Minnesota Housing Finance Agency

MEETINGS SCHEDULED FOR MAY

Location:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101

WEDNESDAY, May 24, 2017

Finance and Audit Committee Meeting
Jelatis Conference Room – Third Floor
11:30 a.m.*
*note new start time

Regular Board Meeting
State Street Conference Room – First Floor
1:00 p.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, January 26, 2017.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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Minnesota Housing Finance Agency

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Equal Opportunity Housing and Equal Opportunity Employment

AGENDA
Minnesota Housing Board Meeting
Wednesday May 24, 2017
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of April 27, 2017
5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Finance and Audit Committee of May 24, 2017**
6. **Consent Agenda**
   A.
7. **Action Items**
   A. (page 13) Approval, Proposed 2019 Housing Tax Credit (HTC) Program Qualified Allocation Program (QAP) and Procedural Manual
   B. (page 179) Approval, 2017 Housing Tax Credit Program (HTC) – 2017 Round 2 Selections
   C. (page 185) Approval, Multifamily 2016 RFP Funding Modifications, Deferred Loans
   D. (page 193) Approval, Selection/Commitment, Bridges Rental Assistance Program
   E. (page 199) Approval, Selection/Commitment, Family Homeless Prevention and Assistance Program (FHPAP)
   F. (page 209) Approval, Authorization to forgive certain indebtedness of the Family Housing Fund to Minnesota Housing
8. **Discussion Items**
   A. (page 213) Summary of 2017 Legislative Session
9. **Information Items**
   A. (page 215) 2017 Affordable Housing Plan and 2016-19 Strategic Plan: Second Quarter Progress Report
10. **Other Business**
    None.
11. **Adjournment**

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DRAFT MINUTES

Minnesota Housing Finance Agency Board Meeting
Thursday April 27, 2017
1:00 pm
State Street Conference Room- First Floor
400 Sibley Street, St Paul, MN 55101

1. **Call to Order.**
Chair John DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:00 p.m.

2. **Roll Call.**
Members Present: John DeCramer, Joe Johnson, Craig Klausing, Rebecca Otto, and Terri Thao.
Members Absent: Stephanie Klinzing
Minnesota Housing staff present: Tal Anderson, Ryan Baumtrog, Nick Boettcher, Wes Butler, Kevin Carpenter, Adam Connell, Jessica Deegan, Matthew Dieveney, Diane Elias, Rachel Franco, Summer Jefferson, Margaret Kaplan, Kasey Kier, Angie King, Tresa Larkin, Debbi Larson, Diana Lund, Nira Ly, Paul Marzynski, Eric Mattson, Kim McAfee, Leighann McKenzie, Tom O'Hern, John Patterson, Paula Rindels, Nancy Slattsveen, Barb Sporlein, Cathy ten Broeke, Kim Stuart, Will Thompson, Mary Tingerthal, LeAnne Tomera, Katie Topinka, Xia Yang and Darlene Zangara
Others Present: Jr Campuzano, Piper Jaffray , Chris Flannery, Piper Jaffray, Chip Halbach, Minnesota Housing Partnership, Cory Hoeppner, RBC Capital Markets, Melanie Lien, Piper Jaffray, and Paul Rebholz, Wells Fargo.
Chair DeCramer took a moment to acknowledge that it was Becky Schack's, last board meeting with the Agency. Becky expressed her gratitude and appreciation to the board and the Minnesota Housing staff.

3. **Agenda Review.**
Chari DeCramer announced that there were no changes to the agenda, however, 2019 Housing Tax Credit Program Qualified Allocation Plan handouts were provided to the board and attendees.

4. **Approval of the Minutes.**
A. Regular Meeting of March 23, 2017
Auditor Otto moved the approval of the minutes as written. Ms. Thao seconded the motion. Motion carries 5-0. Auditor Otto asked about the last paragraph on page 6, specifically about the comment regarding the action the board can take. Mary Tingerthal indicated that staff was unclear if we had sufficient information to allow the board to take any action- Mary will talk to Tom O'Hern regarding wording.

B. Special Meeting of April 5, 2017

Auditor Otto moved the approval of the minutes as written. Mr. Johnson seconded the motion. Mr. Klausing abstained from voting. Motion carries 4-0.

5. Reports.

A. Chair

None.

B. Commissioner

Commissioner Tingerthal shared the following with the board:

- Thank you to Becky Schack for her work the last 6.5 years, welcome to Rachel Franco in her new role. Rachel's background includes board work with Twin Cities Habitat for Humanity and Second Harvest Heartland.
- Reminder, May board meeting is on Wednesday May 24 at 1:00 pm, in addition to the Finance & Audit Committee Meeting at 11:00 am.
- Last meeting, we have reached out to those applicants that were selected for tax credits or tax exempt bonds last October, given the fact that the market for LIHTC has been affected in the pricing by the talk of tax reform at the federal level. We gave the applicants who had been selected an opportunity to submit supplemental information submissions about where they stood with their equity bids and whether their projects were able to go forward. We did receive a number of supplemental information and we've done our initial analysis and we will be prepared at the May board meeting to potentially bring forth a set of motions to approve additional funds or slightly different terms. We may have one or two projects that could have a deadline with their equity bids that calls for certainty for the ability to close sooner than May 24, and it's possible we may do a very brief special board meeting if the deadline is prior to the regular board meeting on May 24, 2017.
- Annual Affordable Housing Conference last week which we co-sponsor was held last week. The Multifamily staff attending the conference saw many developers wanting to talk about their projects.
- Yesterday we received approval from the Governor of the 2018 QAP amendments. We have opened the application process for the 2017 RFP, with applications due mid-June.
- Multifamily team reached a milestone. With the opening of the 2017 RFP, they announced that there is now electronic portal for the customers to be able to interact with us in an electronic manner. Features include document checklists for each projects. We've been working on this project for 2 years and are very happy that the project launched.
- Legislative update. We are awaiting news to find out where the housing portion of our bills will be conferenced. We are expecting our assignment by beginning of next week. Met with Senate Capital Investment Committee on Wednesday April 26, but the House has not yet released a Bonding Bill. We had a robust conversation with members of the

Senate Capital Investment Committee about our Housing Infrastructure Bonds and General Obligation Bond requests.

