Minnesota Housing Finance Agency

2014/2015 Housing Tax Credit Program, QAP and Procedural Manual
Proposed Revisions

Statutory

No statutory changes are proposed.

Qualified Allocation Plan and/or Procedural Manual

1. In the past, Minnesota Housing has published an annual QAP in March of each year, with applications for tax credits governed by that QAP due in June of that same year. Minnesota Housing has received feedback over the last several QAP cycles that the three month timeframe that developers have to pursue and submit applications for developments that meet the priorities in the QAP is insufficient. As such, staff is proposing a one-time only two-year QAP, the 2014/2015 QAP, which will allow for an ongoing adjustment in the annual schedule to provide an additional year to developers between publication of the annual QAP in March and the application due date in June of each year.

2. Revise targeting of the State Designated Basis Boost.

The Housing and Economic Recovery Act of 2008 (HERA) allowed states to set standards for determining which areas and projects shall receive the state designated basis boost and define the criteria as part of the Agency's QAP and express its reasons for such determination. To further target the state designated basis boost, staff proposes revising the criteria to include projects that involve economic integration as eligible for the boost. The proposed revision is consistent with the Economic Integration scoring criterion under the proposed 2014/2015 QAP, and is also consistent with the priority for deferred loan funding made available in the Multifamily Consolidated Request for Proposals for developments that provide or maintain housing opportunities for households with a wide range of incomes and housing needs within the proposed housing. The proposed language is as follows (revisions underlined/black lined):

State Designated Basis Boost – Buildings Designated by State Housing Credit Agency [pursuant to 42(d)(5)(B)(v)]

It is the goal of Minnesota Housing to optimize the use of all available sources of funding for multifamily developments; including private investor equity, amortizing loans and deferred loans to produce the maximum number of affordable rental units in the most sustainable, quality, cost effective and geographically diverse developments possible which meet Minnesota Housing's strategic priorities. Consistent with this goal, the following criteria will be used to determine if, when, and in what amount, Minnesota Housing will provide a basis boost for housing tax credit developments on a building by building basis to obtain financial feasibility.

a. Development must meet state identified housing priorities as evidenced by competitive tax credit score and involve community revitalization, historic preservation, preservation of existing federally assisted buildings, including those eligible for points under preservation of existing tax credits in the self-scoring worksheet, housing with rents affordable to households at or below 30 percent of median income, including households experiencing long-term homelessness, ~~or~~ housing in response to significant proposed expansions in area employment or natural disaster recovery efforts, or economically integrated housing providing at least 25 percent but not greater than 80 percent of the total units in the project as qualified HTC low income units (not including full-time manager or other common space units).

b. Funding gaps remain for top ranking tax credit developments.
c. Credits allocated in connection with the basis boost shall be no more than needed to achieve financial feasibility.

*Note: Requests by Applicants/Developers to Minnesota Housing to apply the 30% State designated basis boost must be formally made in writing. The request should clearly outline the reasons supporting the request and clearly demonstrate how the proposal meets the criteria established by Minnesota Housing for receiving boost considerations.

3. Add clarification to the QAP regarding the preservation award ceiling.

The 2013 QAP provided that in Round 1, Minnesota Housing will establish a preservation award ceiling of 2/3 for each regional pool, Metropolitan and Greater Minnesota, while reserving the right to exceed the 2/3 ceiling if qualifying new construction proposals are not available or do not rank competitively. For the 2014/2015 QAP, staff proposes keeping this 2/3 preservation ceiling, which acknowledges the importance of continuing to add to the supply of affordable housing, and to clarify in the QAP that this 2/3 ceiling does not apply to the RD/Small Project Set-Aside nor the nonprofit set-asides. The proposed revision is a clarification and not a policy change. The amount of funding in each of these set-asides is usually insufficient to fund more than one or two developments. To require the tax credits in these set-asides to be split so that no more than 2/3 of each set-aside is awarded to a preservation development, with the remainder going into a new construction development, would be administratively difficult, and would require partially funding two or more developments rather than fully funding one or two developments to the maximum extent possible. This would delay projects from becoming fully funded, also delaying the Agency's deployment of resources.

4. Add clarification to the Procedural Manual regarding the Administrative Errors/Appeals Process.

The Procedural Manual provides that if an applicant believes that Minnesota Housing has misinterpreted, was not aware of a submission item, or miscalculated the applicant's selection points or credit amount at the time of application/reservation, the applicant may appeal, submitting in writing evidence supporting their position within five business days of Minnesota Housing's notification of application status. In recent years, given the prevalence of email communication, after selection decisions are announced multiple different staff often receive questions about selection decisions via email message. Email messages could be construed to be written evidence as required by the appeals process spelled out in the Procedural Manual, though an applicant sending an email message may simply be looking for clarification or explanation about a selection decision, and not intending to appeal. Because of the difficulty of determining at what point an emailed question constitutes an appeal, staff recommends requiring all appeals to be written in letter form with an original signature, and stating that the communication is an appeal under Chapter 3.P. of the Housing Tax Credit Procedural Manual. The letter containing the original signature may be submitted to Minnesota Housing in hard copy or through email, to the addresses specified in Chapter 3.P. of the Housing Tax Credit Procedural Manual.

5. Add clarification to the Procedural Manual regarding the Waiting List process.

The Procedural Manual provides that in Round 2, eligible applications will be maintained on a waiting list until the end of the year in the event Minnesota Housing receives National Pool credits or returned credits. The Manual states that if an application is not selected for a reservation of tax credits by the end of the calendar year, there will be no further consideration. At times, a project may be under consideration for an award of tax credits under the current year's waiting list established through Round 2, and through Round 1 of the next credit year. Staff recommends adding the clarification to the Procedural Manual that if a project on the waiting list is awarded its credit request through Round 1 it will no longer be eligible to receive credits through the waiting list. The proposed revision is a clarification, and not a policy change.

6. **Add requirement to the Procedural Manual that Minnesota Housing will require an as-is appraisal for applications including an acquisition cost of over $100,000.**

   To help ensure the cost reasonableness of developments awarded tax credits, staff proposes requiring an Agency ordered as-is appraisal to support acquisition costs in excess of $100,000 identified at the time of application, except that appraisals will not be required for properties on tribal land, given the difficulties involved in appraising these properties. All costs incurred for the appraisal will be the responsibility of the applicant.

7. **Require all 2014 and 2015 proposals to utilize the floating tax credit applicable percentage rate.**

   At the time of publication of the 2013 QAP, the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008 and before December 31, 2013 was set to a flat 9 percent applicable percentage. 2013 construction proposals were allowed to use the fixed 9 percent rate if there was a high degree of certainty that they would place in service before December 31, 2013. Because of the longer timelines and higher uncertainty associated with new construction proposals, the Procedural Manual required these projects to close on financing and begin construction by February 28, 2013.

   The American Taxpayer Relief Act of 2012, passed by Congress on January 1, 2013, extends the flat 9 percent applicable percentage to be available for any new building placed in service after enactment of the provision, with respect to any tax credit allocations made before January 1, 2014. While the long-term goal of the National Council of State Housing Agencies (NCSHA) and housing advocates is to permanently fix the applicable percentage to the 9 percent flat rate, currently the fixed 9 percent rate will not be available to tax credit allocations made on or after January 1, 2014. Proposals selected for 2015 tax credits will not receive an allocation of credits until 2015, and proposals selected for 2014 tax credits are very unlikely to receive an allocation of credits prior to December 2014. For funding rounds of 2014 and 2015 tax credits, unless Congress extends the flat 9 percent rate prior to the application due date, applicants must utilize the floating 9 percent rate.

The following are refinements to existing priorities based on experience and additional data:

8. **Revise the Economic Integration scoring criterion.**

   Points available under the 2013 QAP for developments located in higher income communities were not substantial enough to have a significant influence on where developments were sited, or which developments were selected. Staff proposes increasing the points available for those developments located in first tier economic integration communities from 1 point to 3 points and for second tier economic integration communities from 2 points to 5 points. Placing increased priority on developments located in high-income areas responds to public feedback about the importance of economic integration in local communities. The proposed methodology for this scoring criterion also moves from defining rural areas in Greater Minnesota as those areas outside of the counties containing the five largest non-Metro cities to defining rural areas as those areas outside of Greater Minnesota Metropolitan Statistical Areas. This change makes Minnesota Housing's definition consistent with the federal concept and definition. Refer to Attachment 2 for further information on regional definitions and the methodology used for this scoring criterion.

Further, points available in the 2013 QAP for this scoring criterion for developments providing mixed-income housing were hard for applicants to obtain because no more than 50% of units were allowed for low income households, and few if any developments were able to obtain these points due to difficulties associated with the financial structuring of mixed income developments at the required low income percentages. To make these points more feasible for applicants to obtain, and to therefore encourage more applicants to structure developments as mixed-income, staff proposes revising the low income percentage requirements to allow for a larger percentage (80%) of low income units in the property, allowing applicants to obtain more of the tax credit resources associated with such units necessary to make the development financially feasible.

Current:
One (1) or Two (2) Points will be awarded to projects that meet one of the following (check one box below):

☐ The proposed housing provides project economic integration by providing at least 25 percent but not greater than 50 percent of the total units in the project as qualified HTC low income units (does not include full-time manager or other common space units) * - **2 points**

OR

To promote economic integration, projects are awarded points for being located in higher income communities that are close to jobs.

☐ The proposed housing is located in a census tract eligible for **1 point**

☐ The proposed housing is located in a census tract eligible for **2 points**

Proposed (revisions underlined/black lined):

~~One (1) or Two (2) Points will be awarded to projects that meet one of the following (check one box below):~~

☐ The proposed housing provides project economic integration by providing at least 25 percent but not greater than ~~50~~80 percent of the total units in the project as qualified HTC low income units (does not include full-time manager or other common space units) * - **2 points**

OR

To promote economic integration, projects are awarded points for being located in higher income communities that are close to jobs.

☐ The proposed housing is located in a census tract eligible for **~~1~~3 point**

☐ The proposed housing is located in a census tract eligible for **~~2~~5 points**

9. Revise the Project Location – Top Growth Communities scoring criterion, retitle as Workforce Housing Communities.

The 2013 criterion awarded points to projects that were located in the top 10 cities/townships in the 7 county metro area and top 20 cities/townships in Greater Minnesota with the highest household or job growth from 2000-2010, including a 5-10 mile buffer area around the cities/townships eligible for points (5 mile buffer around the metro area cities and a 10 mile buffer around greater Minnesota cities/townships) intended to recognize normal commuting patterns. For the 2014/2015 QAP, staff proposes revising this criteria to focus exclusively on jobs rather than jobs and households, and changing the period of analysis for job growth from 10 years to 5 years. The new methodology proposed for the 2014/2015 QAP is to provide points to Metro area developments in the top five communities in terms of total jobs as of 2011, and in the top 10 communities in terms of job growth for the period 2006 – 2011, for communities that had at least 2,000 jobs as of 2011. For Greater Minnesota, the recommended methodology is to award points for developments that experienced any job growth from 2000 to 2011 for communities that had at least 2,000 jobs as of 2011, and to the top ten communities in terms of total jobs. In addition, similar to the 2013 QAP, a modest commuteshed of 5 miles in the Twin Cities Metro, and 10 miles in Greater Minnesota, is proposed around top job and job growth communities.

Staff proposes removing household growth as a factor in determining top growth communities, as focusing on household growth could encourage urban sprawl, and the development of housing in communities that don't have a corresponding growth in jobs. Staff also proposes using five years of data rather than ten to determine the level of job growth in a community, as given the recession, the level of growth that was occurring in a community ten years ago may not be indicative of, or relevant to, what is happening in that community now.

In addition, recognizing the potential impact on applicants of such large changes in communities receiving priority, as well as the planning timeframe required for applicants to site a development and prepare for application to Minnesota Housing, staff is proposing for the 2014/2015 QAP to award points to communities based on both the new methodology proposed, and to communities receiving points under the methodology used in the 2013 QAP. Given this, communities eligible for Project Location points under the 2013 QAP would continue to be eligible under the 2014/2015 QAP, along with communities eligible under the new methodology and analysis. Minnesota Housing posted potential changes to the Top Growth Community/Workforce Housing criterion in October 2012, and the proposed scoring criterion was analyzed and revised based on public feedback received.

Refer to Attachment 3, where Tables 1, 2, 3, and 4 identify the top growth cities/townships and the maps display the buffer areas eligible for points. The maps will be a layer in the community profiles interactive mapping tool so applicants can easily check location in relation to these areas.

10. Revise the Financial Readiness to Proceed scoring criterion.

In the 2012 QAP, this scoring criterion was revised so that projects having no funding gap and not requesting deferred loan funding through the Multifamily RFP would receive 20 points. The goal of this change was to encourage projects to leverage external funding sources and maximize scarce Agency deferred loan resources. While this change in the 2012 QAP resulted in a large share of selected tax credit developments having no Agency deferred loan funding awards, this change has also raised concerns. Determining whether a project has a funding gap of zero dollars at this early stage in a development, prior to construction pricing being bid and prior to the terms of funding commitments being fully determined, has been difficult to do consistently, and documentation submittals provided to evidence a zero dollar funding gap often were preliminary and did not demonstrate a development's readiness to proceed. This 2012 revision to the scoring criterion also substantially limits the flexibility of Minnesota Housing to provide deferred loan financing to projects that meet Agency priorities but require deferred loan resources, and limits the ability of Minnesota Housing to provide deferred loan resources to projects when necessary to ensure high quality construction. Concerns for quality would increase without further extension of the flat 9 percent applicable percentage by Congress, or if tax credit prices decrease. To address these concerns, while continuing to prioritize developments that obtain outside funding, and that have made progress in securing the funding necessary to proceed toward closing, staff recommends removing the 20 point option for projects with no funding gap and no request for deferred loan funding, but providing additional points to projects that are substantially funded. Staff also recommends adding language to clarify the calculation used to determine how many points a project is eligible for.

Current:
Minnesota Housing shall award points to applicants who have secured funding **commitments** for one or more funding sources at the time of application except that commitments for funding from Minnesota Housing and Funding Partners (i.e. Minnesota Department of Employment and Economic Development, Family Housing Fund, Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentive Account, Minnesota Green Communities) are only included if obtained in a previous funding cycle/round.

Commitment documentation must state the amount, terms and conditions and be executed or approved by the lender or contributor and the applicant. Documentation containing words synonymous with "consider" or "may", (as in "may award") regarding the commitment will not be considered acceptable.

The calculation below must exclude first mortgage financing and any anticipated proceeds from the current tax credit request.

Syndication proceeds from tax credits awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is an executed syndicator agreement or executed Letter of Intent from the syndicator which is acceptable to Minnesota Housing;

The executed Letter of Intent must:

- Be current within 15 days of submission of the application
- Contain a projected closing date for the development
- Contain a projected equity price for the purchase of the credit
- Contain a detailed explanation of the assumptions being used by the syndicator to arrive at the projected equity price

Total eligible funding secured, awarded or committed (excluding first mortgage financing and any anticipated proceeds from the current tax credit request) $______Divided by Total Development Cost $ equals Percentage of Funds Committed ______% (round to nearest tenth)

☐ 50% or more of funding secured, awarded or committed – ***10 points***

☐ 40% to 49.9% or more of funding secured, awarded or committed – ***8 points***

☐ 30% to 39.9% or more of funding secured, awarded or committed – ***6 points***

☐ 20% to 29.9% of funding secured, awarded or committed – **4** ***points***

☐ 10% to 19.9% of funding secured, awarded or committed – **2 *points***

☐ 9.9% and below of funding secured, awarded or committed – ***0 points***

OR

☐ Minnesota Housing competitive round projects **with no funding gap and no request for deferred loan funding through the Multifamily Consolidated RFP** exclusive of amortizing first mortgages and proceeds from the tax credits requested at the time of this application*. – **20 *points***

*Projects that have secured all of the necessary funding are expected to proceed more quickly and add to the affordable housing supply, therefore, developments awarded points in this Selection Priority are expected to make significant progress towards closing within 180 days of selection. Significant progress towards closing includes but is not limited to establishing and maintaining site control, completion of infrastructure, obtaining all required municipal approvals, demonstration of financial feasibility including commitments for interim and permanent financing and firm commitment for syndication or executed limited partnership agreement. A subsequent request for deferred loan funding prior to issuance of 8609 or failure to submit sufficient documentation of such continued and significant progress to Minnesota Housing may result in the development's housing tax credit award being rescinded and subsequently awarded to other competitive tax credit developments.

Proposed (revisions underlined/black lined):

Minnesota Housing shall award points to applicants who have secured funding **commitments** for one or more funding sources at the time of application except that commitments for funding from Minnesota Housing and Funding Partners (i.e. Minnesota Department of Employment and Economic Development, Family Housing Fund, Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentive Account, Minnesota Green Communities) are only included if obtained in a previous funding cycle/round.

Commitment documentation must state the amount, terms and conditions and be executed or approved by the lender or contributor and the applicant. Documentation containing words synonymous with "consider" or "may", (as in "may award") regarding the commitment will not be considered acceptable.

The calculation below must exclude first mortgage financing and any anticipated proceeds from the current tax credit request.

