points above for the project sponsor cannot also be taken below for the developer if the sponsor and developer have an identity of interest.

~~C.~~ Partnership

~~C.~~

The project sponsor, developer, general contractor, architect, or management agent partners with a Black, Indigenous, or People of Color-owned or Women-owned Business Enterprise entity with the goal of building the entity's capacity to develop, manage, construct, design, or own affordable housing in the future.

Provide an agreement executed between the partnering entity(ies) that defines the division of specific duties and roles, ownership, profit, and cashflow projection. The agreement should explicitly state the goal of building capacity to develop, manage, construct, design, or own affordable housing in the future.

- i. The project sponsor agrees to partner with a Black, Indigenous, People of Color-owned Business Enterprise /Women-owned Business Enterprise sponsor that will have at least a 50.1% stake in all aspects of the development including, but not limited to, ownership in the General Partnership, cash flow, and voting rights (4 points)
- ii. The project sponsor agrees to partner with a Black, Indigenous, People of Color-owned Business Enterprise /Women-owned Business Enterprise sponsor that will have at least a 30% stake in all aspects of the development including, but not limited to, ownership in the General Partnership, cash flow, and voting rights (2 points)
- iii. The project developer, general contractor, architect, service provider, or management agent agrees to partner with a People of Color-owned Business Enterprise/Women-owned Business Enterprise entity to perform a defined portion of the contracted work (1 point)

## EFFICIENT USE OF SCARCE RESOURCES AND LEVERAGE

### 5. Efficient Use of Scarce Resources and Leverage

#### Financial Readiness to Proceed/Leveraged Funds

## A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 points)

1. Applicants who have secured funding commitments for one or more **permanent capital funding sources** at the time of application must count the source in this calculation. Funding from Minnesota Housing and Funding Partners (i.e., Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentives Account) can only be included in the calculation if funds were committed in a previous funding cycle/round.

Calculate your total using the formula below. Exclude any commitments for the amortizing first mortgage financing and any anticipated syndication proceeds from the current HTC request.

**Total eligible funding secured, awarded, or committed** (excluding amortizing first mortgages and any anticipated proceeds from the current HTC request. If applicable, the ~~portion of the first mortgage Tax Increment Financing (TIF) amount provided by the city supported by Tax Increment Financing (TIF) amount~~ can be included as a commitment).

**\$\_\_\_\_\_ divided by Total Development Costs \$\_\_\_\_\_ equals Percentage of Permanent Capital Funding Sources Committed \_\_\_\_\_% (round to the nearest tenth):**

- a. ☐ 10.51% or more of funding secured, awarded, or committed **(16 points)**
- b. ☐ 9.01% to 10.5% of funding secured, awarded, or committed **(14 points)**
- c. ☐ 7.51% to 9.0% of funding secured, awarded, or committed **(12 points)**
- d. ☐ 6.01% to 7.5% of funding secured, awarded, or committed **(10 points)**
- e. ☐ 4.51% to 6.0% of funding secured, awarded, or committed **(8 points)**
- f. ☐ 3.01% to 4.5% of funding secured, awarded, or committed **(6 points)**
- g. ☐ 1.51% to 3.0% of funding secured, awarded, or committed **(4 points)**

For scoring purposes, the documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount and be executed or approved by the lender or contributor. Commitments must contain no contingencies other than receipt of an HTC allocation or award from Minnesota Housing . Documentation containing words synonymous with “consider” or “may,” (as in “may award”) regarding the commitment will not be acceptable.

**Funding commitments, or an equivalent commitment, must be maintained and cannot be eliminated or reduced.**

The list below includes potential Financial Readiness/Leveraged Funding Commitments, but the list is not all inclusive:

- Syndication proceeds due to previously allocated or awarded HTCs: Syndication proceeds from HTCs allocated or awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is a letter from the allocating agency and an executed syndicator agreement or executed Letter of Intent from the syndicator that is acceptable to

Minnesota Housing. The executed Letter of Intent must be current within 15 days of submission of the application.