- Public Television stations are starting to publicize a documentary on Affordable Housing that is going to air on May 9. The program is being produced by Frontline which produces documentaries using an investigative reporting approach. The National Council of State Agencies and other national organizations that support the Housing Tax Credit have been working with the producers for some time and are very concerned about the tone and potential content of the program. The program is called "Poverty, Politics and Profit, an investigation into the billions spent on housing the poor and why so few get the help they need". We know the producers learned of very serious tax credit fraud cases in Florida that were quickly prosecuted; there were people who went to jail and paid significant fines. In a letter that NCSHA sent to the producers, they shared that they are deeply concerned that the producers seem committed to present a picture of Housing Credit program that is inaccurate, negative and fails to speak to the program's great strengths and achievements. NCSHA has provided us with talking points and we are reaching out to various parties including members of Congress. Also, Mary was interviewed on camera by the producers on behalf of NCSHA to talk about the oversight of tax credit. NCSHA provided Mary with a strong coach to prepare her for the interview, and felt good about her responses. It seemed clear in the questioning and that they are taking a very hostile approach. Happy to answer any questions after the board meeting.

The following employee introductions were made:

- Kasey Kier introduced Angie King. Ms. King joined the Agency as our Single Family Business Project Manager. Angie comes to us from the health insurance industry where she's been a project manager for the last three years. Angie holds a Bachelor of Science Degree in Information Technology and has two Master Degrees.
- Cathy ten Broeke and Darlene Zangara introduced Sue Hite-Kirk. Ms. Hite-Kirk joined the Agency as Executive Assistant, supporting the offices of Olmstead and Interagency Council on Homelessness. Sue comes to the agency with a wealth of knowledge and experience and has worked been an employee of the State of Minnesota; and was most recently at the DNR in Duluth.

6. Consent Agenda

A. Modification, Preservation Affordable Rental Income Fund (PARIF) Program

- **Affirmation House, Minneapolis, D7648**

MOTION: Ms. Thao moved the approval of the consent agenda. Mr. Johnson seconded the motion. Motion carries 5-0.

7. **Action Items**

A. Workforce and Affordable Homeownership Development Program Selections

Nira Ly requested approval of our funding recommendations for the Workforce and Affordable Homeownership Development program. The Agency received a one-time $750,000 appropriation in the 2016 supplemental budget for the program. Many of the eligible activities under this program are similar to the projects that we currently fund under the Community Homeownership Impact Fund through our Single Family RFP. The exception to this is that this program also provides funding for the Manufactured Home Park infrastructure development and repair and for the development of storm shelters. We received twenty seven letters of interest requesting more than $6.4 million. We received fifteen letters of interest from the Twin Cities metro area and twelve letters of interest from greater Minnesota. During the letters of interest phase, the team conferred with Kasey Kier and Ryan Baumtrog to select five applicants to submit full applications for consideration. The four proposals in front of the board today were selected by a committee that included Commissioner Tingerthal, Deputy Commissioner Sporlein and Assistant Commissioner Kier. The committee is recommending funding two greater Minnesota proposals (Headwaters Housing Development Corporation and Northcountry Cooperative Foundation) and two proposals in the Twin Cities metro area (Park Plaza Cooperative and Rebuilding Together Twin Cities). These four projects will create or preserve affordable housing opportunities to Minnesotans across the state.

Mr. Klausing inquired about the Youth Workforce Training Program. Do the funds go to the actual training or does Rebuilding Together distribute the funds? Nira responded that the funds for this project towards the hard costs for the rehab of the home.

Chair DeCramer mentioned the one proposal that was not funded is able to move forward on its own without additional funding, and therefore no projects are being held up because of the lack of funding. He also asked about the sixteen proposals that are eligible for the Impact Fund. Nira responded that those sixteen organizations were encouraged to apply for the Single Family RFP this year, and we've provided them with the opportunity to meet with staff to receive technical assistance with the application. **Motion:** Joe Johnson moved approval of the Workforce and Affordable Homeownership Development Program Selections, seconded by Craig Klausing. Motion carries.

B. Family Homeless Prevention and Assistance Program (FHPAP) Landlord Risk Mitigation Fund (LRMF) Pilot Program Concept and Reallocation of Initiative Funds

Diane Elias requested approval of the concept for the Landlord Risk Mitigation Fund (LRMF) Pilot as well as a request that funds from the FHPAP Fund be reallocated toward the LRMF Pilot program. In 2016 Minnesota Legislature approved $250,000 in appropriations to establish the LRMF Pilot. The households benefitting from the funds must be eligible under the current FHPAP guidelines. In particular, we want to prioritize these funds to assisting households who have multiple barriers to getting into housing such as those with poor credit, prior criminal history and prior rental eviction. We plan to issue a Request for Proposal (RFP) to fund three to five pilots and the eligible applicants who are currently administrating funds for the Family Homeless Prevention and Assistance Program. The funds will be used by administrators to reimburse landlords for costs associated with an enrolled tenant, including, but not limited to, non-payment of rent or damage costs above those costs covered by security deposits. In addition to the direct reimbursements, we recognized a need for funding housing navigation services and thus an additional $100,000 will be used to cover eligible service costs associated with housing navigation services, including, but not limited to, housing location services for households, landlord/tenant mediation, and landlord recruitment, engagement and retention. The additional $100,000 will come from funds that were originally committed to our HMIS Support Initiative. This past year we had a change in administrators and so we have leftover funds that no longer need to be committed to that system.