Syndication proceeds from tax credits awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is an executed syndicator agreement or executed Letter of Intent from the syndicator which is acceptable to Minnesota Housing;

The executed Letter of Intent must:

- Be current within 15 days of submission of the application
- Contain a projected closing date for the development
- Contain a projected equity price for the purchase of the credit
- Contain a detailed explanation of the assumptions being used by the syndicator to arrive at the projected equity price

Total eligible funding secured, awarded or committed (excluding first mortgage financing and any anticipated proceeds from the current tax credit request) $______ Divided by Total Development Cost (excluding first mortgage financing and any anticipated proceeds from the current tax credit request) $ equals Percentage of Funds Committed ________% (round to nearest tenth)

☐ 70% or more of funding secured, awarded or committed – ***14 points***

☐ 60% to 69.9% of funding secured, awarded or committed – ***12 points***

☐ 50% ~~or more~~to 59.9% of funding secured, awarded or committed – ***10 points***

☐ 40% to 49.9% ~~or more~~ of funding secured, awarded or committed – ***8 points***

☐ 30% to 39.9% ~~or more~~ of funding secured, awarded or committed – ***6 points***

☐ 20% to 29.9% of funding secured, awarded or committed – **4** ***points***

☐ 10% to 19.9% of funding secured, awarded or committed – **2** ***points***

☐ 9.9% and below of funding secured, awarded or committed – ***0 points***

~~*OR*~~

☐ ~~Minnesota Housing competitive round projects **with no funding gap and no request for deferred loan funding through the Multifamily Consolidated RFP** exclusive of amortizing first mortgages and proceeds from the tax credits requested at the time of this application*. **– 20** ***points***~~

~~*Projects that have secured all of the necessary funding are expected to proceed more quickly and add to the affordable housing supply, therefore, developments awarded points in this Selection Priority are expected to make significant progress towards closing within 180 days of selection. Significant progress towards closing includes but is not limited to establishing and maintaining site control, completion of infrastructure, obtaining all required municipal approvals, demonstration of financial feasibility including commitments for interim and permanent financing and firm commitment for syndication or executed limited partnership agreement. A subsequent request for deferred loan funding prior to issuance of 8609 or failure to submit sufficient documentation of such continued and significant progress to Minnesota Housing may result in the development's housing tax credit award being rescinded and subsequently awarded to other competitive tax credit developments.~~

11. Revise priorities under the Preservation scoring criterion, create three separate scoring criteria – Preservation of Federally Assisted Units, Preservation of Existing Housing Tax Credits, and Stabilization.

The 2013 QAP provides 20 points for preservation of any federally assisted property that is at risk of loss within two years due to the ability to convert to market rate housing, serious physical condition issues and deterioration of the capacity of current ownership or management. Similarly, 10 points were provided for preservation of any existing housing tax credit property at risk of loss due to the ability to convert to market rate housing or due to physical deterioration or deterioration of the capacity of current ownership or management.

The 2013 QAP combined Preservation of Federally Assisted Housing and Preservation of Existing Housing Tax Credits into one scoring criterion in an attempt to simplify the Self-scoring worksheet. While this was effective with the structure of last year's QAP, given the greater detail and definition being recommended around Preservation, separating these categories for the 2014/2015 QAP will provide greater simplicity.

For the 2014/2015 QAP, staff also recommends a revised definition of federally assisted units. The revised definition is simpler and more inclusive, and provides that only federal assistance not scheduled to sunset or expire is eligible for points under Preservation of Federally Assisted Units. This revised definition will be incorporated into the QAP as well as the Self-scoring worksheet.

For the 2014/2015 QAP, staff proposes a three-tiered preservation strategy. The approach of using three tiers will allow Minnesota Housing to differentiate and prioritize among levels of risk presented by different conditions and events in the life of an affordable housing property. It also will allow the Agency to take a more proactive approach to preservation.

- The first tier identified is for properties at imminent risk of loss, which is proposed to have the highest priority. To be considered at imminent risk, a property with existing housing tax credits must be eligible to opt out of the tax credit program within one year, and a property with federal assistance must be eligible to opt out of the federal assistance within three years. In addition, to be considered at imminent risk, these properties would need to be located in a strong market, and to be positioned to convert to market rate housing. Properties with federal assistance would also need to be in an area experiencing job or household growth to be considered for this highest preservation tier. Refer to Attachment 4, where Tables 2 and 3 identify job and household growth areas for the purpose of this scoring criterion. An interactive tool through the community profiles will be made available to assist applicants and staff in determining whether a property is located in an area eligible for points under this risk tier. Federally Assisted units at imminent risk would be eligible for 30 points, and Existing Tax Credit units at imminent risk would be eligible for 10 points.
- The second tier proposed is for properties identified as being at high risk of loss. To be considered at high risk of loss, a property with existing housing tax credits must be eligible to opt-out of the tax credit program within one year, and a property with federal assistance must be eligible to opt-out of the federal assistance within six years and be located in an area experiencing growth (as defined in Attachment 4) or with a large need for subsidized units, as evidenced by third party data. In addition, to be considered at high risk, all properties would need to have either substantial physical deterioration or deterioration in ownership capacity that puts the property at risk. Federally Assisted units at high risk would be eligible for 25 points, and Existing Tax Credit units at high risk would be eligible for 7 points. Both the first and second tiers are reflected under the proposed Preservation of Federally Assisted Units and Preservation of Existing Housing Tax Credit Units scoring criteria.
- The third tier proposed is stabilization, which is proposed to receive the lowest priority. To be considered a stabilization project, a property with existing federal assistance, housing tax credits or deferred loans from Minnesota Housing or Interagency Stabilization Group (ISG) partner funders that is older than 15 years must have a collaborative, long-term, and cost-effective stabilization plan.

The three risk tiers are proposed to be exclusive of each other so that points cannot be claimed under both high risk and imminent risk in the Preservation of Federally Assisted Units scoring criterion or under both high risk and imminent risk in the Preservation of Existing Housing Tax Credit Units scoring criterion, and so that points can only be claimed in stabilization if points are not also claimed under Preservation of Federally Assisted Units or Preservation of Existing Housing Tax Credit Units.

Along with this tiered approach, it is recommended that points be made mutually exclusive in the scoring criteria of Preservation of Federally Assisted Units and Rental Assistance. Under the 2013 QAP a federally assisted development was eligible for points under the Rental Assistance scoring criterion for any units that had a secure long term rent assistance contract, as well as points for these same units under Preservation. Because under Preservation in this scenario, an applicant was stating that the federal assistance was at risk of loss, it is not logical to also award points to the applicant for having a secure long term contract under the Rental Assistance criterion. To eliminate this inconsistency, it is recommended that an applicant cannot take points for the same units in these two scoring categories. In order to still give consideration to the number of the units with rent assistance being preserved, bonus points are recommended to account for the number of units with federal assistance being preserved in a development under the Preservation of Federally Assisted Units scoring criterion. The number of bonus points available is based on unit count thresholds developed separately for properties in the Twin Cities Metro or Greater Minnesota MSAs, and for properties in rural areas of Greater Minnesota. Refer to Attachment 4, where Table 1 identifies which areas are considered part of the Metro or Greater Minnesota MSA category. An interactive tool through the community profiles will be made available to assist applicants and staff in determining the location in the Metro/MSA or rural categories.

In addition, rather than requiring that applicants document intent to opt out of the federal assistance or existing housing tax credits, as required in the 2013 scoring criterion, the revised scoring criteria require only that the owners are eligible to opt out. In practice, requiring documentation of intent to opt out encourages applicants to provide notice to public agencies and residents that they will be exiting the program in order to obtain points, which represents an unnecessary disruption to residents.

Lastly, the 2013 Preservation of Federally Assisted Units scoring criterion required that an as-is appraisal be submitted to Minnesota Housing after selection for properties where an identity of interest exists. Because staff is recommending that an as-is appraisal be required for all tax credit applications that include an acquisition price of over $100,000 other than those on tribal land, it is no longer necessary to call out the appraisal requirement for this specific case. Reference to the preservation-specific appraisal requirement will also be removed from the Procedural Manual.

Current:
Points will be awarded to projects that either Preserve Federally Assisted Units or Preserve Existing Tax Credit Housing (check one box below):

☐ **Preservation of Federally Assisted Units – 20 Points**

These points are available to projects that are at risk of loss of project based federal assistance within two years.

DEFINITION - Any housing receiving project based rental assistance, operating subsidies, or mortgage interest reduction payments. This includes public housing, Section 236 and Section 221(d)(3) interest reduction payments, and any development with project based Section 8, rent supplement, rental assistance payments contract, or are effectively project based by written contract (e.g. NAHASDA).

In order to obtain the related points, the owner shall continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available; and shall maintain the Credit units in the Project for at least 30 years and shall agree that sections 42(h)(6)(E)(i)(II) and 42 (h)(6)(f) of the code shall not apply to the project. Except for "good cause" the owner must not evict existing subsidized residents and must continue to renew leases for those residents.

Please indicate the reason why property is at risk of loss within two years (check all that apply):

☐ 1. Prepayment/opt-out/mortgage maturity and conversion to market rate housing. Minnesota Housing, at its sole discretion, must agree that a market exists for a conversion to market rate housing.

Attach evidence, including eligibility dates, with copies of relevant expiring contracts, filing documents of intent to opt out, loan documents that describe the ability to pre-pay the financing including required approvals and/or penalties AND documentation to fully evidence 1a. or 1b. below (check the box(es) that apply):

☐ 1a. Conversion risk due to strategic location:
Attach a map detailing the strategic location and include specific proximity to services, transit and employment centers.

☐ 1b. Conversion risk due to market differential:
Attach at least three market comparables for each bedroom size to indicate what market rents might be achievable at the property without the federal assistance restrictions.

☐ 2. Serious physical condition issues:
Attach evidence with a copy of the most recent REAC inspection report or other evidence of physical deterioration that would threaten the HAP contract.

☐ 3. Deterioration of capacity of current ownership/management entity:
Attach a narrative description of the history and issues.

☐ **Preservation of Existing Housing Tax Credit Units – 10 Points**

These points are available only to existing Minnesota Housing tax credit projects applying for tax credits from Minnesota Housing's competitive allocation process (consolidated RFP) and qualified tax exempt projects applying for a preliminary determination letter from Minnesota Housing as the credit allocator.

To obtain the related points, the existing tax credit housing must meet all of the following

1. The development received a Minnesota Housing allocation of housing tax credits and is eligible to and will exercise their option under the provisions of Section 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (Qualified Contract) within the next 12 months (developments that have exercised their option to opt out under the Qualified Contract process are not eligible for points in this category).
2. Applicant agrees to maintain the Housing Tax Credit Units in the development for at least 30 years.
3. The proposal will not result in the displacement of existing low and moderate income residents;

AND either 4a. or 4b below (check one)

4a ☐ Units must be considered at risk of going to market rents, where the market rents of comparable units exceed the tax credit rent limits by 10 percent and the proposed rents will increase by more than 30 percent within two years of the Housing Tax Credit Application date. The risk of conversion must be supported by information contained in the application and with final determinations made by Minnesota Housing;

or

4b ☐ Tax credit units would no longer remain decent, safe, and affordable due to physical deterioration or deterioration of capacity of current ownership/management entity.

Note: For ease of reading and given the scale of the language changes, this section is not presented in black-line format.

Proposed (Preservation of Federally Assisted Units):
DEFINITION – Any housing receiving project based rental assistance, operating subsidies, or mortgage interest reduction payments under a U.S. Department of Housing and Urban Development ("HUD") or U.S. Department of Agriculture Rural Development ("RD") program that is not scheduled to sunset or expire.

In order to obtain the related points, the owner shall continue renewals of existing project-based housing subsidy payment contract(s) for as long as the assistance is available.

☐ **<u>Imminent Risk of Loss – 30 Points</u>**

1. To obtain these points, the existing federal assistance must be at risk of loss within three years of application date for the following reasons:

☐ Prepayment/opt-out/mortgage maturity and conversion to market rate housing.

Attach evidence (narratives), including eligibility dates, with copies of relevant expiring contracts, loan documents that describe the ability to pre-pay the financing including required approvals and/or penalties AND documentation to fully evidence all of the following:

☐ Location in either a jobs growth area or household growth area (as published by Minnesota Housing); and

☐ Market for conversion evidenced by significant rent differential and low vacancy rate for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); and

☐ The property's ability to command market rents as evidenced by direct comparison to local market comparable units and amenities. Conversion scenario must result in sufficient additional revenue to support improvements and amenities necessary to match market comparable units.

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

☐ **<u>High Risk of Loss – 25 Points</u>**

1. To obtain these points, the existing federal assistance must be at risk of loss under one of the following two thresholds:

   ☐ Contract expiration/opt-out or mortgage maturity/prepayment within six years of application date and the local need for subsidized units can be demonstrated by third party data evidencing rent-burdened population; or

   ☐ Contract expiration/opt-out or mortgage maturity/prepayment within four to six years of application date and property is located in either jobs growth area or household growth area (as published by Minnesota Housing);

AND

either 2a. or 2b. is true.

2. Reason for high risk of loss:

   2a. ☐ Substantial physical needs identified by third party assessment to support the following conclusions:

   i. As-is condition of property does not meet Minnesota Housing's minimum design standards, and
   ii. Repair/replacement of major physical plant components have been identified which will result in 15+ years sustained operations of federally assisted units, and
   iii. Identified scope of work required to meet minimum design standards exceeds the available reserves.

   Attach evidence of most recent REAC score or RD classification, outstanding code violations or other inspection results that threaten sustained operations under the federal assistance.

   Attach worksheet showing certification of the costs related to repair or replacement of physical improvements not currently meeting Minnesota Housing's design standards and available reserves.

OR

   2b. ☐ A change in ownership is necessary due to deterioration of capacity as evidenced by threat to units remaining decent, safe, and affordable due to events such as:

   i. Bankruptcy/insolvency
   ii. Self determination of diminishing or insufficient capacity by nonprofit board

☐ **<u>Number of units preserved – 1-10 additional points</u>**

1. To obtain these points, score for the appropriate number of federally assisted units proposed for preservation:

   1a. Metro or Greater Minnesota MSA*

   ☐ 12-30 units **– 1 point**
   ☐ 31-60 units **– 3 points**
   ☐ 61-100 units **– 5 points**
   ☐ 101+ units **– 10 points**

   * Greater Minnesota MSA (Metropolitan Statistical Area) as defined by HUD: Duluth, St. Cloud, Fargo/Moorhead, Rochester, Mankato, LaCrosse, Grand Forks, Minneapolis/St. Paul MSA outside of the 7 county metro (including Chisago, Isanti, Sherburne, and Wright Counties)

   1b. Greater Minnesota / Rural

   ☐ 8-20 units **– 3 points**
   ☐ 21-40 units **– 5 points**
   ☐ 41+ units **– 10 points**

Proposed (Preservation of Existing Housing Tax Credit Units):
These points are available only to existing Minnesota Housing tax credit projects applying for tax credits from Minnesota Housing's competitive allocation process (consolidated RFP) and qualified tax exempt projects applying for a preliminary determination letter from Minnesota Housing as the credit allocator.

To obtain the related points, the existing tax credit housing must meet all of the following:

1. The development received a Minnesota Housing allocation of housing tax credits and is eligible to exercise their option under the provisions of Section 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (Qualified Contract) within the next 12 months (developments that have exercised their option to opt out under the Qualified Contract process are not eligible for points in this category); and
2. Applicant agrees to maintain the Housing Tax Credit Units in the development for at least 30 years; and
3. The proposal will not result in the displacement of existing low and moderate income residents;

AND either 4a. or 4b. is true (check one)

4a. ☐ __**Imminent Risk of Loss –10 points**__

Attach evidence including eligibility dates and copies of relevant documents that describe option to file for Qualified Contract and to fully evidence both of the following:

☐ Market for conversion evidenced by significant rent differential and low vacancy rate for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); and

☐ The property's ability to command market rents as evidenced by direct comparison to local market comparable units and amenities. Conversion scenario must result in sufficient additional revenue to support improvements and additional amenities necessary to match market comparable units.

4b. ☐ **High Risk of Loss – 7 Points**

Due to:

☐ Substantial physical needs identified by third party assessment to support the following conclusions:

i. As-is condition of property does not meet Minnesota Housing's minimum design standards; and
ii. Repair/replacement of major physical plant components have been identified which will result in 15+ years sustained operations of Housing Tax Credit units; and
iii. Identified scope of work required to meet minimum design standards exceeds the available reserves.

Attach evidence of most recent UPCS (Uniform Physical Condition Standards) findings, outstanding code violations or other inspection results that threaten sustained operations under the housing tax credit program.

Attach worksheet showing certification of the costs related to repair or replacement of physical improvements not currently meeting the Minnesota Housing's design standards and available reserves.

OR

☐ A change in ownership is necessary due to deterioration of capacity as evidenced by threat to units remaining decent, safe, and affordable due to events such as:

i. Bankruptcy
ii. Self determination of diminishing or insufficient capacity by nonprofit board

Proposed (Stabilization):
These points are available only to properties with existing federally assisted units or previously funded by tax credits or deferred loans from Minnesota Housing or ISG partner funders that are not also claiming points for Preservation of Federally Assisted Units or Preservation of Existing Housing Tax Credit Units.