- Monetary grants/donations
- The portion of the amortizing first mortgage supported by payments in lieu of taxes (PILOT)
- Tax Increment Financing (TIF) and/or Property Tax Abatement: Provide satisfactory documentation that the contribution is committed to the project at the time of application. The documentation must include a resolution from the local government unit indicating its intention to provide TIF or property tax abatement assistance. The anticipated amount must be included in the resolution or a letter from the local government unit.
- Deferred loans
- Grants from nonprofit charitable organizations converted to deferred loans. An award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a project source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application, provide written documentation of eligibility through evidence of Historic Register listing or Part 1 – Evaluation of Significance form that is certified and signed by the National Park Service (NPS), along with a syndicator/investor Letter of Intent. NPS must check a box on the form indicating that the property contributes to the significance or appears to contribute to the significance.
- Funder commitments to modify existing debt<sup>12</sup>, including approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of an HTC allocation or award from Minnesota Housing. At the time of application, written documentation of approval from the funder clearly demonstrating that the approval is for the re-syndication/receipt of a new deferred or HTC allocation or award, justifying the amount and the terms of the contribution, must be provided.
- General Partner (GP) commitments can count as long as satisfactory documentation is provided. Commitments cannot be eliminated or reduced. Examples include:
  - GP cash and seller loans
  - Deferred developer fee: Information provided in the applicant's Multifamily workbook is satisfactory documentation and is considered a commitment. ~~The applicant must provide written documentation that the amount is committed as a source of funds that will be repaid from project cash flows over the initial compliance period.~~ For a committed deferred developer fee that cannot be paid back within 10 years on a pro forma basis (based on the pro forma submitted with the application), approval by the syndicator/investor is required.
  - Purchase reserves: Provide satisfactory documentation to determine that the reserves are available, will be purchased with the property and a commitment that they will be used as a permanent capital source. The documentation could include a purchase agreement or financial statements, along with a commitment letter from the applicant.

<sup>12</sup> For Minnesota Housing's existing debt to count as committed, the Request for Action (RFA) process must be completed **before** the application is submitted.

- Energy or Sales Tax Rebate: Information provided in the applicant's Multifamily workbook is satisfactory documentation and is considered a commitment. ~~Provide satisfactory documentation that the rebate will be funded at closing with general partner cash or a general partner loan.~~

**NOTE: The Financial Readiness to Process/Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.**

## **Other Contributions**

### **B. Other Contributions (2 to 10 points)**

1. For projects that receive **non-capital contributions**: Contributions can come from any entity, including the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious, or charitable organization. Calculate your total using the formula below, and then select the appropriate option.

**This calculation is based on Total Development Costs. Do not use any exclusions. Total "Other" non-capital funding contributions and sources \$ \_\_\_\_ divided by Total Development Costs \$ \_\_\_\_ equals Other Contributions (rounded to the nearest tenth):**

- a. ☐ 10.1% and above **(10 points)**
- b. ☐ 8.1% to 10.0% **(8 points)**
- c. ☐ 6.1% to 8.0% **(6 points)**
- d. ☐ 3.5% to 6.0% **(4 points)**
- e. ☐ 1.0% to 3.4% **(2 points)**

At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, statement of agreement or eligibility, or memorandum of understanding.

For scoring purposes, the documentation must state the amount and must be executed or approved, at a minimum, by the contributor. Commitments must contain no contingencies other than receipt of a funding selection from Minnesota Housing. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable.

The list below includes potential Other Contributions, but the list is not all inclusive:

- Land donation or write-down of the project site. Documentation used to determine the as-is market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties, or other data deemed acceptable by Minnesota Housing.
- In-kind work and materials that benefit the project are donated at a lower or no cost value.
- Local government reduction, donation, or waiver of project specific costs, assessments, or fees (e.g. Sewer/Water Access Charge [SAC/WAC], Park Dedication Fees)

- Reservation land not subject to local property taxes. Documentation must include the amount and term (up to term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by the applicable federal rate (AFR) for the term.
- Land with long-term low-cost leases: Calculate net present value (NPV) of the cumulative lease payments by using NPV discounted by applicable federal rate (AFR) for the term of the deferred loan/LURA or the term of the land lease, whichever is later. The contribution amount is determined by deducting the NPV amount and any capitalized acquisition costs from the value of the property. Documentation must include the proposed terms of the lease, including the length of lease and any annual payments required. Documentation used to determine the market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties, or other data deemed acceptable by Minnesota Housing. The final land lease must be equal to or exceed the term of the LURA or the deferred loan and must be approved by Minnesota Housing prior to closing.
- Funder commitments to modify existing debt<sup>13</sup>, including debt forgiveness, forgiveness of interest payable, or reduction in interest rate (measured as amount of interest saved over the term of the loan). Commitments must contain no contingencies other than receipt of an HTC allocation or award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.
- Tax Increment Financing (TIF) and/or Property Tax Abatement for properties that cannot support an amortizing first mortgage. Calculate the net present value (NPV) using the applicable federal rate (AFR) for the term of the TIF or Property Tax Abatement. Provide satisfactory documentation that the contribution is committed to the project at the time of application. The documentation must include a resolution from the local unit of government indicating its intention to provide TIF and/or Property Tax Abatement assistance. The anticipated amounts must be included in the resolution or a letter from the local unit of government. The documentation should include the TIF or Property Tax Abatement analysis from the local unit of government or its consultant.
- Payments in lieu of taxes (PILOT) for properties that cannot support an amortizing first mortgage: Documentation must include the amount and term (up to the term of the Minnesota Housing deferred loan or LURA). Calculate the net present value (NPV) using the applicable federal rate (AFR) for the term of the abatement (up to the term of the Minnesota Housing deferred loan or LURA).