This past summer we had the opportunity to utilize the work of a Research Intern who developed a discussion paper that included the essential elements of a successful landlord risk mitigation program. The essential elements ensuring that the programs link the tenant households with services to help support their tenancy as well as having a clear application process. For landlords, essential elements include establishing a point of contact for the landlord to connect with as well as mediation services so should something arise with a tenant during their tenancy. Successful programs also had defined dollar limits, a claim validation process and clear rules or limitations in writing from the landlord so tenants know what to expect from the program. Evaluation of the program is also a desired component and we will expect applicants to participate in an evaluation to determine whether or not the programs are successful.

Terri Thao inquired about the designation of the funds and thought they were originally designated for individuals who were previously incarcerated, and asked if the definition was expanded? Diane Elias indicated that the funds were originally part of the Equity Initiative that the Governor funded and we do still plan to target funds to those who have a criminal background, but we've designed the program to include the other risk factors for people who are disparately impacted by homelessness.

Ms. Thao's second question relates to what are staff doing to track the progress of the pilots, as it is known that true program costs are higher, and ask what staff will do to find out how organizations are running the pilots. Ms. Elias indicated that they did take this into consideration and that the RFP will ask applicants what leveraged funds will be contributed to the project. There are a number of communities who have been working on this issue in preparation for the RFP, and many are working with other organizations to secure additional dollars. We also anticipate that there are other programs that will be supporting the process, including the existing FHPAP program.

Mary Tingerthal complimented staff for coming back to the table when they realized that the legislative language established that the $250,000 can only be used to reimburse landlords for actual expenses, and they came back and said that they didn't think that the program could be successful unless we could bring other funds to the table that can be used for navigation services. It was staff who asked to repurpose other dollars so we could enhance the effectiveness of the funds we received from the Legislature. Auditor Otto inquired as to whether or not there were any special riders or restrictions on the funds. Ms. Thao made a request that staff return to the board at a later date to present their findings of the pilot program. Chair DeCramer inquired about the mediation aspect of the program. Ms. Elias indicated that staff is going to see when the RFP comes forward as we outlined what we think are successful components and each applicant will have the opportunity to design their program. **Motion:** Terri Thao moved approval of Family Homeless Prevention and Assistance Program (FHPAP) Landlord Risk Mitigation Fund (LRMF) Pilot Program Concept and Reallocation of HMIS Initiative Funds, seconded by Craig Klausing. Motion carries.

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8. Discussion Items

A. Discussion regarding 2019 Housing Tax Credit Program Qualified Allocation Plan (Summer Jefferson)

Mary Tingerthal and Summer Jefferson led the 2019 Housing Tax Credit Program Qualified Allocation Plan (QAP) presentation. In the past, we have typically brought the draft of the QAP to the board for approval send it out for a public comment. Partly based on the experience we had with the 2018 QAP amendments, we decided we like getting informal feedback first before we bring to the board a draft document. Today we are presenting you with general information about the changes. Over the next several weeks we will have a webinar and discussions with various groups and get input from them, and bring the QAP draft at the next meeting. It is a different approach than in the past, and the team who works on the QAP worked to simplify the application and scoring process.

Summer Jefferson provided an overview of the potential changes that are currently being considered for the 2019 QAP and noted that it will be presented to the board in the May. The materials that were provided to you today summarize the potential changes in several ways. The first document reviewed is the 2019 QAP Content and Scoring Change Summary. In this document, it is a thorough review of the changes and provides additional details to the underline reasoning for the changes. The At-A-Glance document is a reference outline of all the changes in the selection categories and selection criteria, and the Test Cases for Scoring Changes document has examples of the test cases used in an overall scoring recalibration.

Chair DeCramer opened up the discussion for Q&A.

Ms. Thao asked whether staff would consider changes before bringing to the board in May. Ms. Jefferson indicated that we are open to the feedback we receive and we could still make revisions prior to the May 24 board meeting.

Mr. Klausing inquired about the location efficiency and moving it from transit orient development to access to transit. Ms. Jefferson indicated that the proposed approach is simpler.

Mr. Klausing asked if the change relates to the difficulty in Greater Minnesota scoring because they don't have fixed transit. Ms. Jefferson indicated that yes, in the greater Minnesota proposed revisions this change would add some clarity by separating urban and rural transit systems and that more communities would meet the standard based upon the proposed revisions.

Commissioner Tingerthal added the Minnesota Department of Transportation recently completed a major ten year plan for multi-modal planning. Access to transit in rural areas is a hot topic, and MN DOT provided better definitions that we adopted. Mary also reminded the board that we will be bringing the revised 2019 QAP to the Board in May, which will be followed by a formal comment period. John Patterson highlighted two test cases as examples of what the changes would mean if the proposed changes are adopted.

Chair DeCramer appreciated the summary pages, and thanked staff for the documents. Mr. Klausing commented that it will be interesting to hear if people end up with the same score.

9. Information Items

A. Post-Sale Report, Homeownership Finance Bonds 2017 Series CD

Informational Item. No Action

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 2:00 p.m.

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Board Agenda Item: 7.A
Date: 5/25/2017

Item: Proposed 2019 Housing Tax Credit (HTC) Program Qualified Allocation Plan (QAP) and Program Procedural Manual

Staff Contact(s):

Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us
Devon Pohlman, 651-296.8255, devon.pohlman@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:

Staff recommends adoption of a motion for approval of the proposed 2019 Housing Tax Credit Program, Housing Tax Credit Qualified Allocation Plan (QAP) and Program Procedural Manual.