Applicants must provide narratives to support the approach of a planned, long term and cost effective stabilization that meets all of the following criteria:

☐ **Stabilization - 5 points**

1. Suitability for long term stabilization:
   a. 15 or more years have passed since initial loan closing or most recent tax credit placed in service date; and
   b. Operating feasibility shows duration of at least 20 years; and

c. ISG vote to confirm collaborative funder commitment and feasibility of the development's stabilization proposal;

AND

2. Collaborative relationship in place:
    a. Property claims and is deemed eligible for the following points:
        i. Financial Readiness to Proceed - Minimum of 6 points; and
        ii. Federal/Local/Philanthropic Contributions - Minimum of 8 points;

AND

3. Affordability and Cost Effectiveness:
    a. Property claims and is deemed eligible for points under preference priority of Serves Lowest Income Tenants/Rent Reduction; and
    b. Per unit TDC is at or below the moderate cost containment thresholds published for preference priority Cost Containment.

12. Revise the Minimizing Transportation Costs and Promoting Access to Transit scoring criterion.

In the 2013 QAP projects in the Twin Cities Metro received 3 points if located within a one half mile radius of a completed or in progress LRT, BRT, or commuter rail station, and 2 points for promoting access to public transportation including developments located within one quarter mile of a high service public transportation fixed route stop, within one half mile of an express bus route stop, within one half mile of a park and ride, or within a Transit Improvement Area designated by the Minnesota Department of Employment and Economic Development (DEED). Refer to Attachment 5 for further definition of these elements.

Given the importance of transit access in increasing livability and affordability of housing, for the 2014/2015 QAP, staff proposes raising the priority for Metro area developments located near fixed transitway stations from 3 points to 5 points. For transitways or stations not yet completed, staff also proposes moving from awarding points to projects near stations that are part of in-progress transitways toward awarding points for projects near stations that are part of planned transitways. Under the 2013 QAP, in-progress transitways were defined as substantially funded lines. For the 2014/2015 QAP, planned transitways are proposed to include projects with plans that have been adopted by the Metropolitan Council Transportation Policy Plan, that are in the stages of advanced design or under construction. Refer to Attachment 5 for more details on the definition of a planned transitway or station. Planned transitways are easier to define consistently than in-progress transitways. Further, awarding points to projects near planned transitways will allow the Agency to be more proactive in financing affordable housing near transit in markets that are anticipated to experience growing demand. Lastly, using the proposed definition of planned transitways will allow the Agency flexibility to award points for transitway stations entering advanced design and being adopted by the Metropolitan Council after publication of the Agency's QAP.

To better differentiate between areas that are not near fixed transitway stations, but have better access to transit than many areas in the Metro, a middle tier of scoring, with 4 points available, is proposed for developments located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network, which provide high-frequency service throughout the day. The QAP makes 2 points available for developments in areas with general evening and morning commuter access to public transit. Points under

Access to Public Transportation are available to a sizeable portion of the Twin Cities Metro area, and a large portion of projects in the Metro area submitted under the 2013 QAP received these points. In contrast, fixed route stops on Metro Transit's Hi-Frequency Network provides a much more targeted priority area for projects near bus service operating every 15 minutes or better most of the day on weekdays and Saturdays.

Under the 2013 QAP, developments in Greater Minnesota were eligible for 3 points if located within one half mile of a public transportation fixed route stop, including express bus stop and park and ride stations, if located within a Transit Improvement Area designated by DEED, or if located within a census tract that is within 5 miles of 2,000 low and moderate wage jobs and either within one mile of at least four community facilities or with access to dial-a-ride services. This scoring tier encompasses many areas and a large portion of applicants in Greater Minnesota meet the criterion of this scoring tier. In order to better differentiate among areas served by transit and that are walkable, as well as to be consistent with the scoring tiers proposed for the Metro area, staff proposes splitting the scoring into two tiers, with 5 and 2 points being available.

- To encourage more targeted locations with the best access to transit and walkability in Greater Minnesota, 5 points are proposed for developments located within one quarter mile of a public transportation fixed routed stop, or for developments that are located in close proximity to jobs and that meet both of the following criteria: within one half mile of four community facilities and with access to dial-a-ride services.
- The QAP will make 2 points available in Greater Minnesota for developments located within one half mile of a public transportation fixed routed stop, for developments within one and one-half mile of a park-and-ride lot, or for developments that are located in close proximity to jobs and that meet one of the following criteria: within one mile of four community facilities or with access to dial-a-ride services.

For both the proposed 5 and 2 point scoring tiers for Greater Minnesota, close proximity to jobs is revised from being within a census tract that is within 5 miles of 2,000 low and moderate wage jobs to being within a census tract that is within 5 miles of 2,000 low and moderate wage jobs for urban census tracts, and within 5 miles of 5,000 jobs for rural census tracts. This revision is necessary to account for the fact that rural census tracts are geographically much larger than urban tracts, and therefore are likely to be near more jobs.

For both the Metro area and Greater Minnesota, whether a development is within an area designated by DEED as a Transit Improvement Area has been removed as a criterion for points, as this criterion was redundant. All DEED-designated Transit Improvement Areas meet the proposed eligibility criteria for 5 points in both the Metro and in Greater Minnesota.

Refer to Attachment 5, where the maps in Figures 1, 2, and 3, and census tracts in Table 1 identify those areas meeting components of this scoring criterion. An interactive tool will be made available to assist applicants and staff in determining the location in areas eligible for points, through the community profiles.

Current:

Metropolitan Area:

To receive 3 Points for Transit Oriented Development in the Metropolitan area, a development must be:

☐ Located within a one half mile radius of a completed or in progress LRT, BRT, or commuter rail station

To receive 2 Points for promoting access to public transportation in the Metropolitan area, a development must be:

☐ Located within one quarter mile of a high service public transportation fixed route stop; or

☐ Located within one half mile of an express bus route stop; or

☐ Located within one half mile of a park and ride; or

☐ Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED).

Greater Minnesota:

To receive 3 Points for promoting access to transit, a development in Greater Minnesota must be:

☐ Located within one half mile of a public transportation fixed route stop (including express bus stop and park and ride stations); or

☐ Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED); or

☐ The proposed housing is within a census tract that is within 5 miles of 2,000 low and moderate wage jobs **AND** meets one of the below:

☐ **The proposed housing is within 1 mile of at least four different types of facilities listed below.**

Attach a map identifying the property location with exact distances to at least four of the following facility types: supermarket/convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood serving retail, office building/employment center; or

☐ **The proposed housing has access to demand response/dial-a-ride* services during standard workday hours.**

Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

*Minnesota Department of Transportation defines dial-a-ride as: *"A demand-responsive service in which the vehicle is requested by telephone and vehicle routing is determined as requests are received. Origin-to-destination service with some intermediate stops is offered. Dial-A-Ride is a version of the taxicab using larger vehicles for short-to-medium distance trips in lower-density subregions".*

At the time of application, the applicant must submit a map identifying the location of the project with exact distances to the eligible public transit station/stop and include a copy of the route, span and frequency of service.

Proposed:
Metropolitan Area:

To receive ~~3~~5 Points for Transit Oriented Development in the Metropolitan area, a development must be:

☐ Located within ~~a~~ one half mile ~~radius~~ of a completed or ~~in progress~~planned LRT, BRT, or commuter rail station

To receive 4 Points for proximity to public transportation in the Metropolitan area, a development must be:

☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network

To receive 2 Points for ~~promoting access~~proximity to public transportation in the Metropolitan area, a development must be:

☐ Located within one quarter mile of a high service public transportation fixed route stop; or

☐ Located within one half mile of an express bus route stop; or

☐ Located within one half mile of a park and ride; or

☐ ~~Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED).~~

Greater Minnesota:

To receive 5 points for promoting access to transit, a development in Greater Minnesota must be:

☐ Located within one quarter mile of a public transportation fixed route stop; or

☐ Located within a census tract that is within 5 miles of 2,000 low and moderate wage jobs for urban census tracts, or within 5 miles of 5,000 low and moderate wage jobs for rural census tracts, **AND** meets **BOTH** of the following:

☐ **The proposed housing is within one half mile of at least four different types of facilities listed below.**

Attach a map identifying the property location with exact distances to at least four of the following facility types: supermarket/convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood serving retail, office building/employment center; and

☐ **The proposed housing has access to demand response/dial-a-ride* services during standard workday hours.**

Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

To receive 2~~3~~ Points for promoting access to transit, a development in Greater Minnesota must be:

☐ Located ~~within~~between one quarter mile and one half mile of a public transportation fixed route stop ~~(including express bus stop and park and ride stations)~~; or

☐ Located within one and one half mile of a park and ride served by fixed route public transportation; or

~~☐ Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED); or~~

☐ ~~The proposed housing is~~Located within a census tract that is within 5 miles of 2,000 low and moderate wage jobs for urban census tracts, or within 5 miles of 5,000 low and moderate wage jobs for rural census tracts, **AND** meets one of the ~~below~~following:

☐ **The proposed housing is within ~~1~~one mile of at least four different types of facilities listed below.**

Attach a map identifying the property location with exact distances to at least four of the following facility types: supermarket/convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood serving retail, office building/employment center; or

☐ **The proposed housing has access to demand response/dial-a-ride* services during standard workday hours.**

Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

*Minnesota Department of Transportation defines dial-a-ride as: *"A demand-responsive service in which the vehicle is requested by telephone and vehicle routing is determined as requests are received. Origin-to-destination service with some intermediate stops is offered. Dial-A-Ride is a version of the taxicab using larger vehicles for short-to-medium distance trips in lower-density subregions".*

At the time of application, the applicant must submit a map identifying the location of the project with exact distances to the eligible public transit station/stop and include a copy of the route, span and frequency of service.

13. Add Cost Containment scoring criterion.

The Agency included cost avoidance/cost reduction in its QAP for a number of years, however it was difficult to value and enforce cost avoidance measures. The proposed cost containment scoring criterion is much more concrete and objective, and will provide stronger incentive for applicants to seek cost savings. Refer to Attachment 6 for a listing of the low and moderate cost thresholds and a description of the methodology.

If a project receives points under this criterion, failure to keep project costs under the selected cost threshold will be considered an unacceptable practice and will result in negative points in the applicant's next new tax credit submission equal to points awarded in this scoring criterion. This language will be added to the Unacceptable Practices section in the Procedural Manual.

The Cost Containment selection priority will be one of several tools that Minnesota Housing will use to assess costs. Besides the cost containment scoring priority, the Agency will continue to use its predictive cost model to test cost reasonableness for all projects. The model uses cost data from tax credit properties completed since 2003, industry cost data from RSMeans, and regression analysis to predict total project costs. Based on a project's characteristics (building type, building characteristics, project size, project location, population served, financing, etc.), the model predicts the total development costs. During the tax credit selection process, the proposed total development costs for all projects will be compared with the predicted costs to assess cost reasonableness, regardless of whether the project receives points under this selection priority. The Agency wants to ensure that all costs are reasonable, particularly if a project does not get points for having lower costs. In addition, Minnesota Housing underwriters and architects will continue to use their professional judgment to assess cost reasonableness.

This selection priority and predictive model are consistent with a policy adopted by the National Council of State Housing Agencies (NCSHA) in December 2011. The policy states:

In addition to carefully rationing the amount of Housing Credit allocated to eligible developments, as federally required, each Allocating Agency should develop a per unit cost limit standard. That standard should be based on total development costs, including costs not eligible for Housing Credit financing and costs funded from sources other than the Housing Credit…Finally, each Allocating Agency should regularly review its QAP and related allocation guidelines with the goal of reducing development costs.

The Agency proposed addition of a cost containment scoring criterion for the 2013 QAP, with projects meeting moderate-cost thresholds to receive 5 points, and projects meeting low-cost thresholds to receive 10 points. Because these cost thresholds were new and stakeholders felt that they did not have sufficient time to fully assess them, Minnesota Housing decided to wait a year to include them in the QAP. In October 2012, Minnesota Housing published a revised proposed cost containment scoring criterion incorporating revisions based on public comment received through the 2013 QAP development process, including addition of a large family cost category, and proposing to lower the amount of points available in the initial implementation of this scoring criterion. Based on additional public comments received, the revised scoring criterion proposed now also includes a 10% cost adjustment for developments located in tribal communities. In addition, Minnesota Housing increased the cost thresholds for Greater Minnesota slightly. Minnesota Housing will monitor impacts of this scoring criterion once implemented, and propose adjustments in future QAP's as necessary based on experience and more current data. In the current financial and political environment, Minnesota Housing and all housing finance agencies need to demonstrate that they are using housing tax credits and other public resources as cost effectively as possible.

Proposed:
Projects that have per unit total development costs at or below the following thresholds will receive 3 or 5 points.

☐ To receive 5 points, total development costs must be at or below the applicable low cost threshold

☐ To receive 3 points, total development costs must be at or below the applicable moderate cost threshold

(Refer to Attachment 6 for proposed cost thresholds)

13. Revise methodology used for the Temporary Priority – Foreclosed Properties scoring criterion.

Minnesota Housing now obtains proprietary foreclosure data from a different source than used in the 2013 QAP. Slight modifications to the High Need Foreclosure Methodology were made to align the foreclosure analysis to be consistent with the data reporting of the new data vendor.

Further, the Methodology for Greater Minnesota was modified so that foreclosure rates in Greater Minnesota communities are compared to the average for Greater Minnesota rather than the statewide average. This change results in more areas in Greater Minnesota being eligible for points under this criterion, and was made based on feedback that the Agency has received that the foreclosure problem in Greater Minnesota is structurally different than the foreclosure problem in the Metro area.

Refer to Attachment 7 for details on the revised High Need Foreclosure Methodology.

<u>Summary of Scoring Criteria Impact</u>:

1. Economic Integration scoring criterion:

The proposed revision to community economic integration increases the maximum point value from 2 to 5. The proposed revision for mixed income developments has no impact on scoring.

2. Workforce Housing/Project Location – Top Growth Communities scoring criterion:

The proposed revision maintains the maximum 5 point value.

3. Financial Readiness to Proceed scoring criterion:

The proposed revision decreases the maximum point value from 20 to 14.

4. Preservation of Federally Assisted Units, Preservation of Existing Housing Tax Credit Units, and Stabilization scoring criteria:

The proposed revision increases the maximum point value for Preservation of Federally Assisted Units from 20 to 40 points, and adds an additional scoring tier of 25 points. The proposed revision to Preservation of Existing Housing Tax Credit Units maintains the maximum 10 point value, with the addition of a new 7 point tier. The addition of the Stabilization scoring criterion adds a 5 point value.

5. Minimizing Transportation Costs and Promoting Access to Transit scoring criterion:

The proposed revision increases the maximum point value from 3 to 5 and adds a 4 point tier in the Metro. In Greater Minnesota, the proposed revision increases the maximum point value from 3 to 5 points by adding a 5 point tier, and decreases the existing scoring tier from 3 to 2 points.

6. Cost Containment – Per Unit Cost Limits scoring criterion:

The addition of the scoring criterion adds 5 and 3 point values.

7. Temporary Priority - Foreclosed Properties scoring criterion:

The proposed revision has no impact on point values.

<u>General Administrative and Clarifications</u>:

Perform various administrative checks for spelling, formatting, text and instruction corrections and clarifications within QAP, Manual, Self-Scoring Worksheet, and other 2014 and 2015 tax credit program related documents.

Community Economic Integration Methodology

Community economic integration is defined by Minnesota Housing in two tiers based on median family income and access to jobs.

For applicants to be awarded 3 or 5 points for community economic integration, the proposed housing needs to be located in a community (census tract) with the median family income meeting or exceeding the region's[1] 40th percentile based on data published in the American Community Survey (ACS) for 2011. For each region, the 40 percent of census tracts with the lowest incomes are excluded from receiving points. The census tract must also meet or exceed the region's 20th percentile for low and moderate wage jobs[2] within five miles based on data published by the Local Employment Dynamics program of the US Census for 2010. For each region, the 20 percent of census tracts with the fewest low and moderate wage jobs within five miles also are excluded. To promote economic integration, the criteria identify higher income communities that are close to low and moderate wage job centers.

This document includes maps of the census tracts that meet the following two tiers of community economic integration as well as a list of census tracts by county for each tier. Table 1 shows the number of jobs within five miles that achieves the 20th percentile by region and both the 40th and 80th percentile for Median Family Income by region. Maps 1 and 2 display the census tracts that meet these criteria. Interactive tools will be made available to assist applicants and staff in determining their location in these areas, through the community profiles at www.mnhousing.gov/communityprofiles/.

First Tier Community Economic Integration – 3 Points
Meet or exceed the 40th percentile of median family income (but less than the 80th percentile) and meet or exceed the 20th percentile of low and moderate wage jobs within 5 miles.

Second Tier Community Economic Integration – 5 Points
Meet or exceed the 80th percentile of median family income and meet or exceed the 20th percentile of low and moderate wage jobs within 5 miles.