**NOTE: The Financial Readiness to Proceed/Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same resources.**

### **Intermediary Costs**

#### **C. Intermediary Costs (1 to 6 points)**

1. Intermediary costs are third-party service costs related to the project development. Costs excluded from Intermediary costs include Park Dedication Fees; Surveys; Soil Borings; Payment and Performance

<sup>13</sup> For Minnesota Housing's existing debt to count as committed, the Request for Action (RFA) process must be completed **before** the application is submitted.

Bond Premium; Sewer/Water Access Charge (SAC/WAC); Fixtures, Furnishing and Equipment (FFE); Hazard and Liability Insurance; and, Building Permits.

This calculation is based upon the amount of intermediary costs on a sliding scale based on the percentage of Total Development Costs. For selected projects, this percentage may be enforced at the time of closing for deferred loans or at issuance of IRS Form 8609 for HTC developments. Calculate your total using the formula below.

Intermediary cost amount \$\_\_\_\_\_ divided by Total Development Costs \$\_\_\_\_\_ equals Intermediary Percentage \_\_\_\_\_% (rounded to the nearest tenth):

- a. ☐ 0.0% to 15% **(6 points)**
- b. ☐ 15.1% to 20% **(3 points)**
- c. ☐ 20.1% to 25% **(2 points)**
- d. ☐ 25.1% to 30% **(1 point)**

## BUILDING CHARACTERISTICS

### 6. Building Characteristics

#### Universal Design

##### **A. Universal Design (3 points)**

The project will incorporate Universal Design Features. A Universal Design unit is a unit that includes all Minimum Essential Universal Design Features, along with eight Optional Features for units in a new construction or adaptive re-use project, and four Optional Features for units in a rehabilitation project. Type A accessible units (as referenced in Minnesota Housing's Rental Housing Design and Construction Standards) also meet the definition of a Universal Design Unit. Select one:

- a. ☐ An elevator building with 100% of the assisted units meeting the definition of a Universal Design Unit **(3 points)**

Number of units: \_\_\_\_\_

**OR**

- b. ☐ A non-elevator building with at least 10% of the assisted units meeting the definition of a Universal Design Unit **(3 points)**

Number of units: \_\_\_\_\_

A list of the required Minimum Essential Universal Design and Optional Features can be found in the Universal Design Worksheet.

#### Smoke Free Buildings

##### **B. Smoke Free Buildings (1 point)**

- ☐ The project will institute and maintain a written policy prohibiting smoking in all units and all common areas within the building(s) of the project. The written policy, submitted after selection during the due diligence process, must include procedures regarding transitioning to smoke free for existing residents and establishment of smoking areas outside of units and common areas, if applicable. Consequences for violating the smoke free policy are determined by the owner but must be included in the written policy.

The project must include a non-smoking clause in the lease for every household. Projects awarded a point in this scoring criteria may be required to maintain the smoke free policy for the term of the LURA **(1 point)**

### Enhanced Sustainability

#### **C. Enhanced Sustainability (1 to ~~65~~ points)**

The project will incorporate additional sustainability criteria into its design. **The applicant must complete the “How Will Criteria Be Implemented” column within the applicable year’s Multifamily Intended Methods Worksheet and clearly explain how each selected Optional Criteria point and alternative building performance pathway (Tier 3 and Tier 4) will be implemented.** The selected Optional Criteria point total on the Multifamily Intended Methods Worksheet must reconcile with the minimum number of Optional Criteria points required for the applicable tier, if claiming Tier 1 or Tier 2 points.