Fiscal Impact:

This is a federally sponsored program and the allocation of housing tax credits does not have any direct fiscal impact on Minnesota Housing's financial condition.

Meeting Agency Priorities:

☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Timeline
- Proposed 2019 Housing Tax Credit Program QAP and Procedural Manual
- 2018 and 2019 QAP Scoring Comparison
- QAP Cover Memo to Stakeholders
- 2019 QAP Content and Scoring Change Summary
- Proposed 2019 Housing Tax Credit Self -Scoring Worksheets for 9% and 4% HTCs
- Methodologies:
    - Access to Higher Performing Schools
    - Community Economic Integration
    - Cost Containment
    - Location Efficiency
    - Rural/Tribal Designated Areas
    - Qualified Census Tracts, Tribal Equivalent Areas
    - Workforce Housing Communities
    - Continuum of Care (CoC) Priorities

SUMMARY OF REQUEST:
Staff recommends adoption of a motion for approval of the proposed Housing Tax Credit Qualified Allocation Plan (QAP) and Procedural Manual for the 2019 Housing Tax Credit Program.

BACKGROUND
The Federal Tax Reform Act of 1986 created the Housing Tax Credit Program (HTC) for qualified residential rental properties. The HTC program is one of the principal federal subsidies contained within the tax law for acquisition/substantial rehabilitation and new construction of low-income rental housing. Section 42 of the Internal Revenue Code (IRC) requires that state allocating agencies develop a QAP for distribution of the tax credits within their jurisdiction. The QAP is subject to modification or amendment to ensure the provisions conform to the changing requirements of the IRC, applicable state statute, the changing environment and market conditions, and to best promote Minnesota Housing's strategic priorities.

Minnesota Housing's Housing Tax Credit (HTC) Program administration includes use of the following documents: A QAP (described above); a procedural manual that includes detailed definitions and procedures for implementation of the QAP; and a self-scoring worksheet that assigns points for the degree to which a development meets Minnesota Housing's HTC Program funding priorities. The HTC Program is reviewed and revised annually to ensure it meets IRS requirements as well as Minnesota Housing's strategic priorities.

Copies of the current QAP and procedural manual are available on Minnesota Housing's website at www.mnhousing.gov (Home – Multifamily Rental Partners –> Funding –> Tax Credits –> Amended 2018 Procedural Manual and Documents).

TIMELINE: 2019
HTC PROGRAM SCHEDULE

May 11, 2017	Minnesota Housing 2019 QAP Public Hearing
June 22, 2017	Agency Board asked to approve final 2019 QAP and Manual
April 16, 2018 (tentative date)	Publish RFP for HTC 2019 Rounds 1 and 2
June 14, 2018 (tentative date)	HTC 2019 Round 1 and 2018 MF Consolidated RFP Application Deadline
October 25, 2018 (tentative date)	Minnesota Housing board asked to approve HTC 2019 Round 1 selection recommendations
January 28, 2019 (tentative date)	HTC 2019 Round 2 Application Deadline
April 25, 2019 (tentative date)	Minnesota Housing board asked to approve HTC Round 2 selection recommendations

2018 HTC PROGRAM SCHEDULE

March 24, 2016	Minnesota Housing 2018 Public QAP Hearing
May 26, 2016	Minnesota Housing board asked to approve final 2018 QAP and Manual
February 23, 2017	Minnesota Housing board asked to approve final Amended 2018 QAP and Manual
April 17, 2017	Publish RFP for HTC 2018 Rounds 1 and 2
June 15, 2017	HTC 2018 Round 1 and 2017 MF Consolidated RFP Application Deadline
October 19, 2017	Minnesota Housing board asked to approve HTC 2018 Round 1 selection recommendations
January 31, 2018	HTC 2018 Round 2 Application Deadline
April 26, 2018	Minnesota Housing board asked to approve HTC 2018 Round 2 selection recommendations

2019 HOUSING TAX CREDIT (HTC) PROGRAM
QUALIFIED ALLOCATION PLAN AND PROCEDURAL MANUAL
PROPOSED REVISIONS

The proposed changes from the Amended 2018 Qualified Allocation Plan (QAP) to the 2019 QAP are focused on streamlining the scoring criteria used for Minnesota Housing's QAP.

Statutory
No statutory changes are proposed.

Qualified Allocation Plan, Procedural Manual, and/or Self-Scoring Worksheet

1. **Create Two Self-Scoring Worksheets (SSW): 4% Tax Credit Self-Scoring Worksheet and 9% Tax Credit Self-Scoring Worksheet**

Staff developed two unique SSWs to provide better clarity for developers requesting 4% or 9% tax credits. There are a few important differences between 9% and 4% tax credit scoring criteria, and the development of unique self-scoring worksheets enhances scoring clarity and better outlines notable differences, which are:

- Differences between the minimum point requirements can be better distinguished
- Scoring differences in length of affordability for Long-Term Affordability
- The different processes used to evaluate eligibility for cost-containment points

2. **Update the Qualified Allocation Plan to increase the per development tax credit cap from $1 million to $1.2 million in cumulative annual tax credits.**

A modest increase of $200,000 in the maximum annual tax credit award is recommended to adjust upward for inflation. The maximum was most recently revised in 2009.