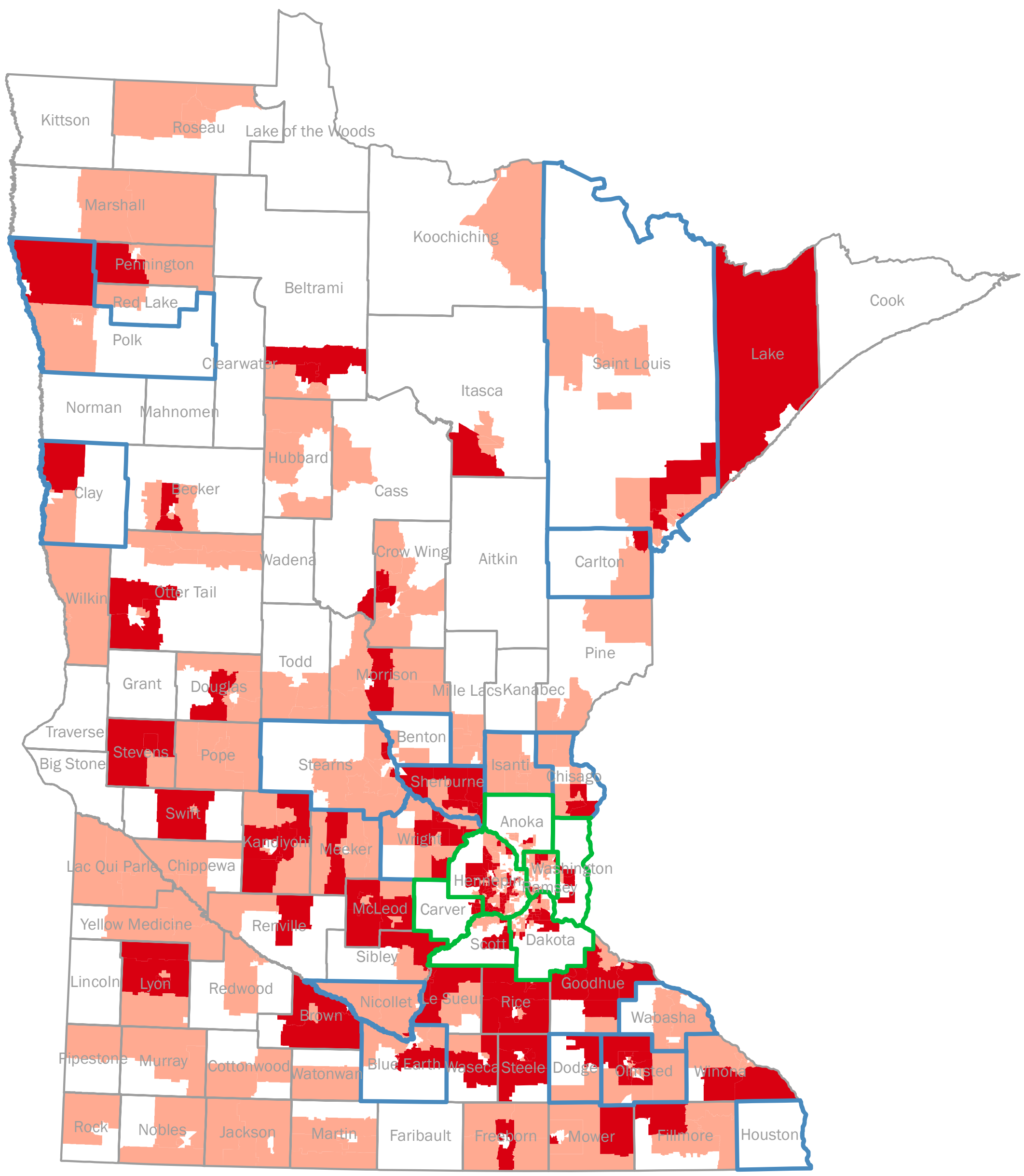
[1] For the purpose of assessing income and access to jobs, Minnesota Housing is defining three regional categories based 1) Twin Cities 7 County Metropolitan Area, 2) Counties making up Greater Minnesota MSAs, including: Duluth, St. Cloud, Rochester, Mankato/North Mankato, Grand Forks, and La Cross, the four Twin Cities MSA counties outside of the 7 county metro, and 3) Balance of Greater Minnesota. The purpose of the regional split is to acknowledge that incomes and access to jobs varies by region. A higher income community close to jobs in the metro is very different than a higher income community close to jobs in rural Greater Minnesota.

[2] Low and moderate wage jobs are those with a monthly earning less than or equal to $3,333, using LED data from the US Census (2010).

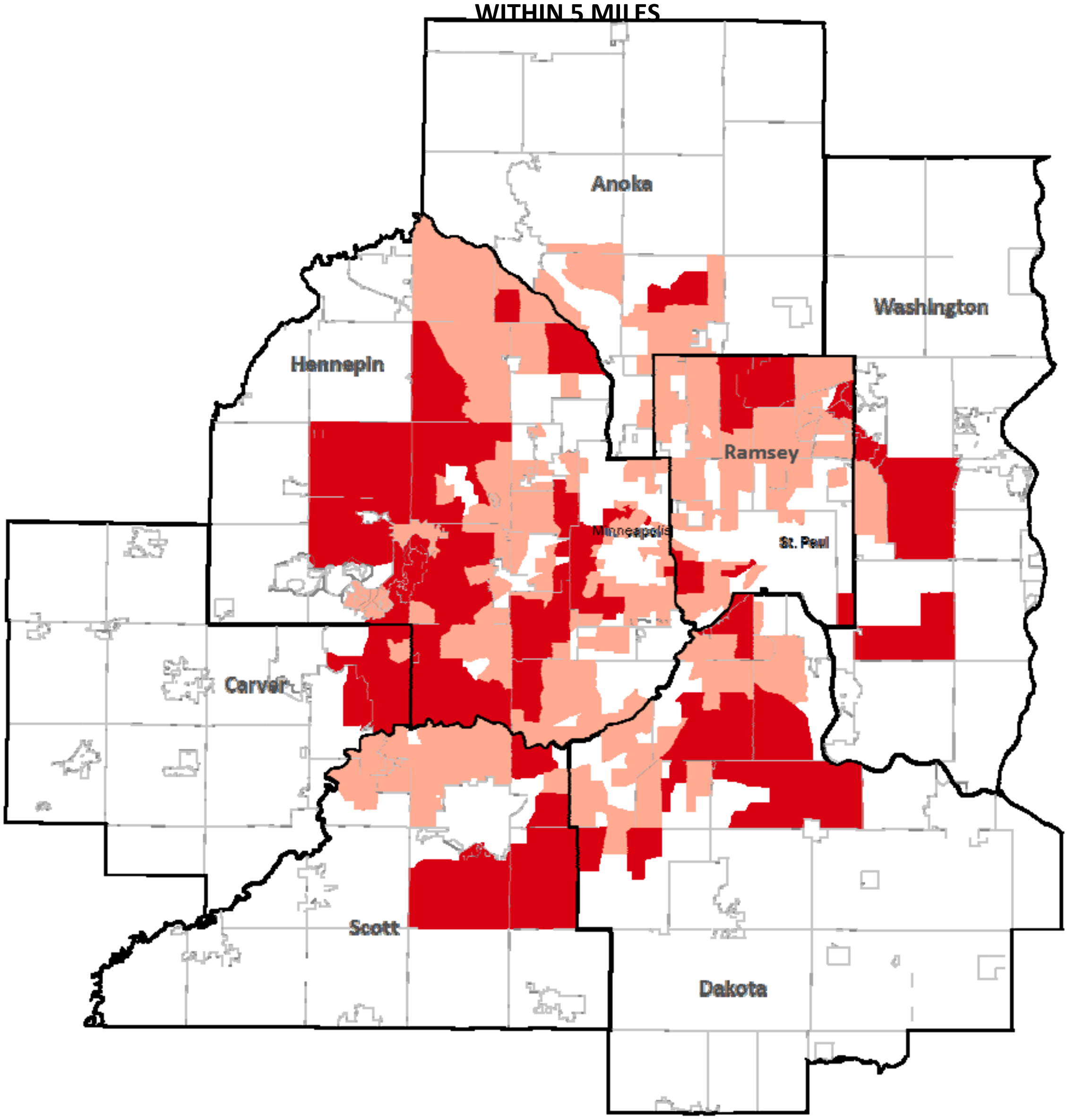
Table 1 – Jobs and Median Family Income Thresholds by Region

Community Economic Integration	Twin Cities (Outlined in Green)	Non Metro MSAs (Outlined in Blue)	Greater Minnesota
Jobs within 5 miles / 20th percentile	24,884	3,386	1,596
Med Family Income / 40th percentile	$72,714	$64,375	$56,429
Med Family Income / 80th percentile	$104,881	$79,156	$66,563

MAP 1 – CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME & 20TH PERCENTILE FOR LOW AND MODERATE WAGE JOBS WITHIN 5 MILES



MAP 2 – TWIN CITIES 7 COUNTY METRO DETAIL - CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME & 20TH PERCENTILE FOR LOW AND MODERATE WAGE JOBS WITHIN 5 MILES



	Twin Cities 7 County Metro
Jobs within 5 miles / 20th percentile	24,884
Med Family Income / 40th percentile	$72,714
Med Family Income / 80th percentile	$104,881

Census Tract Listing by County for Economic Integration

Twin Cities Metro Tracts (denotes tract achieves second tier)*

County/Tract	
Anoka	
502.08	
506.05	
506.1	
507.02	
507.07	
507.11	
507.12	
508.09	
508.13	
508.16	
508.19	*
508.21	*
510.01	
512.03	
Carver	
905.03	*
906.01	
906.02	*
907.01	*
907.02	*
909	*
Dakota	
601.03	
605.05	
605.06	
605.07	
605.08	*
606.03	*
606.04	*
606.05	
606.06	*
607.09	
607.13	
607.14	
607.16	*
607.17	

County/Tract	
607.26	
607.27	
607.28	*
607.29	*
607.3	*
607.31	*
607.32	*
607.33	*
607.34	*
607.35	
607.38	
607.39	
607.42	
607.44	
607.45	
607.48	
608.06	
608.11	
608.12	
608.13	*
608.14	
608.16	*
608.19	*
608.22	*
608.24	*
608.25	
610.03	*
Hennepin	
3	
6.01	
6.03	
38	
81	
106	*
107	*
110	
117.03	

County/Tract	
117.04	
118	
119.98	
120.01	
121.02	
201.01	
208.01	
209.02	
210.02	
212	
214	
215.04	
215.05	
216.01	
216.02	
217	*
218	*
219	
222	
223.01	
227	
228.01	*
229.01	*
229.02	*
230	
231	*
233	
235.01	
235.02	*
236	*
237	*
238.01	*
238.02	
239.01	*
239.02	*
239.03	*
240.03	

County/Tract	
240.06	*
242	
244	
245	
247	
248.01	
253.01	
256.01	
256.03	
256.05	
257.01	
257.02	
258.01	
258.02	
258.05	
259.03	
259.05	*
259.06	*
259.07	
260.05	
260.06	
260.07	
260.13	*
260.14	*
260.15	*
260.16	*
260.18	*
260.2	
260.21	*
260.22	*
261.01	
261.03	*
261.04	
262.01	*
262.02	*
262.05	*
262.06	*

County/Tract	
262.07	
262.08	*
263.01	*
263.02	*
264.02	
264.03	
264.04	*
265.05	*
265.07	
265.08	*
265.09	*
265.1	
265.11	
265.12	
266.05	*
266.06	*
266.09	*
266.1	*
266.11	
266.12	*
266.13	*
267.06	
267.07	
267.08	
267.1	
267.11	
267.12	
267.13	
267.14	*
267.15	*
267.16	*
268.11	
268.12	
268.2	*
268.22	*
268.23	*
269.03	

County/Tract	
269.06	
269.07	*
269.08	
269.1	
271.01	*
272.01	*
273	
274	*
275.01	
275.04	*
1012	
1030	
1031	
1036	*
1037	
1039	*
1044	
1051	*
1054	
1055	*
1056	
1065	*
1066	
1075	
1076	

County/Tract	
1080	*
1089	
1090	*
1091	*
1098	*
1099	
1105	
1108	
1109	
1111	
1112	*
1113	*
1114	*
1115	*
1116	*
1226	
1256	
1261	
1262	*
Ramsey	
301	
302.01	
303	
306.02	
332	

County/Tract	
333	
349	*
350	*
351	*
352	
353	
355	
357	*
358	*
360	
363	*
364	*
365	
366	
367	
375	
376.01	
401	
402	*
403.01	
403.02	
404.02	
405.03	
405.04	
406.01	*

County/Tract	
406.03	
406.04	
407.03	*
407.04	
407.05	
407.06	*
407.07	*
408.01	
408.03	
409.01	
410.01	
410.02	
411.04	
411.05	
411.06	
413.01	
413.02	
415	
416.01	
417	
419	
421.02	
422.02	
423.01	
425.03	*

County/Tract	
426.01	
429	
430	*
Scott	
802.01	*
802.03	
802.05	*
803.01	
803.02	
805	
806	
807	
810	*
Washington	
703.03	*
704.05	*
704.06	*
709.06	
709.07	
709.09	
709.11	
710.18	*

Greater Minnesota tracts begin on next page.

Greater Minnesota Tracts (denotes tract achieves second tier)*

County/Tract	
Becker	
4503	
4504	*
4506	
4507	*
4508	
Beltrami	
4501	
4502	*
4503	*
4507.01	
Benton	
202.05	
203	
211.01	
Blue Earth	
1701	
1702	
1709	
1713	*
1716	*
Brown	
9602	*
9604	*
9605	
9607	*
Carlton	
703	*
704	
Cass	
9400.01	
9608.01	*
Chippewa	
9503	
9505	
9506	
Chisago	

County/Tract	
1101	
1102	
1104.01	
1104.02	
1105.01	
1105.02	*
1106	*
Clay	
202.02	
205	*
301.04	
301.06	
301.07	*
Cottonwood	
2701	
2703	
Crow Wing	
9504	
9505.01	*
9505.02	
9508	
9509	*
9513.01	
9513.02	
9514	
9517	
Dodge	
9501	*
9504	
Douglas	
4501	
4505	
4507.01	
4507.02	
4508	
4509	*
4510	*

County/Tract	
Fillmore	
9601	
9602	*
9604	
9606	
Freeborn	
1801	
1802	
1803	
1804	*
1807	*
1810	
Goodhue	
801.02	*
802	
803	*
804	*
805	*
806	*
808	
809	*
Hubbard	
701	
702	
707	
Isanti	
1301	
1303.01	
1303.02	
1304	
1305.01	
1305.02	
1306	
Itasca	
4807	*
4808.01	
4808.02	

County/Tract	
4809	
Jackson	
4801	
4802	
4803	
Kandiyohi	
7801	*
7802	
7803	
7804	*
7806	*
7807	
7811	
7812	*
Koochiching	
7902	
7903	
Lac Qui Parle	
1801	
1802	
1803	
Lake	
3701	*
Le Sueur	
9501	*
9502	*
9503	
9505	
9506	*
Lyon	
3601	*
3602	*
3603	*
3604	*
3605	
3606	

County/Tract	
Marshall	
801	
802	
Martin	
7902	
7903	
7904	
7905	
McLeod	
9501	
9502	*
9503	
9504	*
9505	*
9506	*
9507	
Meeker	
5601	
5602	
5604	
5605	*
5606	
Mille Lacs	
1704	
1705	
1706	
Morrison	
7802	
7803	*
7804	
7805	
7808	
Mower	
2	*
9	*
10	
12	

County/Tract	
13	
14	*
Murray	
9001	
9003	
Nicollet	
4801	
4802	
4804	
4805.01	
4805.02	*
4806	
Nobles	
1051	
1053	
1056	
Olmsted	
1	*
4	*
5	
6	
9.01	
9.03	*
10	
11	*
12.01	*
12.02	*
12.03	*
13.01	*
13.02	*
14.02	*
15.01	*
15.02	
15.03	*
16.01	
16.02	*
16.03	*
17.02	
17.03	*
19	*
20	

County/Tract	
22	
23	*
Otter Tail	
9601.02	
9601.03	
9604	
9605	
9608	*
9611	
9617	*
Pennington	
901	
903	*
905	
Pine	
9501	
9506	
9508	
Pipestone	
4601	
Polk	
204	*
205	
206	
Pope	
9701	
9702	
9703	
9704	
Redwood	
7502	
7504	
Renville	
7902	*
7903	
Rice	
701	*
702	*
703	*
704	*
705.01	*

County/Tract	
705.03	*
705.04	*
706.01	
706.02	*
707	
708	*
Rock	
5701	
Roseau	
9701	
9702	
9703	
Saint Louis	
1	
2	
3	
4	
5	*
6	
7	*
10	*
11	*
22	
36	
101	
102	
103	*
104	
105	
106	*
111	
134	
151	
152	
157	
Sherburne	
301.01	*
301.02	*
302	*
303	*
304.02	

County/Tract	
304.03	*
304.04	
305.02	*
305.03	
305.04	*
Sibley	
1701.98	*
1704	
Stearns	
3.02	
4.01	
4.02	*
10.01	
101.01	*
101.02	*
102	
111	
112	
113.01	
113.02	
113.04	
114	
Steele	
9601	*
9602	*
9603	*
9605	*
9606	
9607	*
Stevens	
4801	*
4802	*
4803	
Swift	
9602	
9603	*
Todd	
7905	
7907	
7908	
Wabasha	

County/Tract	
4905	
Waseca	
7901	
7903	*
7904	
Watonwan	
9502	
9503	
Wilkin	
9501	
9502	
Winona	
6701	
6702	
6703	
6704	
6706	
6707	
6708	*
6709	*
Wright	
1001	
1002.02	*
1002.03	*
1002.04	
1003	
1005	
1007.01	
1007.02	
1007.03	*
1008.01	*
1008.02	*
1009	
1010	*
1011	
Yellow Medicine	
9701	
9703	
9704	

Workforce Housing Communities Methodology

For the purposes of consistency and planning purposes, in this QAP, the communities identified for the "top growth" communities in the 2013 QAP will continue to receive priority points in the 2014/2015 QAP. This methodology document details the new workforce housing communities for the 2014/2015 QAP (current year) first followed by the previous year's "top growth cities" priority from the 2013 QAP.