Applicants can select Tier 1, Tier 2, Tier 3, Tier 4; or a combination of Tiers 1 and 3, ~~or~~ Tiers 2 and 3, Tiers 1 and 4, or Tiers 2 and 4; for a maximum of ~~65~~ points. Please note: All buildings in the project with residential units, regardless, if claiming or not claiming point(s) for enhanced sustainability, must be certified through the ENERGY STAR Residential New Construction Program using ENERGY STAR Multifamily New Construction (MFNC), ENERGY STAR Manufactured Homes and/or ENERGY STAR Certified Homes as relevant. Refer to applicable MN Overlay for additional information regarding baseline requirements. Actual enrollment of project with Enterprise Green Communities Criteria (EGCC) is not required for any selected Tier or combination of Tiers.

- ☐ **Tier 1:** The project will include at least two times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined within the applicable year’s Minnesota Overlay to Enterprise Green Communities Criteria (EGCC) and as claimed in the Multifamily Intended Methods Worksheet **(1 point)**
- ☐ **Tier 2:** The project will include at least three times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined within the applicable year’s Minnesota Overlay to EGCC and as claimed in the Multifamily Intended Methods Worksheet **(2 points)**
- ☐ **Tier 3:** The project will conform to at least one of the following alternative building performance pathways as claimed in the Multifamily Intended Methods Worksheet **(3 points)**



- a. Pathway 1<sup>14</sup> (applicable to new construction and rehabilitation (rehab) projects): The project meets Minnesota B3 Sustainable Building 2030 (SB 2030) Energy Standard
- b. Pathway 2<sup>15</sup> (applicable to new construction projects only): Certify the project with the Department of Energy (DOE) Zero Energy Ready Home (ZERH) program~~The project meets the applicable year's Enterprise Green Communities Certification Plus Standards~~
- c. Pathway 3 (applicable to rehabilitation (rehab) projects only): The project meets the 2020 EGCC – Criterion 5.1b Building Performance Standard

To receive points for Pathway 3, the project must follow the Performance Pathway as described in the applicable year's Minnesota Overlay to EGCC – Criterion 5.1b by providing an Energy Rater Index (ERI) Pathway by achieving one of the following Home Energy Rating System (HERS) Index thresholds:

- i. A HERS Index score of 80 or less for properties built in or after 1980
- ii. A HERS Index score of 100 or less for properties built before 1980
- iii. A post-rehab HERS Index score at least 15% less than the pre-rehab HERS Index score

4. ☐ **Tier 4: The project will be certified by one of the following alternative building performance pathways as claimed in the Multifamily Intended Methods Worksheet (4 points):**

- a. Passive House Institute (PHI) Classic
- b. Passive House Institute United States (PHIUS)
- c. One of the following 2020 Enterprise Green Communities Criteria, Criterion 5.4 Achieving Zero Energy, Option 2 programs:
  - i. PHIUS + Source Zero
  - ii. PHI Plus
  - iii. PHI Premium
  - iv. International Living Future Institute's Zero Energy Petal
  - v. Zero Carbon Petal
  - vi. Living Building Challenge

## UNACCEPTABLE PRACTICES

### 7. Unacceptable Practices (-1 to -35 points)

Minnesota Housing may impose penalty points for unacceptable practices.

<sup>14</sup> Follow Minnesota B3 Sustainable Building 2030 (SB 2030) Energy Standard. Compliance with SB 2030 Standard is achieved by a combination of on-site renewable energy generation and energy efficiency. Projects meeting SB 2030 Standard are evaluated for compliance during design, during construction, and for a period of 10 years of occupancy. Compliance will be monitored through the B3-MSBG Tracking Tool. All buildings with residential units in the project must be certified through the ENERGY STAR Residential New Construction Program. Refer to applicable MN Overlay for additional information regarding baseline requirements.

<sup>15</sup> Follow 2020 EGCC – Criterion 5.2b Moving to Zero Energy: Near Zero Certification ~~or Criterion 5.4 Achieving Zero Energy requirements. Actual enrollment of the project with EGCC is not required; however, to monitor compliance, certification with Department of Energy (DOE) Zero Energy Ready Home (ZERH), Passive House Institute US (PHIUS), Passive House Institute Classic (PHI), or other program outlined in the applicable criteria is required.~~



**TOTAL POINTS**

**TOTAL DEVELOPER CLAIMED POINTS:** \_\_\_\_\_

**TOTAL MINNESOTA HOUSING AWARDED POINTS:** \_\_\_\_\_

DRAFT