3. **Clarify two requirements in the HTC Program Procedural Manual.**

Language will be added to the HTC Program Procedural Manual to provide additional clarity and guidance regarding occupancy restrictions. Under the HTC general public use regulations, residential rental units must be for use by the general public, which incorporates HUD housing policy governing non-discrimination. Residential units provided only for a member of a social organization or provided by an employer for its employees are not considered for use by the general public, and are examples of restrictions not allowed under the HTC program. Minnesota Housing has an obligation to affirmatively further fair housing, and occupancy restrictions must comply with the Fair Housing Act and the Minnesota Human Rights Act. Projects must also comply with any occupancy limitations imposed by any additional source of funds provided by Minnesota Housing. Age-related occupancy restrictions or preferences will be approved only if set out in the QAP or if the property qualifies as housing for older persons under the Fair Housing Act and the Minnesota Human Rights Act.

Language will also be added regarding necessary agency approval of the sale or transfer of ownership of a project.

Proposed Revisions to Scoring Criteria

Several changes to the scoring criterion for the 2019 QAP are proposed to enhance streamlining and overall transparency. As a result of these changes, we revised the overall scoring point framework to align the 2019 QAP changes with the same relative weights as in the Amended 2018 QAP.

1. Revise the six categories in the Amended 2018 QAP Selection Criteria into seven categories for the 2019 QAP.

We have reorganized the six selection criteria categories into seven. This effectively results in the previous "Greatest Need – Tenant and Affordability Targeting" being broken into two categories for the 2019 QAP. One category focuses on the populations served, including large families, high priority homeless and people with disabilities. The other category focuses on serving the lowest income tenants for long durations.

By better distinguishing the tenant populations in greatest need from the rent and income levels, our aim is to provide more clarity within the selection priorities for scoring.

2018 Selection Category	2019 Selection Category
1. Greatest Need – Tenant and Affordability Targeting	1. Greatest Need Tenant Targeting
	2. Serves Lowest Income for Long Durations
2. Areas of Opportunity	3. Areas of Opportunity
4. Supporting Community and Economic Development	4. Supporting Community and Economic Development
5. Preservation	5. Preservation
6. Efficient Use of Scarce Resources	6. Efficient Use of Scarce Resources and Leverage
7. Building Characteristics	7. Building Characteristics

2. Add scoring for Long-Term Affordability for 9% tax credits under the Serves Lowest Income for Long Durations Selection Category.

The tax code requires that the HTC program provide a preference for serving qualified tenants for the longest duration. We currently require a 30-year extended use period and waive the qualified contract process for 9% tax credits. We recommend adding points in the 2019 QAP to allow for longer-term affordability durations: seven points for a 40-year affordability period and three points for a 35-year affordability period.

This change encourages the policy objective of ensuring longer-term affordability, and it better aligns scoring for the 9% tax credits with scoring for the 4% tax credits, which now has tiered long-term affordability scoring.

3. Delete the High Speed Internet Access Scoring Criterion under the Building Characteristics Selection Category.

Beginning with the 2017 RFP/2018 HTC Request for Proposals funding round, Minnesota Housing's Rental Housing Design/Construction Standards will incorporate a requirement that buildings provide high-speed internet access, thereby eliminating a need for additional scoring for this criteria.

4. Revise scoring under the Greatest Need Tenant Targeting Selection Category

The three selection criteria that comprise this selection category are:

- Large Family Housing (previously named Household Targeting)
- Permanent Supportive Housing for High Priority Homeless
- People with Disabilities

Several streamlining and other clarifications were made to these three selection criteria.

First, within the Household Targeting criterion, the 2019 QAP continues to emphasize serving large families, and we recommend renaming the scoring category "**Large Family Housing**." The Single-Room Occupancy Housing category has been eliminated, while the incentive to continue to serve households with incomes at or below 30 percent of the Multifamily Tax Subsidy Project (MTSP)[1] income limits continues to be emphasized in the Rental Assistance selection criteria under the Serves Lowest Income for Long Durations category.

Second, the **Permanent Supportive Housing** criterion has been updated to reflect two scoring objectives that are: to serve High Priority Homeless as identified by the Coordinated Entry System; and to serve homeless populations consistent with the Continuum of Care (CoC) Priorities. The High Priority Homeless populations include families with children or youth, including single youth and youth with families; and single adults. Applicants may be eligible for additional points if the High Priority Homeless populations who will be served also align with the local Continuum of Care priorities, which may reflect one or more of these same population categories.

Rental assistance points previously awarded in this criterion have been moved to the Serves Lowest Income for Long Durations category.

While the Permanent Supportive Housing criterion previously offered 100 bonus points to applicants, staff analysis concluded the bonus points had no measurable impact on the selection of permanent supportive housing developments. Careful evaluation of past scoring performance indicates that these developments perform strongly under the selection scoring framework without bonus points.

Third, we made several important clarifications to the **People with Disabilities** criteria, including asserting a preference for serving people with disabilities who are moving from segregated settings. We clarified that developments targeting units to people with disabilities should provide an integrated setting, which is defined as no more than 25 percent of units rented to people with disabilities. We also clarified how a development serving people with disabilities may also contain units that meet the

[1] MTSP income limits were developed to meet the requirements established by the Housing and Economic Recovery Act of 2008 (Public Law 110-289) that allows project rents to increase over time. The MTSP income limits are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under section 42 or the Internal Revenue Code.

requirements under the Permanent Supportive Housing for High Priority Homeless criterion, provided that the number of units is limited and the same unit is not counted under both criteria. Developments interested in serving a greater number of people from these target populations may do so, provided they adhere to one of the following:

- Serve both High Priority Homeless and People with Disabilities by selecting to serve 5 to 9.99 percent of High Priority Homeless (no fewer than four units) and serve either less than 10 percent, or between 10 to 14.99 percent of units for People with Disabilities, but the units served by both populations may not overlap for scoring purposes. This ensures that incentives are available to serve both types of tenants, and that those developments electing to serve People with Disabilities offer this population an integrated setting.