1. CURRENT YEAR

Communities with a need for workforce housing are identified through total jobs in 2011 and job growth between 2006 through 2011. Data on jobs are from the Minnesota Department of Employment and Economic Development's Quarterly Census of Employment and Wages[3]. Workforce housing areas are defined separately for the Twin Cities Metro (7 County) and Greater Minnesota. The following sections describe the eligible communities and buffers around these communities for the two regions. Applicants may find interactive maps to identify whether a property falls within these areas at www.mnhousing.gov/communityprofiles.

1.1 Twin Cities Metro

To be identified as a community needing workforce housing in the Twin Cities, the top five communities in total jobs in 2011 and the top 10 communities in job growth between 2006-2011 are selected. To meet the job growth definition, communities must meet or exceed 2,000 jobs in 2011. Areas within five miles of the communities are included for a modest commuteshed. Table 1 below and the map on page 3 list and show the communities that meet this definition.

Table 2 - Twin Cities Metropolitan Area Workforce Housing Communities

Top Communities in Total Jobs 2011
Bloomington, Hennepin
Eagan, Dakota
Eden Prairie, Hennepin
Minneapolis, Hennepin
Saint Paul, Ramsey

Top Communities in Job Growth 2006-2011
Brooklyn Park, Hennepin
Falcon Heights, Ramsey
Golden Valley, Hennepin
Mahtomedi, Washington
Maple Grove, Hennepin
Mounds View, Ramsey
Oak Park Heights, Washington
Oakdale, Washington
Richfield, Hennepin
Shakopee, Scott

[3] http://www.positivelyminnesota.com/Data_Publications/Data/All_Data_Tools/Quarterly_Census_of_Employment_Wages_(QCEW).aspx

1.2 Greater Minnesota

To be identified as a community in need of workforce housing in Greater Minnesota, cities must meet or exceed 2000 jobs in 2011. The top ten communities in total jobs and the all communities with job growth between 2006-2011 are included in the definition[4], and a buffer of ten miles around the communities supports a modest commuteshed. Table 2 below and the map on the following page show the communities that meet this definition.

Table 3 - Greater Minnesota Workforce Housing Communities

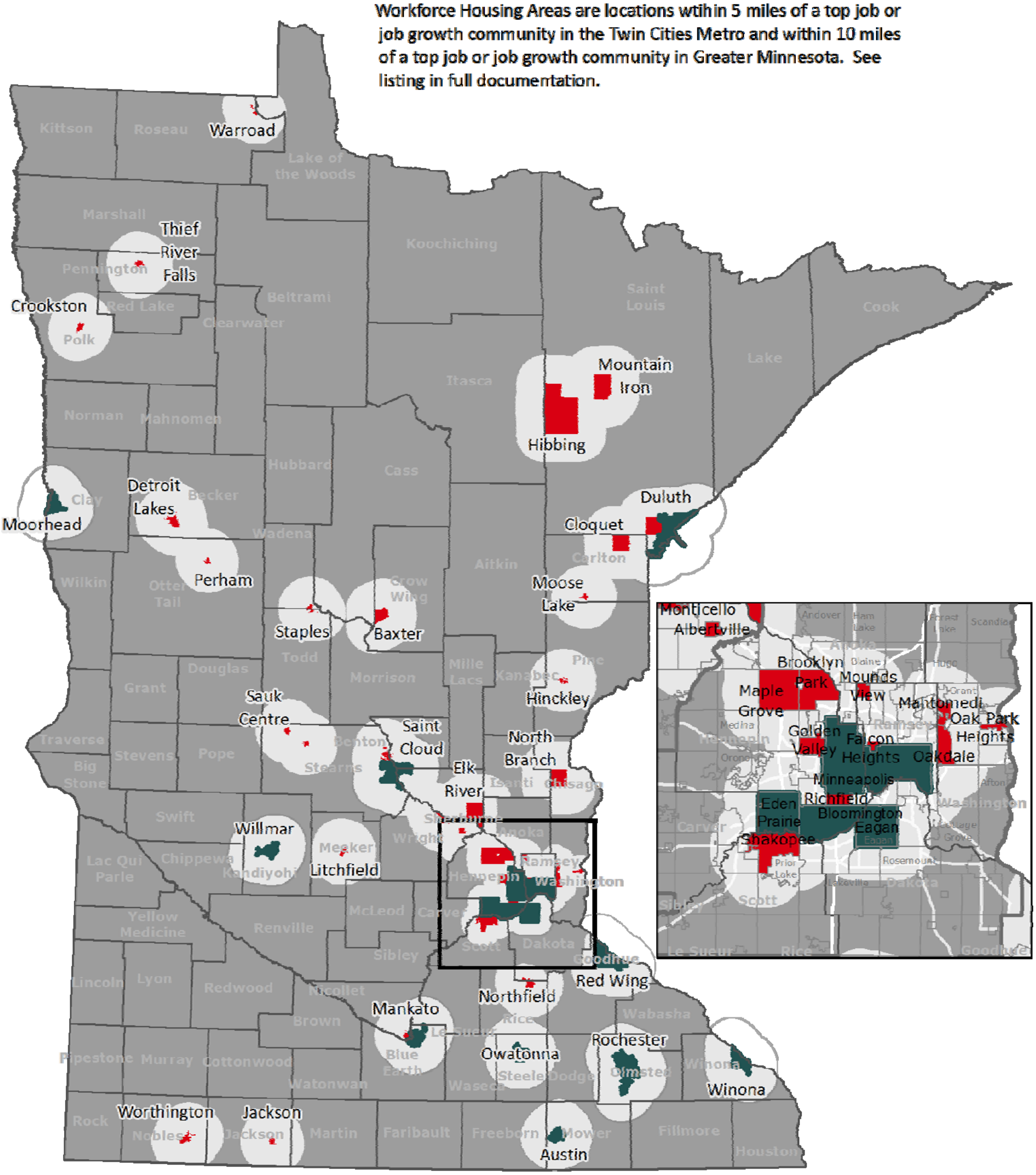
Top Communities in Total Jobs 2011
Austin, Mower
Duluth, Saint Louis
Mankato, largely Blue Earth
Moorhead, Clay
Owatonna, Steele
Red Wing, Goodhue
Rochester, Olmsted
Saint Cloud, largely Stearns
Willmar, Kandiyohi
Winona, Winona

Communities with Job Growth 2006-2011
Albertville, Wright
Austin, Mower
Baxter, Crow Wing
Cloquet, Carlton
Crookston, Polk
Detroit Lakes, Becker
Elk River, Sherburne
Hermantown, Saint Louis
Hibbing, Saint Louis
Hinckley, Pine
Jackson, Jackson
Litchfield, Meeker
Melrose, Stearns
Monticello, Wright
Moose Lake, Carlton
Mountain Iron, Saint Louis
North Mankato, largely Nicollet
Northfield, largely Rice
Owatonna, Steele
Perham, Otter Tail
Red Wing, Goodhue
Sartell, largely Stearns
Sauk Centre, Stearns
Staples, largely Todd
Thief River Falls, Pennington
Waconia, Carver
Warroad, Roseau
Worthington, Nobles

[4] When conducting time series analysis using the DEED Quarterly Census of Employment and Wages data, there is potential for reporting changes by employers from neighboring communities between the two years. This may result in a job growth figure that may not be the result of new jobs. This list includes all cities with positive job change between 2006 and 2011 regardless of these potential reporting shifts.

Workforce Housing Areas - Job Growth and Top Job Communities

Workforce Housing Areas are locations wtihin 5 miles of a top job or job growth community in the Twin Cities Metro and within 10 miles of a top job or job growth community in Greater Minnesota. See listing in full documentation.



- Cities with Most Jobs 2011 (10 in Greater MN, 5 in Metro)
- Greater Minnesota: Any Growth; Metro: Top 10 in Growth
- 5 Mile buffer in Metro, 10 mile buffer in Greater Minnesota

Source: Minnesota Housing analysis of MN DEED QCEW data for 2006 and 2011.
See http://www.positivelyminnesota.com/apps/lmi/qcew/AreaSel.aspx | Updated: 12/20/2012

2. PREVIOUS YEAR | Top Growth Cities Methodology

Minnesota Housing awards 5 points for proposed housing located in or near a top growth city in households or jobs. In the Twin Cities 7 County Metro, project locations must be within 5 miles of a top growth city. In Greater Minnesota, project locations must be within 10 miles of a top growth city. Tables 3 and 4 list the top growth cities, and the map on page 5 depicts the cities and areas within the 5 and 10 mile buffers from the 2013 QAP definitions. Cities must have at least 2,000 jobs in 2010 to be included in top job growth definition.

Table 3 - Twin Cities 7 County Metro Cities

Top 10 Household Growth
Blaine (pr. Anoka)
Eden Prairie (Hennepin)
Farmington (Dakota)
Forest Lake (Washington)
Hugo (Washington)
Lakeville Dakota)
Maple Grove (Hennepin)
Plymouth (Hennepin)
Shakopee (Scott)
Woodbury (Washington)

Top 10 Job Growth
Blaine (pr. Anoka)
Eagan (Dakota)
Golden Valley (Hennepin)
Lakeville (Dakota)
Maple Grove (Hennepin)
Maplewood (Ramsey)
Mendota Heights (Dakota)
Richfield (Hennepin)
Shakopee (Scott)
Woodbury (Washington)

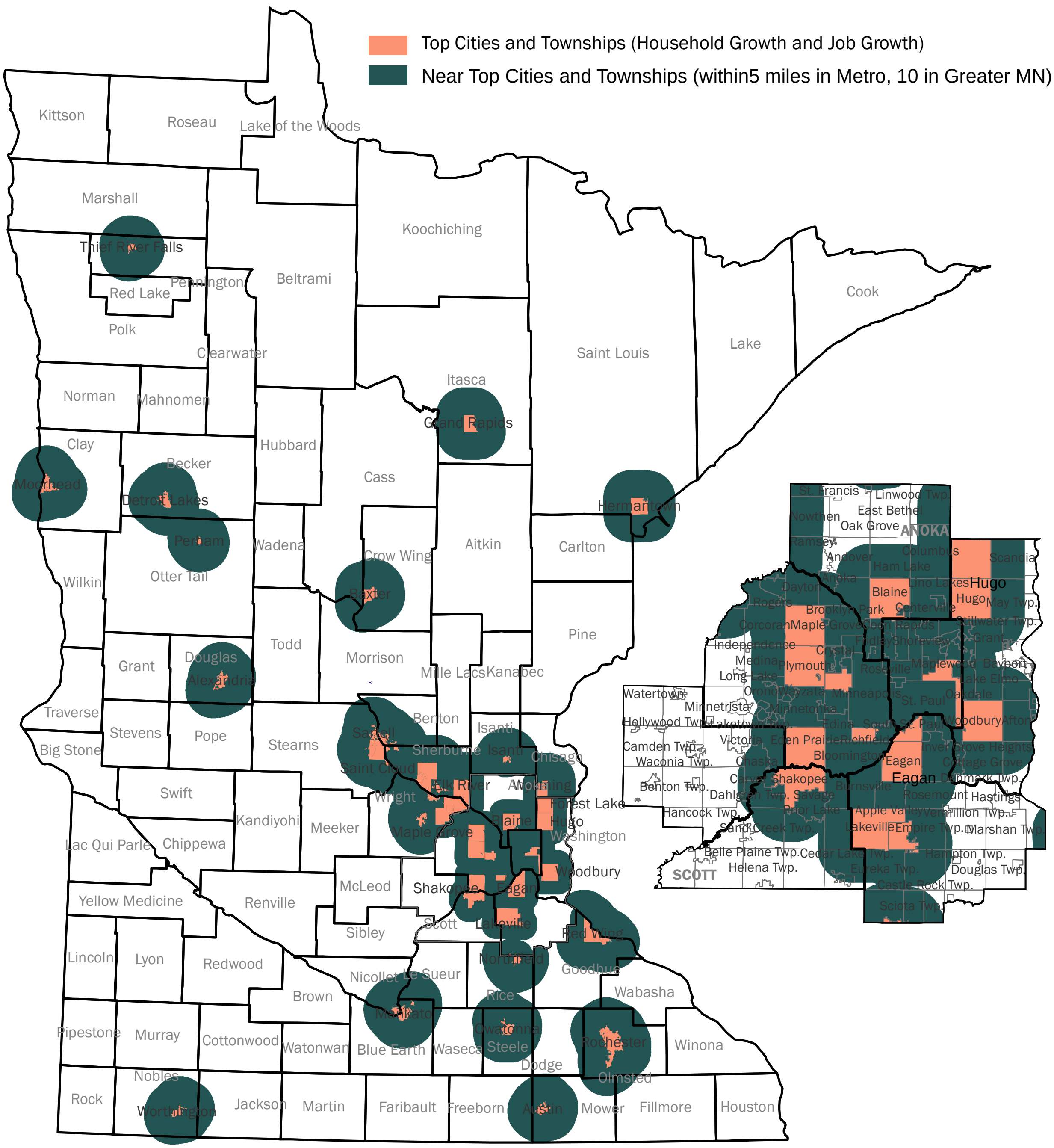
Table 4 - Greater Minnesota Top Growth Communities

Top 20 - Household Growth
Albertville (Wright)
Alexandria (Douglas)
Baxter (Crow Wing)
Becker (Sherburne)
Big Lake (Sherburne)
Buffalo (Wright)
Elk River (Sherburne)
Grand Rapids (Itasca)
Isanti (Isanti)
Mankato (pr. Blue Earth)
Monticello (Wright)
Moorhead (Clay)
Otsego (Wright)
Owatonna (Steele)
Rochester (Olmsted)
Sartell (pr. Stearns)
Sauk Rapids (Benton)
St. Cloud city (pr. Stearns)
St. Michael (Wright)
Wyoming (Chisago)

Top 20 - Job Growth
Albertville (Wright)
Austin (Mower)
Baxter (Crow Wing)
Buffalo (Wright)
Detroit Lakes (Becker)
Elk River (Sherburne)
Hermantown (Saint Louis)
Mankato (Blue Earth)
Monticello (Wright)
Moorhead (Clay)
North Mankato (Nicollet)
Northfield (Rice)
Perham (Otter Tail)
Red Wing (Goodhue)
Rochester (Olmsted)
Saint Michael (Wright)
Sartell (largely Stearns)
Thief River Falls (Pennington)
Waite Park (Stearns)
Worthington (Nobles)

Areas surrounding top growth cities in jobs and households

The below maps display the top cities and townships in household and job growth in orange. The areas in green represent areas surrounding these communities (within five miles surrounding these communities in the Twin Cities 7 County Metro and within ten miles in Greater Minnesota). This map will be available as a layer in the community profiles interactive mapping tool so applicants can check location in relation to these areas.



Preservation Geographic Priority Areas

In the preservation priority, there are two geographic based areas defined in the self-scoring worksheet, regional definition, and jobs and household growth communities. This methodology defines each. First, regional definitions, and second, the methodology for determining whether a location is within a job or household growth area. Applicants may find interactive maps to identify whether a property falls within these areas at www.mnhousing.gov/communityprofiles.

1. Regional Definitions

For the purposes of obtaining points for number of units preserved, the state is broke into three geographic regions, the Twin Cities seven county metropolitan area, Greater Minnesota counties part of a Metropolitan Statistical Area, and rural counties not included in the above. Table 1 below displays a list of counties in the Metro and Greater Minnesota MSAs.

Table 1 – Metro and MSA Counties

Region	Minnesota Counties
Duluth MSA	Carlton, Saint Louis
Fargo MSA	Clay
Grand Forks MSA	Polk
La Crosse MSA	Houston
Mankato MSA	Blue Earth, Nicollet
Rochester MSA	Dodge, Olmsted
Saint Cloud MSA	Benton, Stearns
Twin Cities 7 County Metro	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington
Twin Cities MSA (outside of 7 County Metro)	Chisago, Isanti, Sherburne, Wright

2. Job and Household Growth Communities Methodology

The methodology for determining areas with job growth is consistent with the methodology used in the "workforce housing" priority. The two priority areas differ with the workforce housing priority's inclusion of top job centers in total jobs and the preservation priority's inclusion of household growth.

Areas can be defined as a growth community in two ways, through job or household growth. Job growth areas are determined by a city's job growth between 2006 through 2011, based on data from the Minnesota Department of Employment and Economic Development's Quarterly Census of Employment and Wages[5]. Household growth areas are determined by a *census tract's* growth in total households between 2000 and 2011, based on data from the US Census and American Community Survey.

2.1 Job Growth

To be identified as a community with job growth, the top 10 communities in job growth between 2006-2011 are selected for the Twin Cities Metro, and all communities in Greater Minnesota with job growth between 2006-2011 are selected. To meet the job growth definition, communities must meet or exceed 2,000 jobs in 2011. Areas within five miles of communities in the Twin Cities and within 10 miles of communities in Greater Minnesota are included for a modest commuteshed. Table 2 below and the map on page 2 list and show the communities that meet this definition.

Table 2 – Job Growth Communities 2006-2011

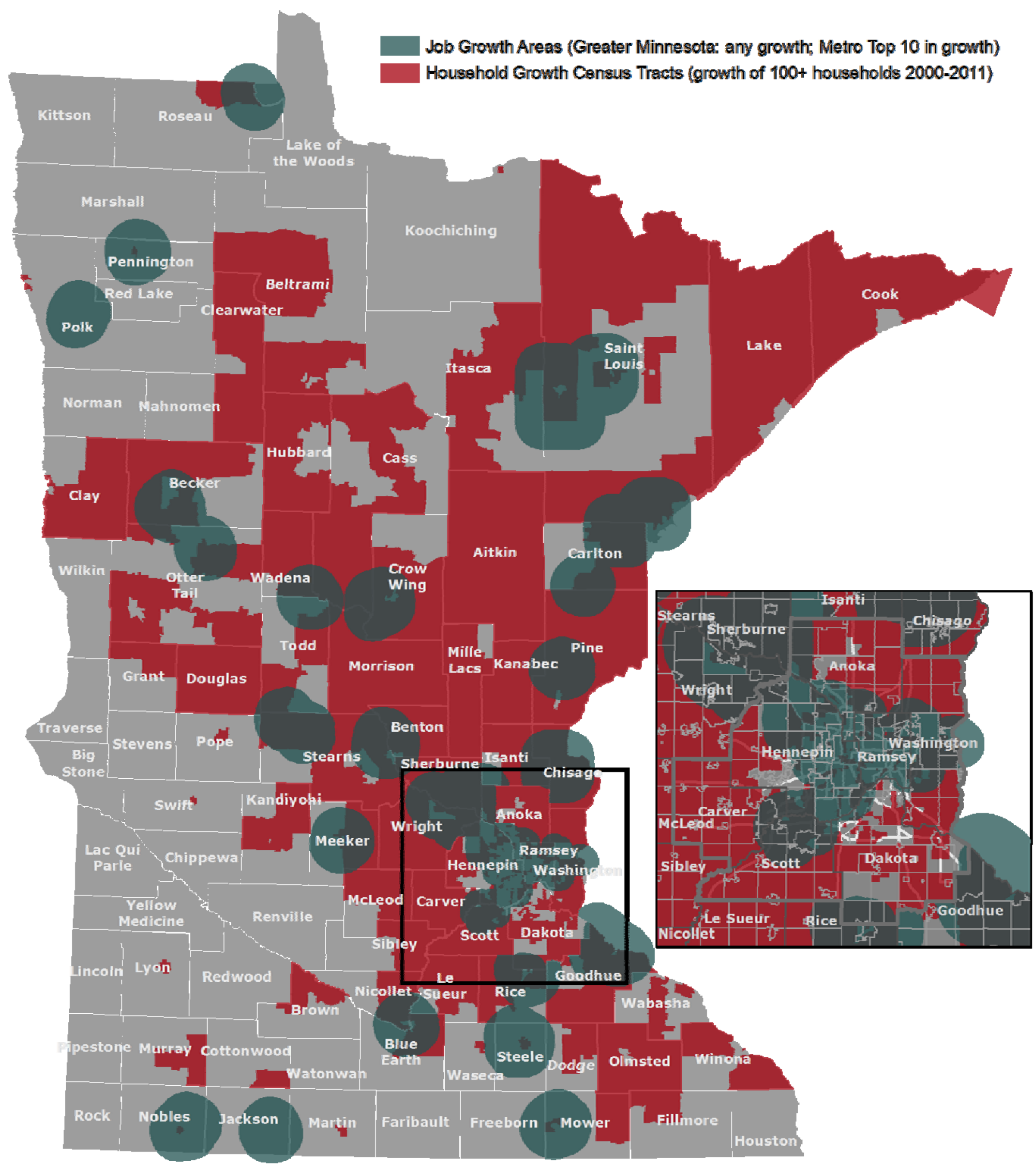
Twin Cities Top 10 Job Growth	Greater Minnesota Job Growth	
Brooklyn Park, Hennepin	Albertville, Wright	Moose Lake, Carlton
Falcon Heights, Ramsey	Austin, Mower	Mountain Iron, Saint Louis
Golden Valley, Hennepin	Baxter, Crow Wing	North Mankato, largely Nicollet
Mahtomedi, Washington	Cloquet, Carlton	Northfield, largely Rice
Maple Grove, Hennepin	Crookston, Polk	Owatonna, Steele
Mounds View, Ramsey	Detroit Lakes, Becker	Perham, Otter Tail
Oak Park Heights, Washington	Elk River, Sherburne	Red Wing, Goodhue
Oakdale, Washington	Hermantown, Saint Louis	Sartell, largely Stearns
Richfield, Hennepin	Hibbing, Saint Louis	Sauk Centre, Stearns
Shakopee, Scott	Hinckley, Pine	Staples, largely Todd
	Jackson, Jackson	Thief River Falls, Pennington
	Litchfield, Meeker	Waconia, Carver
	Melrose, Stearns	Warroad, Roseau
	Monticello, Wright	Worthington, Nobles

[5] http://www.positivelyminnesota.com/Data_Publications/Data/All_Data_Tools/Quarterly_Census_of_Employment_Wages_(QCEW).aspx

2.2 Household Growth

To be identified as a community with household growth, census tracts with total household growth of 100 and greater between 2000 and 2011 are selected. An increase of 100 households represents the 60th percentile of household change statewide (60% of Census Tracts in the state had a change in households less than 100). The map below and the table beginning on page 4 list and show the census tracts that meet this definition.

Areas with Job Growth and Household Growth



Source: Minnesota Housing analysis of DEED QCEW data for 2006 and 2011, US Cenus 2000, and American Community Survey 2011 | Updated: 12/31/2012

Table 3 – Census Tracts with Growth in Households 100+ 2000-2011

County	Tract
Aitkin	
	7701
	7702
	7703
	7704
	7905.01
	7905.02
Anoka	
	501.07
	501.08
	501.09
	501.11
	501.14
	501.15
	501.16
	502.1
	502.15
	502.16
	502.2
	502.21
	502.22
	502.24
	502.25
	502.26
	502.27
	502.28
	502.29
	502.3
	502.32
	502.33
	502.34
	502.35
	502.36
	502.37
	504.02
	506.07
	507.07
	508.05
	508.06
	508.09
	508.13
	508.16
	508.18
	508.19
	508.2
	508.21
	509.02
	511.01
	516
Becker	
	4503
	4505
	4506
	4507
	4508
	4509
	9400
Beltrami	
	4501
	4502
	4503
	4507.02
	9400.01
Benton	
	201
	202.02
	202.03
	202.05
	202.06
	203
	211.01
	211.02
Blue Earth	
	1701
	1702
	1704
	1705
	1708
	1712.02
	1713
	1716
Brown	
	9604
Carlton	
	701
	702
	703
	704
	705
	9400
Carver	
	901
	902
	903.01
	903.02
	904.01
	904.02
	905.02
	905.03
	906.01
	907.01
	907.02
	908
	909
	910
	911
	912.01
	912.02
Cass	
	9400.02
	9602
	9606
	9607
	9608.01
	9608.02
Chisago	
	1101
	1102
	1103.01
	1103.02
	1104.01
	1104.02
	1105.01
	1105.02
	1106
	1107
Clay	
	205
	301.02
	301.03
	301.04
	301.06
	302.01
	302.02
Clearwater	
	2
	3
Cook	
	4801
	9900
Cottonwood	
	2704
Crow Wing	
	9504
	9505.01
	9505.02
	9507
	9508
	9509
	9511
	9513.01
	9513.02
	9514
	9516
Dakota	
	605.06
	605.07
	605.08
	605.09
	606.03
	606.04
	607.21
	607.26
	607.29
	607.32
	607.34
	607.35
	607.37
	607.39
	607.45
	607.46
	607.47
	608.05
	608.06
	608.13
	608.14
	608.15
	608.16
	608.17
	608.18
	608.19
	608.2
	608.21
	608.23
	608.25
	608.26
	608.28
	608.29
	609.02
	609.04

County	Tract
	609.05
	609.06
	609.07
	610.01
	610.04
	610.07
	610.08
	610.09
	611.02
	611.06
	611.07
	611.08
	614.02
	615.02
Dodge	
	9501
	9502
	9505
Douglas	
	4501
	4502
	4505
	4506
	4507.01
	4507.02
	4508
	4509
	4510
Fillmore	
	9602
Goodhue	
	801.02
	802
	803
	804
	806
	807
	808
	809
Grant	

County	Tract
	701
Hennepin	
	17
	24
	59.01
	77
	82
	119.98
	213
	215.02
	216.01
	223.01
	229.01
	230
	237
	240.05
	244
	246
	251
	258.01
	260.07
	260.16
	260.18
	260.19
	260.2
	260.21
	260.22
	261.04
	263.01
	265.07
	265.08
	265.1
	265.14
	266.05
	266.12
	266.13
	267.02
	267.1
	267.14
	267.15

County	Tract
	267.16
	268.12
	268.19
	268.2
	269.03
	269.06
	269.07
	269.09
	270.01
	270.02
	271.01
	272.01
	277
	1005
	1019
	1034
	1036
	1044
	1048
	1049
	1052.01
	1054
	1076
	1091
	1105
	1255
	1258
	1260
	1261
	1262
	9800
Hubbard	
	701
	702
	704
	705
	706
	707
Isanti	
	1301

County	Tract
	1302
	1303.01
	1303.02
	1304
	1305.01
	1305.02
Itasca	
	4803
	4804
	4807
	4808.02
	4809
Kanabec	
	4801
	4802
	4803
	4804
Kandiyohi	
	7801
	7803
	7804
	7805
	7806
	7807
	7810
Koochiching	
	7901
Lake	
	3701
	3704
	9901
Le Sueur	
	9501
	9502
	9503
	9505
Lyon	
	3603
	3604
	3605

County	Tract
Martin	
	7905
McLeod	
	9501
	9502
	9503
	9504
	9506
	9507
Meeker	
	5601
	5602
	5604
Mille Lacs	
	1704
	1705
	1706
	1707
	9702
	9703
Morrison	
	7801
	7802
	7803
	7804
	7805
	7806
	7807
	7808
Mower	
	1
	9
	14
Murray	
	9003
Nicollet	
	4802
	4804
	4805.01
Nobles	

County	Tract
	1056
Olmsted	
	9.01
	9.02
	9.03
	12.01
	12.02
	12.03
	13.01
	13.02
	14.02
	16.02
	16.03
	17.01
	17.02
	17.03
	18
	19
	20
	21
	22
	23
Otter Tail	
	9601.03
	9605
	9606
	9608
	9611
	9612
	9615
	9617
Pennington	
	904
Pine	
	9501
	9502
	9503
	9504
	9505
	9506

County	Tract
	9508
Polk	
	201
	203
Pope	
	9704
Ramsey	
	302.02
	317.02
	319
	332
	339
	342.01
	342.02
	346.01
	360
	376.01
	376.02
	401
	404.02
	405.02
	405.03
	405.04
	406.01
	406.04
	407.05
	407.07
	408.01
	408.03
	411.03
	412
	422.02
	423.01
	424.01
	425.04
	9800
Rice	
	701
	702
	703

County	Tract
	705.03
	705.04
	706.01
	708
	709.01
	709.02
Roseau	
	9701
Scott	
	802.01
	802.02
	802.04
	802.05
	803.01
	803.02
	806
	807
	808
	809.03
	809.04
	809.05
	810
	811
	812
	813
Sherburne	
	301.01
	301.02
	302
	303
	304.02
	304.03
	304.04
	305.02
	305.03
	305.04
	315
Sibley	
	1701.98
	1704

County	Tract
St. Louis	
	3
	4
	9
	16
	101
	103
	104
	105
	106
	111
	112
	121
	124
	126
	128
	132
	139
	151
	155
	9901
Stearns	
	4.01
	4.02
	5
	10.01
	101.01
	101.02
	102
	104.01
	104.02
	104.03
	105
	106
	110
	111
	112
	113.01
	113.02
	114

County	Tract
	115
Steele	
	9602
	9603
	9607
Swift	
	9602
Todd	
	7904
	7906
	7907
Wabasha	
	4901
	4905
	4906
Wadena	
	4801
	4802
Waseca	
	7904
	7905
Washington	
	701.03
	701.04
	701.05
	701.06
	702.03
	702.04
	702.05
	702.06
	703.03
	704.04
	704.05
	704.06
	706.01
	707.01
	707.03
	707.04
	708.01
	708.02

County | Tract
709.09
709.1
709.12
710.01
710.06
710.12
710.14
710.15
710.16
710.17
710.18
711.02
712.06
712.07
712.09
713
714
Winona
6701
6705
6708
Wright
1001
1002.03
1002.04
1003
1004
1005
1007.01
1007.02
1007.03
1008.01
1008.02
1009
1010
1011
1012
1013

Minimizing Transportation Costs and Promoting Access to Transit Methodology

Minimizing transportation costs is defined by Minnesota Housing in three tiers (5, 4, or 2 points) for the 7 County Metro and in two tiers (5 and 2 points) for Greater Minnesota. An interactive tool will be made available to assist applicants and staff in determining the location in these areas, through the community profiles tools at http://www.mnhousing.gov/communityprofiles/.

Twin Cities Metropolitan Area

Tier 1 Metro - Transit Oriented Development (5 Points)
Minnesota Housing defines Transit Oriented Development areas as areas within one half mile of planned[6] or existing LRT, BRT, or Commuter Rail Stations. As of publication, lines include: Hiawatha, Central Corridor, and Southwest LRT, Northstar Commuter Rail, and stations of the Cedar Ave and I-35W BRT lines.

Tier 2 Metro – Proximity to Hi-Frequency Transit Network (4 Points)
If not in tier 1 locations, areas located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network achieve the second tier.

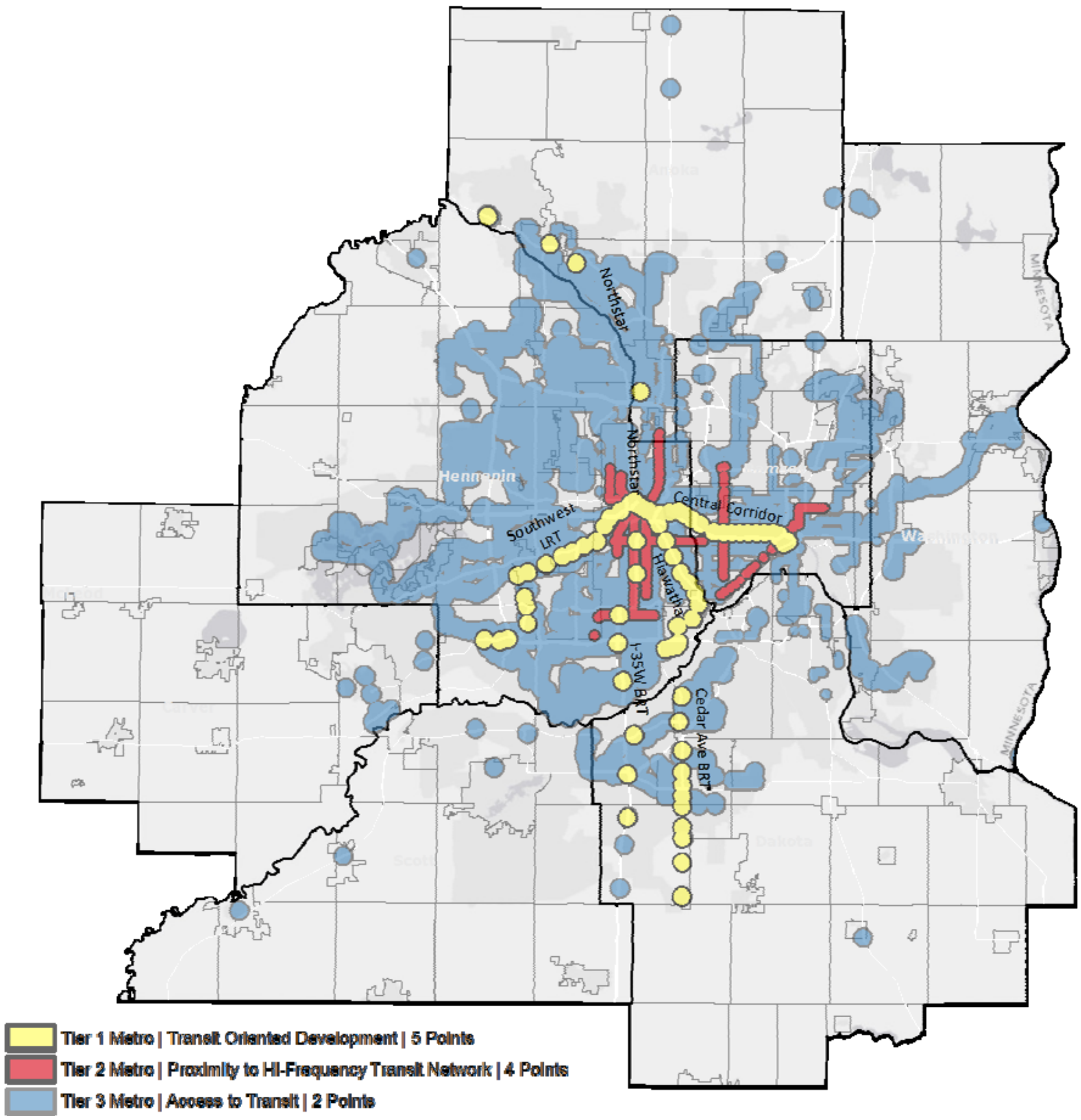
Tier 3 Metro – Access to Public Transportation (2 Points)
For areas not achieving tier 1 and tier 2, the third tier, access to public transportation for the Twin Cities 7 County Metro, is met for locations:

- Within one quarter mile of a high service[7] public transportation fixed route stop; or
- Within one half mile of an express route bus stop or park and ride lot; or

The map in figure 1 on the next page displays the three tiers in the Twin Cities Metro.