  OR
- Serve a higher percentage of either population – High Priority Homeless (up to 100 percent) or People with Disabilities (up to 25 percent).

5. Revise scoring under the Serves Lowest Income for Long Durations Selection Category.

The three selection criteria that comprise this selection category are:
- Serves Lowest Income
- Rental Assistance
- Long-Term Affordability (newly added in the 2019 QAP)

Several streamlining changes and other clarifications were made to these selection criteria.

The Serves Lowest Income criterion is revised to focus solely on rents affordable to tenants with incomes at or below 50 percent of the MTSP income limits. We further adjusted the criterion by requiring a 10-year commitment, compared to the previous QAP where a 10-year commitment had been an option to get additional points.

- Two point thresholds are available:
  - 100 percent of HTC assisted units affordable at the 50 percent MTSP income limits
  - 50 percent of the HTC assisted units affordable at the 50 percent MTSP income limits

Points have been eliminated in this section for serving households with incomes at 30 percent of the MTSP income limits. This deeper targeting can still be achieved through a new incentive in the rental assistance selection criterion discussed below.

Rental assistance is critical for serving very low-income populations, and the 2019 QAP has made several important adjustments. First, all rental assistance points are consolidated into these scoring criteria. Previously they were co-mingled in other scoring criteria such as Permanent Supportive Housing for High Priority Homeless or People with Disabilities. Among the notable changes we made in the 2019 QAP are: (1) adding an additional tier to the category to incorporate projects with a smaller percentage of units with rental assistance; and (2) providing additional points for developments that target rental assistance to households with incomes at or below 30 percent of MTSP income limits. These changes are discussed in more detail below.

- We added a new point tier for developments that have rental assistance at 5 to 9.99 percent of total units with a minimum of four units. The revised scoring is as follows:
    A. 100 percent of the total units have rental assistance
    B. 51 percent to 99.99 percent of the total units have rental assistance
    C. 20 percent to 50.99 percent of the total units have rental assistance
    D. 10 percent to 19.99 percent of the total units have rental assistance
    E. 5 percent to 9.99 percent of the total units have rental assistance

- If the rental assistance is committed for a period of 10 years, additional points will be awarded, which is the same as in the Amended 2018 QAP.

- Rental assistance that further restricts units to households with incomes at or below 30 percent of MTSP income limits is eligible for additional points as outlined below. To obtain points, the rental assistance must be committed for a period of 10 years.
    - 5 percent to 25 percent, but no fewer than four units
    - 25.1 percent to 50 percent of units
    - 50.1 percent to 100 percent of units

- Eliminated the points for Other Rental Assistance.

6. Revise the selection criteria for Location Efficiency in the Areas of Opportunity Selection Category. No changes are recommended for the other selection criteria under this priority: Economic Integration, Access to Higher Performing Schools and Workforce Housing Communities.

We made several modifications to the Location Efficiency selection criterion in an effort to streamline and enhance scoring clarity.

First, we better defined Greater Minnesota geographies for scoring purposes and aligned these definitions with Minnesota Department of Transportation (MnDOT) Transit Investment Plans. There are now two tiers of transit categories in Greater Minnesota:

- Urbanized areas with fixed route transit services. Defined by the U.S. Census as places with populations of 50,000 or more, MnDOT identifies areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud as meeting the definition of urbanized areas withfixed route transit. Within this category there are three tiers of points depending on how proximate the development is, ranging from ¼ mile to ½ mile of a fixed stop, or a ½ mile from an express bus stop or park and ride.

- Rural and small urban areas with access to route deviation service or dial-a-ride. Defined as places with populations of under 50,000, there are three tiers of points depending on the proximity of the development to a designated route or a deviated route stop or availability of dial-a-ride.

In the Twin Cities Metropolitan area we eliminated the Transit Oriented Development criterion but moved the two points previously available under that category to the Access to Transit criterion.

7. Revise three scoring criteria in the Supporting Community and Economic Development Selection Category: Planned Community Development, Minority-Owned/Women-Owned Business Enterprise, and Federal/Local/Philanthropic Contributions. There are no proposed changes for Rural/Tribal or Qualified Census Tract (QCT).

Staff proposes clarifying the Planned Community Development Strategic Priority Policy Threshold. The definition of **Planned Community Development** as it appears in the QAP, HTC Procedural Manual and Self-Scoring Worksheet will be revised to better outline the documentation required and other key elements of the plan or initiative, including:

- Documentation about the Planned Community Development activity must include:
  - A list of various stakeholders and their roles
  - The milestones or steps completed, planned or underway, including key dates and stakeholders
  - Key investments, in-kind or other financial commitments that have been made, or pending, including dates
  - Affordable housing as a key strategy of the plan or initiative
  - The targeted geographic area

- The plan or initiative must be dated within seven years of the application date.

- The category no longer requires a letter of support from a local official.

Second, we recommend changing the definition of a **Minority-Owned/Women-Owned Business Enterprise** to include non-profit entities that have an executive director who meets the criteria.

Third, some clarifications to **the Federal/Local/Philanthropic Contributions** criterion have been made, and this criterion is moved to a newly-named Efficient Use of Scarce Resources and Leverage category. These changes are discussed further in the Efficient Use of Scarce Resources criterion section of this memo.

7. Revise the Preservation Selection Criterion.

To be eligible for Preservation points, a development must demonstrate that it meets one of three risk of loss thresholds: market conversion, critical physical needs or ownership capacity. The requirement that the development be located in a Geographic Preservation Priority Area is being eliminated, and the following requirements and clarifications are added for two of the risk of loss thresholds:

- Risk of loss due to market conversion. This risk of loss category has been updated to require evidence from one or more of the following:
  - An appraisal commissioned by Minnesota Housing within one year of the application date
  - For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing that meets HUD standards and which is completed within one year of the application date
  - A market study commissioned by Minnesota Housing and paid for by the developer and which is completed within one year of the application date

- Risk of loss due to ownership capacity/program commitment. Expanded acceptable circumstances include:
  - Properties acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the Housing Assistance Payment (HAP) contract was provided
  - Properties acquired from an unrelated party with three years of application date as a result of a PARIF Right of First Refusal being exercised
  - When the current or previous owner intends or intended to allow a USDA Rural Development mortgage to mature and has turned down offers to re-amortize the mortgage, an application must occur within five years of the maturity date and within three years of acquisition by a new party

Projects that are federally assisted will now be awarded points only for the percentage of units that are assisted, rather than the absolute number of units that are assisted. This will prioritize projects with a greater percentage of assisted units and will result in a more efficient use of resources.

8. Rename the Efficient Use of Scarce Resources *and Leverage* Selection Category *(italics new)*. Provide greater clarity on the types of federal, local or philanthropic resources and how they are counted in this section's overall scoring. There are no proposed changes to Intermediary Costs or Cost Containment.

We value the contributions made by other funding partners be they governmental or philanthropic. Combining all types of commitments into a newly-named scoring category, Financial Readiness to Proceed and Leverage, enhances scoring clarity and underscores the critical financial impact other funding partners have on the development. The criterion now includes Tax Increment Financing (TIF), Historic Tax Credits, deferred loans, below-market interest rate loans, grants and donations, and grants from non-profit organizations converted to deferred loans that meet other conditions.

We added a second scoring criterion, Other Contributions, to account for contributions that were previously counted in the Federal/Local/Philanthropic criterion that reduce development costs but are not reflected on the sources and uses budget, such as land donation, reservation land not subject to property taxes, or SAC/WAC fee waivers. The remaining sources were not moved, and previously scored elements from Federal/Local/Philanthropic Contributions have been consolidated, retained and integrated into this newly-named scoring category.

9. Revised Scoring Framework

As a result of the streamlining and content changes, we evaluated and revised the overall 2019 scoring framework. Because we want to maintain the relative scoring weights in the 2017 QAP through a simpler process, we conducted some recalibration tests. The recalibration tested how the 2017 applications would have scored under the 2019 QAP, since 2018 applications have not yet been received and scored. With the scoring recalibration, the changes in the proposed 2019 QAP would result in only one change in ranking among the 13 projects that were selected under the 2017 QAP if the proposed 2019 QAP were used instead. See the attached 2018 and 2019 Comparison document for additional detail.

10. General Administrative and Clarifications

Staff will continue to perform various administrative checks for formatting, spelling, text and instruction corrections and clarifications within the QAP, Program Procedural Manual, Self-Scoring Worksheet and other 2019 HTC related documents.

2019 QAP - 2018 and 2019 QAP Scoring Comparison

2018 QAP			2019 QAP		
Selection Category	**Selection Criteria**	**Max Points**	**Selection Category**	**Selection Criteria**	**Max Points**
Greatest Need – Tenant and Affordability Targeting	• Household Targeting • Permanent Supportive Housing • People with Disabilities • Serves Lowest Income • Rental Assistance	182 (includes 100 bonus points no longer available)	Greatest Need Tenant Targeting	• Large Family Housing • Permanent Supportive Housing • People with Disabilities	39
			Serves Lowest Income for Long Durations	• Serves Lowest Income/Rent Reduction • Rental Assistance • Long-Term Affordability	46
Areas of Opportunity	• Economic Integration • Access to Higher Performing Schools • Workforce Housing Communities • Location Efficiency	28	Areas of Opportunity	• Economic Integration • Access to Higher Performing Schools • Workforce Housing Communities • Location Efficiency	28
Supporting Community and Economic Development	• Planned Community Development • Eventual Tenant Ownership • Rural/Tribal • Federal/Local/ Philanthropic Contributions • QCT/Community Revitalization and Tribal Equivalent Areas	28	Supporting Community and Economic Development	• Planned Community Development • Eventual Tenant Ownership • Rural/Tribal • ~~Federal/Local/ Philanthropic Contributions~~ • QCT/Community Revitalization and Tribal Equivalent Areas	18
Preservation	• Existing federal assistance • Critical affordable units	30	Preservation	• Existing federal assistance • Critical affordable units	30
Efficient Use of Scarce Resources	• Financial Readiness to Proceed • Intermediary Costs • Cost Containment	26	Efficient Use of Scarce Resources and Leverage	• Financial Readiness to Proceed/ Leveraged Funds • Other Contributions	38

				• Intermediary Costs • Cost Containment	
Building Characteristics	• High Speed Internet Access • Universal Design • Smoke Free Buildings	5	Building Characteristics	• ~~High Speed Internet Access~~ • Universal Design • Smoke Free Buildings	4
Unacceptable Practices		-25	Unacceptable Practices		-25

Minnesota Housing Finance Agency

400 Sibley Street | Suite 300 | Saint Paul, MN 55101-1998 | 651.296.7608
800.657.3769 | fax: 651.296.8139 | tty: 651.297.2361 | www.mnhousing.gov
Equal Opportunity Housing and Equal Opportunity Employment

May 25, 2017

RE: 2019 Qualified Allocation Plan

Dear Stakeholders,

Minnesota Housing is please to present our DRAFT 2019 Qualified Allocation Plan (QAP). This plan was created in collaboration with partners and stakeholders who share our goal of providing affordable housing as a foundation for success.