[6] Includes planned transitway stations on future transitways which are in advanced design or under construction. To be considered in advanced design, transitways would meet the following criteria: issuance of a draft EIS, station area planning underway, and adopted by the Metropolitan Council Transportation Policy Plan. Transitways entering into advanced design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.
[7] High service fixed route stop defined as those serviced during the time period 6 AM through 7 PM and with service approximately every half hour during that time.

Figure 1 – Transportation Tiers in the Twin Cities 7 County Metro



Map Source: Minnesota Housing analysis of MetroTransit 2012 data on Hi-Frequency Network, Planned and Existing Transit Lines, bus service, and park and rides.

Greater Minnesota

In Greater Minnesota, applicants can receive points if a project is close to jobs and one of the following are met: 1) access to fixed route transit, or, 2) access to demand response/dial-a-ride service or proximity to facilities. These options are described below.

Tier 1 Greater Minnesota (5 Points)

To achieve tier 1, developments in Greater Minnesota must be:

- located within one quarter mile of a public transportation fixed route stop, or
- located within a census tract that is close to low and moderate wage jobs[8] and meet **BOTH** of the following criteria:
  - The proposed housing is within one half mile of at least four different types of facilities: supermarket/convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood serving retail, or office building/employment center; **AND**
  - The proposed housing has access to regular demand-response/dial-a-ride transportation service Monday through Friday during standard workday hours (6:30 AM to 7:00 PM). Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments. Applicants can find service providers by county or city at the MN Department of Transportation Transit website: http://www.dot.state.mn.us/transit/riders/index.html.

Tier 2 Greater Minnesota (2 Points)

To achieve tier 2, developments in Greater Minnesota that do not meet tier 1 criteria must be:

- Located between one quarter (1/4) and one half (1/2) mile of a public transportation fixed route stop; or
- Located within one and one half (1½) miles of a park and ride served by fixed route public transportation; or
- Located within a census tract that is close to low and moderate wage jobs[9] and meet **ONE** of the following criteria:
  - The proposed housing is within 1 mile of at least four different types of facilities, as specified in the 5 point discussion, **OR**.
  - The proposed housing has access to demand response/dial-a-ride services during standard workday hours as specified in the tier 1 discussion.

The maps and tables on the following pages provide detail to support the Greater Minnesota tiered transportation priority

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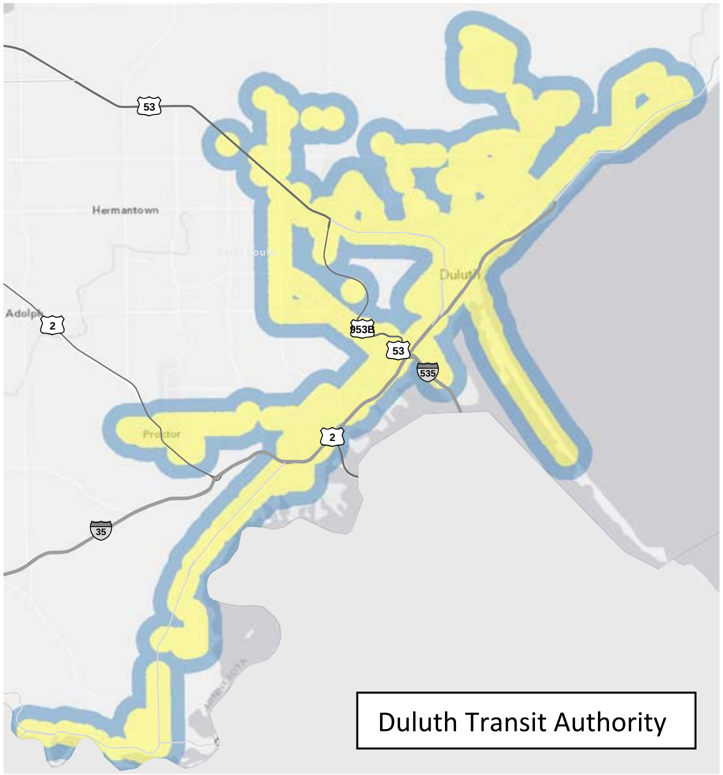
[8] For urban tracts (<=25 square miles), tracts must have 2,000 jobs within 5 miles. For large, rural tracts (>25 square miles), tracts must have 5,000 jobs within 5 miles. Smaller census tracts reflect job and population centers. Low and moderate wage jobs are those with a monthly earning less than or equal to $3,333, using LED data from the US Census (2010). Jobs that are located within 5 miles of a census tract boundary are included in the calculation.

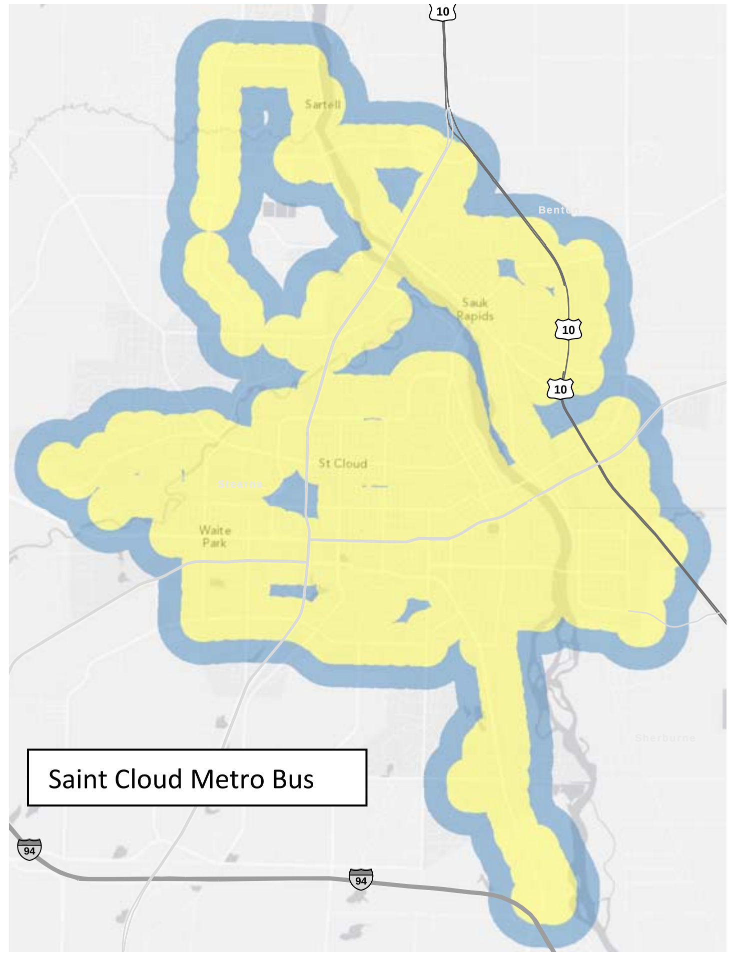
[9] Ibid.

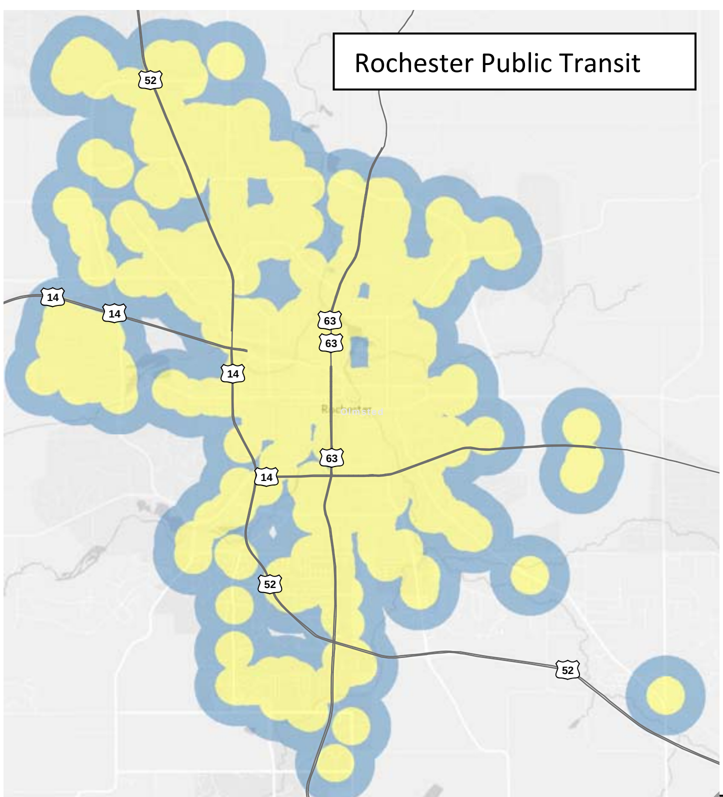
- The maps in figure 2 display fixed route stops and ¼ and ½ mile buffers in Duluth, Rochester, and St. Cloud.
- The map in figure 3 displays the census tracts that are close to low and moderate wage jobs for 2010.
- Table 1 beginning lists these census tracts. Find detailed maps by location on Minnesota Housing's website: http://www.mnhousing.gov/communityprofiles/.

Applicants for a development in Greater Minnesota must submit a map identifying the location of the project with exact distances to the eligible public transportation station/stop and include a copy of the route, span, and frequency of services. Applicants can find service providers by county or city at the MN Department of Transportation Transit website: http://www.dot.state.mn.us/transit/riders/index.html .

Figure 2 – Transit in Duluth, Rochester, and Saint Cloud







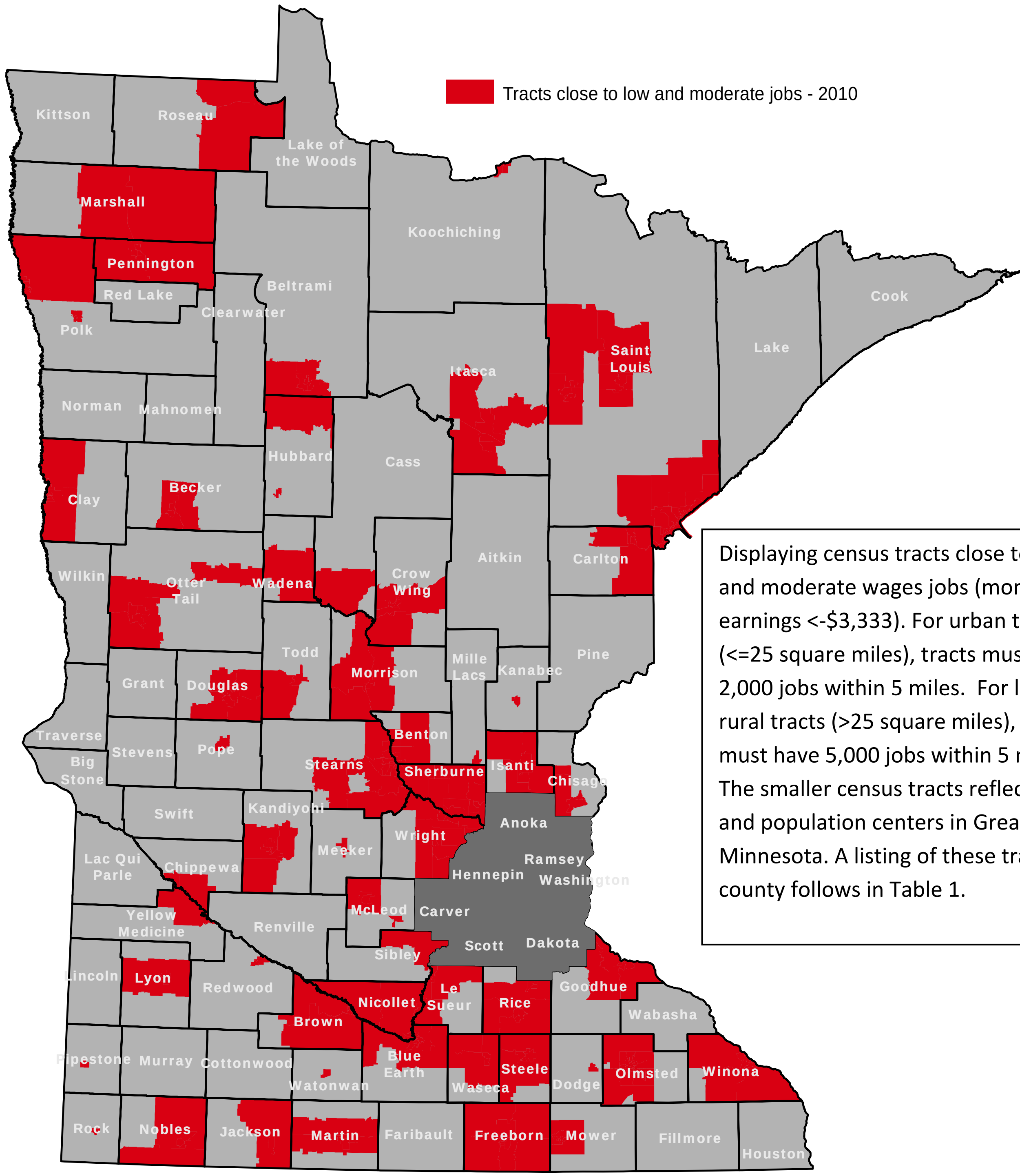
Rochester

Tier 1 Greater MN | Proximity to Public Transportation | 5 Points

Tier 2 Greater MN | Access to Public Transportation | 2 Points

Map Source: Minnesota Housing analysis of Duluth Transit Authority, Rochester Public Transit, and Saint Cloud metro bus transit data for 2012. Minnesota Housing does not collect data for other cities that may have fixed route transit service.

Figure 3 – Jobs in Greater Minnesota



Displaying census tracts close to low and moderate wages jobs (monthly earnings <-$3,333). For urban tracts (<=25 square miles), tracts must have 2,000 jobs within 5 miles. For large, rural tracts (>25 square miles), tracts must have 5,000 jobs within 5 miles. The smaller census tracts reflect job and population centers in Greater Minnesota. A listing of these tracts by county follows in Table 1.

Map Source: Minnesota Housing analysis US Census Local Employment Dynamics program data, 2010.

Table 1 Census tracts close to low and moderate wage jobs in Greater Minnesota by county

County	Tract
Becker	
	450300
	450400
	450500
	450600
	450700
Beltrami	
	450100
	450200
	450600
	450701
	450702
Benton	
	20202
	20205
	20206
	20300
	21101
	21102
	21200
Blue Earth	
	170100
	170200
	170300
	170400
	170500
	170600
	170700
	170800
	170900
	171101
	171202
	171300
	171600
Brown	
	960101
	960102
	960200

County	Tract
	960300
	960400
	960500
	960700
Carlton	
	70100
	70200
	70300
	70400
	940000
Cass	
	960802
Chippewa	
	950300
	950600
Chisago	
	110301
	110302
	110401
	110402
	110501
	110502
Clay	
	20100
	20202
	20300
	20400
	20500
	20600
	30102
	30103
	30104
	30106
	30107
Crow Wing	
	950800
	950900
	951000

County	Tract
	951100
	951200
	951301
	951302
	951400
Dodge	
	950500
Douglas	
	450500
	450600
	450701
	450702
	450800
	450900
	451000
Freeborn	
	180100
	180200
	180300
	180400
	180500
	180600
	180700
	180800
	180900
	181000
Goodhue	
	80101
	80102
	80200
	80300
	80400
Hubbard	
	70100
	70600
Isanti	
	130100
	130200

County	Tract
	130301
	130302
	130400
	130501
	130502
Itasca	
	480300
	480700
	480801
	480802
	480900
	481000
Jackson	
	480100
	480400
Kanabec	
	480300
Kandiyohi	
	770900
	780400
	780500
	780600
	780700
	780800
	781000
	781200
Koochiching	
	790100
	790200
Le Sueur	
	950100
	950200
	950600
Lyon	
	360200
	360300
	360400
	360500

County	Tract
Marshall	
	80100
	80200
Martin	
	790200
	790300
	790500
	790600
McLeod	
	950200
	950300
	950400
	950700
Meeker	
	560300
	560400
Mille Lacs	
	170700
Morrison	
	780200
	780300
	780600
	780700
	780800
Mower	
	100
	200
	300
	410
	600
	800
	900
	1000
Nicollet	
	480100
	480200
	480300
	480400

County	Tract
	480501
	480502
	480600
Nobles	
	105100
	105300
	105400
	105500
	105600
Olmsted	
	100
	200
	300
	400
	500
	600
	901
	902
	903
	1000
	1100
	1201
	1202
	1203
	1301
	1302
	1401
	1402
	1501
	1502
	1503
	1601
	1602
	1603
	1701
	1702
	1703
	1900
	2200
	2300
Otter Tail	

County	Tract
	960600
	960800
	960900
	961000
	961100
	961700
Pennington	
	90100
	90200
	90300
	90400
	90500
Pipestone	
	460200
	460300
Polk	
	20100
	20200
	20300
	20400
	20600
	20700
Pope	
	970400
Redwood	
	750200
	750300
Rice	
	70200
	70300
	70400
	70501
	70503
	70504
	70601
	70602
	70700
	70800
	70901
	70902
Rock	

County	Tract
	570200
Roseau	
	970100
	970400
Saint Louis	
	100
	200
	300
	400
	500
	600
	700
	900
	1000
	1100
	1200
	1300
	1400
	1600
	1700
	1800
	1900
	2000
	2200
	2300
	2400
	2600
	2900
	3000
	3300
	3400
	3600
	3700
	3800
	10100
	10200
	10300
	10400
	10500
	10600
	11100

County	Tract
	12100
	12200
	12300
	12400
	12500
	12600
	12800
	13000
	13100
	13200
	13300
	13400
	13500
	15100
	15200
	15600
	15700
	15800
Sherburne	
	30101
	30102
	30200
	30300
	30402
	30403
	30404
	30502
	30503
	30504
	31500
Sibley	
	170198
Stearns	
	301
	302
	401
	402
	500
	601
	602
	701

County	Tract
	801
	901
	1001
	10101
	10102
	10200
	11100
	11200
	11301
	11304
	11400
	11600
Steele	
	960100
	960200
	960300
	960400
	960500
	960600
	960700
Todd	
	790600
	790700
Wadena	
	480200
Waseca	
	790100
	790300
	790400
	790500
Watonwan	
	950200
Winona	
	670100
	670200
	670300
	670400
	670500
	670600
	670700
	670800

County | Tract
670900
Wright
100100
100202
100203
100204
100300
100701
100702
100703
100801
100802
100900
101000
101100
Yellow Medicine
970100

Cost Containment

Minnesota Housing is committed to containing the costs of the tax credit developments that it helps finance. If a development has total development costs at or below the applicable moderate-cost threshold specified in the following table, the development will receive 3 points; if the development has total development costs at or below the applicable low-cost threshold, the development will receive 5 points.

Cost Containment Thresholds

	Low Cost Thresholds (5 Points)	Moderate Cost Thresholds
New Construction Metro for Singles	$182,000	$203,000
New Construction Metro for Families/Mixed	$207,000	$229,000
New Construction Metro for Large Families	$209,000	$233,000
New Construction Greater MN for Singles	$135,000	$154,000
New Construction Greater MN for Families/Mixed	$162,000	$182,000
New Construction Greater MN for Large Families	$164,000	$186,000
Rehabilitation Metro for Singles	$124,000	$150,000
Rehabilitation Metro for Families/Mixed	$158,000	$183,000
Rehabilitation Metro for Large Families	$165,000	$193,000
Rehabilitation Greater MN for Singles	$87,000	$110,000
Rehabilitation Greater MN for Families/Mixed	$121,000	$145,000
Rehabilitation Greater MN for Large Families	$128,000	$155,000

"Metro" applies to the seven-county Twin Cities metro area, while "Greater MN" applies to the other 80 counties.

"Singles" applies to developments where the share of efficiencies and 1 bedroom units is 75% or greater.

"Large Families" applies to developments where the share of units with 3 or more bedrooms is 50% or greater.

"Families/Mixed" applies to all other developments.

"New Construction" includes regular new construction, adaptive reuse to residential housing, and projects that mix new construction and rehabilitation.

When assessing projects on Tribal lands, the thresholds are 10% higher than the levels specified in the table.

If a project receives points under this criterion, failure to keep project costs under the selected cost threshold will be considered an unacceptable practice and will result in negative points awarded in the applicant's next new tax credit submission equal to points awarded in this scoring criterion.

Minnesota Housing developed the cost thresholds in the previous table by assessing the inflation-adjusted costs of the tax credit developments that Minnesota Housing has helped finance since 2003. Roughly 50% of the developments had total development costs below the moderate-cost thresholds, and 25% had costs below the low-cost thresholds.

Besides awarding cost-containment points under this criterion, Minnesota Housing will also evaluate "cost-reasonableness" of all proposed tax credits developments (even those that do not receive points under this criterion) using the Agency's predictive cost model. The model is a regression analysis that predicts total development costs using data from developments that the Agency has financed since 2003 (adjusted for inflation) and industry construction costs from RSMeans. The model measures the individual effect that a set of 21 explanatory variables (which includes building type, building characteristics, type of work carried out, project size, project location, population served, financing, etc.) have on costs. During the tax credit selection process, Minnesota Housing compares the proposed total development costs for all projects with the model's predicted costs. The Agency combines the model's results with the professional assessment of the Agency's architects and underwriters to assess cost reasonableness overall. The purpose of the cost-reasonableness testing (on top of the cost-containment scoring) is to ensure that all developments financed by Minnesota Housing have reasonable costs, even those that do not receive points under the cost-containment criterion.

High Need Foreclosure Methodology

Foreclosed priority areas identify zip codes with the greatest foreclosure need. This document describes the high-need zip codes as well as an alternative method for quantifying foreclosure need in a community. An interactive tool will be made available to assist applicants and staff in determining their location in these zip codes, through the community profiles tools at: www.mnhousing.gov/communityprofiles/.

High Need Zip Codes Defined

Based on zip code level data purchased from CoreLogic, Minnesota Housing identified 158 residential zip codes (out of 883 statewide) with the greatest foreclosure need. Need is based on the following factors in each zip code, and received the following weights to form a composite foreclosure rate for September 2012:

- REO rate (50%),
- Foreclosure rate (30%), and
- Delinquency rate (20%)

Under this definition, high need zip codes are those with a composite rate that is at least 1 ½ times greater than the regional rate. In Greater Minnesota, zip codes are compared with Greater Minnesota rates, and in the Twin Cities Metro, rates are compared with statewide rates.

See Map 1 for the high-need zip codes. Table 1 lists the zip codes by county. If a development is in one of the listed zip codes, it is eligible for this priority.

Alternative to High Need Zip Codes

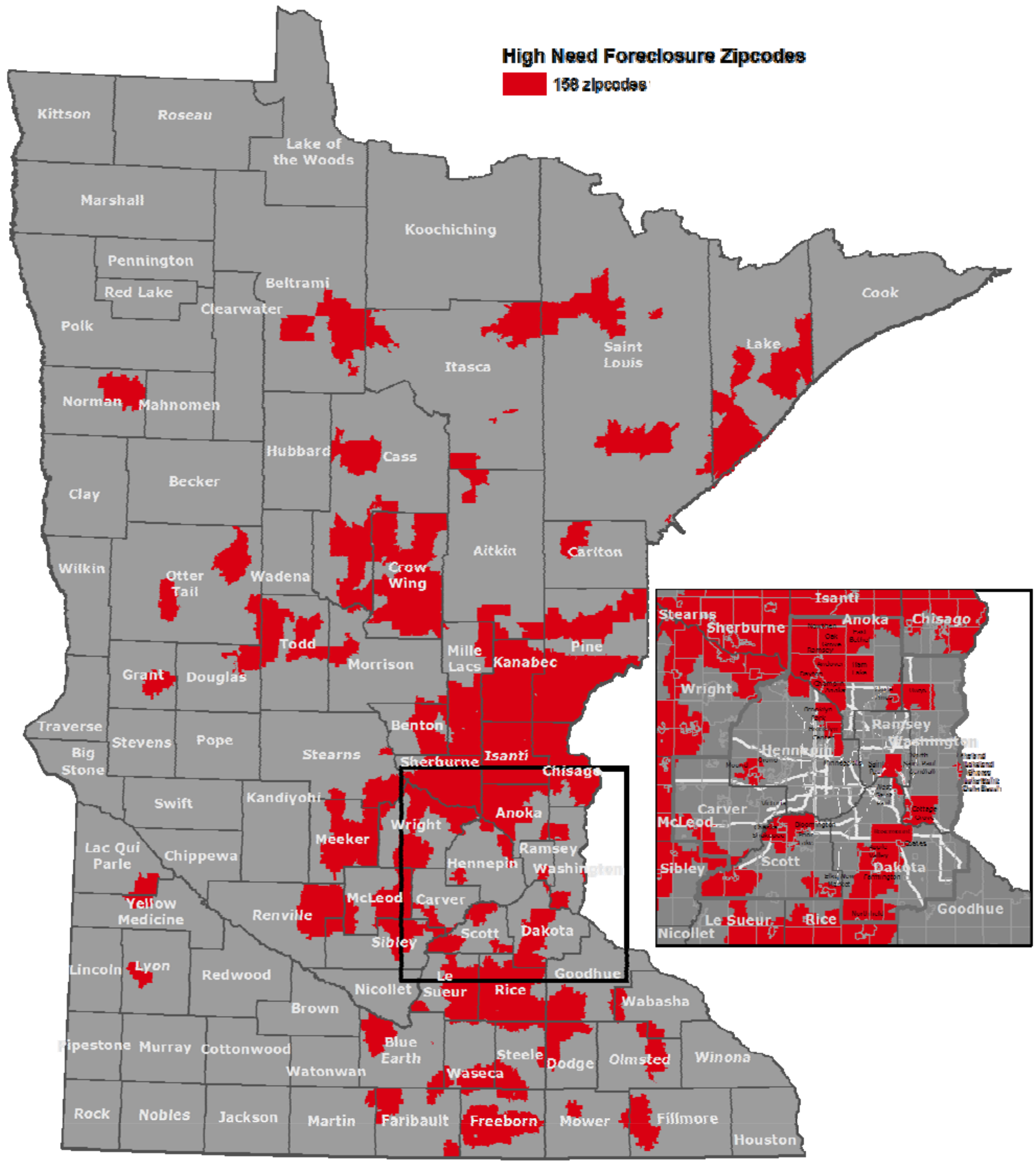
Because zip codes can contain up to 20,000 households, some high need areas are not identified by the zip code analysis. One section of a zip code may have a very high foreclosure rate, while the remaining parts of the same zip code may have a low rate, giving the zip code a lower foreclosure rate overall. To account for this shortcoming in the analysis, an applicant working outside one of the high need zip codes can still receive credit for the foreclosure priority if the development is in a community or neighborhood with at least a 7.5% sheriff-sales rate in the Twin Cities Metro area or 5% in Greater Minnesota. The rate is calculated by identifying the community or neighborhood around the development and computing the number of residential sheriff sales that occurred during 2010, 2011, and 2012 in the community or neighborhood and then dividing the three year total by the number of residential parcels in the community or neighborhood. To be eligible for the foreclosure priority, the community or neighborhood boundaries must be acceptable to Minnesota Housing and contain at least 200 residential parcels. Isolated small pockets of foreclosures are not eligible for this priority.

Each applicant seeking credit for a development in a high-need foreclosure area under the alternative definition (outside an identified high-need zip codes) must provide the following information:

1. A map showing the boundaries of the community or neighborhood and the development's location within it;
2. The number of sheriff sales that occurred in the identified community or neighborhood during 2010, 2011, and 2012 (with a separate figure for each year); and
3. The number of residential parcels in the identified community or neighborhood (not the number of households).

Finally, new subdivisions that are partially completed are not eligible to be counted in the sheriff sales calculation. A partially-completed, new subdivision is defined as a development where less than 90% of the lots have been fully developed with a residential structure and are ready to be occupied or less than 90% of the fully-developed residential structures have been occupied at some point.

Map 1 - High Need Foreclosure Zip Codes



Source: Minnesota Housing analysis of CoreLogic data for September 2012 | Updated: 12/18/2012

Notes: The index is based on each zip code's composite score based on rate of properties Real Estate Owned (REO) (50%), rate of properties in foreclosure (30%), and 90+ day delinquency rate (20%). Each zip code's rate is divided by the regional rate (Greater MN compared to Greater MN, and Metro compared to overall state rates) to compute the index score. An index score of 200 means the zip code's rate is twice the regional rate, while an index score of 50 means the zip code's rate is half the regional rate.

Table 4 - Listing of High Need Zip Codes

Primary County	Zip Code	Primary County	Zip Code	Primary County	Zip Code	Primary County	Zip Code
Aitkin	55748	Douglas	56354	McLeod	55354	Scott	55020
Anoka	55005	Faribault	56051	McLeod	55370	Scott	55054
Anoka	55011	Faribault	56068	McLeod	55385	Scott	55379
Anoka	55070	Faribault	56098	McLeod	55395	Scott	56011
Anoka	55303	Fillmore	55975	Meeker	55324	Sherburne	55308
Anoka	55304	Freeborn	56007	Meeker	55325	Sherburne	55309
Anoka	55433	Freeborn	56009	Meeker	55329	Sherburne	55319
Anoka	55448	Freeborn	56043	Meeker	55355	Sherburne	55330
Beltrami	56630	Goodhue	55946	Mille Lacs	55371	Sherburne	55398
Beltrami	56647	Goodhue	55983	Mille Lacs	56330	Sibley	55307
Beltrami	56667	Grant	56311	Mille Lacs	56342	Sibley	55338
Benton	56329	Hennepin	55327	Mille Lacs	56353	Stearns	55353
Blue Earth	56055	Hennepin	55364	Mille Lacs	56386	Stearns	56303
Blue Earth	56080	Hennepin	55411	Morrison	56475	Steele	55049
Carlton	55726	Hennepin	55412	Mower	55918	Steele	56026
Carver	55368	Hennepin	55429	Norman	56545	Todd	56437
Cass	56473	Hennepin	55430	Olmsted	55934	Todd	56438
Cass	56474	Hennepin	55443	Otter Tail	56567	Todd	56446
Cass	56484	Hennepin	55444	Otter Tail	56586	Todd	56453
Chisago	55012	Hennepin	55445	Pine	55030	Wabasha	55932
Chisago	55032	Isanti	55006	Pine	55037	Wabasha	55956
Chisago	55045	Isanti	55008	Pine	55063	Waseca	56072
Chisago	55056	Isanti	55017	Pine	55704	Washington	55016
Chisago	55069	Isanti	55040	Pine	55712	Washington	55038
Chisago	55074	Isanti	55080	Pine	55735	Washington	55043
Chisago	55079	Itasca	55722	Ramsey	55101	Washington	55071
Chisago	55084	Itasca	55764	Ramsey	55106	Wright	55301
Crow Wing	56401	Kanabec	55007	Ramsey	55107	Wright	55320
Crow Wing	56441	Kanabec	55051	Ramsey	55130*	Wright	55341
Crow Wing	56444	Kanabec	56358	Renville	55314	Wright	55349
Crow Wing	56447	Lac Qui Parle	56218	Renville	55342	Wright	55358
Crow Wing	56450	Lake	55603	Rice	55019	Wright	55362
Crow Wing	56455	Lake	55616	Rice	55021	Wright	55363
Crow Wing	56465	Le Sueur	56028	Rice	55046	Wright	55376
Crow Wing	56472	Le Sueur	56050	Rice	55052	Wright	55382
Dakota	55024	Le Sueur	56057	Rice	55057	Wright	55390
Dakota	55068	Le Sueur	56069	Rice	56052		
Dakota	55075	Le Sueur	56096	Saint Louis	55723		
Dodge	55924	Lyon	56157	Saint Louis	55724		
Dodge	55985	McLeod	55336	Saint Louis	55782		
Douglas	56319			Saint Louis	55806		

***55130.** This zip code on Saint Paul's East Side is relatively new. While local data support that this zip code has significant foreclosures, the analysis did not pick up this area as a hot spot for foreclosure and thus was altered to be included as a high need zip code.