Process
To develop the draft QAP, we gathered economic, demographic, market and community data, as well as feedback from:

- Regional Housing Dialogues with community and housing leaders from around the state
- Informal conversations with partners and stakeholders
- Targeted focus groups

Goals
The draft QAP reflects priorities in Minnesota Housing's 2016-2019 Strategic Plan and our need to balance competing goals. It is responsive to statewide priorities, local needs and national best practices. Particular attention is given to the following:

- Serving people with greatest needs, largest barriers and fewest housing choices, including high priority homeless households, people with disabilities, large families, and the lowest income households
- Promoting housing in areas of opportunity, where developments leverage community resources such as jobs, transit and schools that assist families to be successful
- Supporting community and economic development in a variety of communities
- Preserving existing subsidized and federally-assisted housing
- Using scarce resources efficiently

Next Steps
The draft QAP will be open for a 30-day comment period, including a public hearing. Minnesota Housing staff will carefully review all comments and adjust the draft QAP as needed before finalizing and presenting it to the Minnesota Housing board for approval in June 2017.

The final QAP is published about a year in advance of the application deadline to allow the development community extra time to plan and bring projects forward that reflect the QAP's priorities and objectives.
We look forward to working with all of our partners to implement the goals outlined in our draft QAP that in turn will provide more affordable housing opportunities for Minnesotans.

Sincerely,

Wesley J. Butler
Assistant Commissioner

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2019 QAP Content and Scoring Change Summary

Key Changes

The changes in the 2019 QAP focus on streamlining and enhancing clarity. The key changes are:

- **Providing two Self-Scoring Worksheets**. We will now provide separate Self-Scoring Worksheets for 9% and 4% tax credits.

- **Increasing the per development tax credit cap increases from $1 million to $1.2 million** to reflect an adjustment for inflation.

- **Increasing the number of selection categories from six to seven.** The Greatest Need – Tenant and Affordability Targeting Priority is now broken into two. The first priority focuses on the tenant populations served by targeting large families, high priority homeless and people with disabilities. The second priority focuses on serving the lowest income tenants and affordability.

- **Adding one selection criterion and deleting another.**
  - *What's New:* Under the Serves Lowest Income for Long Durations Selection criterion, we now provide points for 9% tax credits with a 35-year or 40-year extended-use period and a waiver of the qualified contract.
  - *What's Gone:* We removed High Speed Internet Access as an optional selection criterion because we now require it under our Design/Construction Standards.

- **Recalibrating the overall scoring framework to reflect the streamlining and clarifications but not change the balance of priorities**. After streamlining the QAP and making the content changes, we recalibrated and adjusted the overall scoring to align the pointing of the 2019 QAP with the 2017 QAP. While we want to streamline and simplify the QAP, we want to keep the type of selections that occurred under the 2017 QAP (the most recent selections) because those selections are well-aligned with our priorities. With the scoring recalibration, the changes in the proposed 2019 QAP would result in only one change in ranking among the 13 projects that were selected under the 2017 QAP if the proposed 2019 QAP were used instead. See the Test Cases for Scoring Changes for more details.

Selection Categories and Selection Criteria

The pointing, content, streamlining and clarification changes impacted several selection categories and scoring criteria, all of which are outlined in the At-A-Glance 2019 QAP Changes document. Notable changes are outlined below:

- **Greatest Need Tenant Targeting**. The three selection criteria that comprise this selection category are:
  - Large Family Housing (previously named Household Targeting)
  - Permanent Supportive Housing for High Priority Homeless
  - People with Disabilities

  The 2019 QAP emphasizes serving large families. We eliminated the points for Single Room Occupancy (SRO); however, the Rental Assistance criterion continues to provide points for serving households with incomes at or below 30 percent of Multifamily Tax Subsidy Project (MTSP) Income Limits. Multifamily Tax Subsidy Projects (MTSP) Income Limits were developed to meet the requirements established by the Housing and Economic Recovery Act of 2008 (Public Law 110-289) that allows project rents to increase over time. The MTSP Income Limits are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under section 42 of the Internal Revenue Code.

While the Permanent Supportive Housing criterion previously offered 100 bonus points to applicants, we have concluded that the bonus points have no measurable impact on the selections. After a careful evaluation of past scoring, we found that the developments that received the bonus points would still have been selected without them. Therefore, we are dropping the bonus points.

Several important clarifications were made to the People with Disabilities criterion, which includes creating a preference for serving people with disabilities who are moving from segregated settings. Developments with units designated for people with disabilities need to be an integrated setting, which is defined as no more than 25 percent of the units designated for people with disabilities.

- **Serves Lowest Income for Long Durations**. The three selection criteria that comprise this selection category are:
  - Serves Lowest Income
  - Rental Assistance
  - Long-term Affordability (newly added in the 2019 QAP)

  The Serves Lowest Income criterion is revised to focus solely on rents affordable to tenants with incomes at or below 50 percent of MTSP Income Limits. We further adjusted the criterion by requiring a 10-year commitment, when the 10-year commitment had previously been an option to get additional points.

  Rental assistance is critical for serving very low-income populations, and the 2019 QAP made several important adjustments. First, all rental assistance points are consolidated into this selection criterion. Previously, they were co-mingled in other selection criteria, such as Permanent Supportive Housing for High Priority Homeless or People with Disabilities. The notable changes are: (1) adding an additional tier to the category to include projects with a smaller percentage of units with rental assistance;, and (2) providing additional points for developments that target rental assistance to households with incomes at or below 30 percent of MTSP Income Limits.

- **Areas of Opportunity – Location Efficiency**. We made several modifications to the Location Efficiency selection criterion in an effort to streamline and enhance scoring clarity. First, we better define Greater Minnesota geographies for scoring purposes and align these definitions with the Minnesota Department of Transportation (MnDOT) Transit Investment Plans. There are now two transit categories in Greater Minnesota:
  - Urbanized areas with fixed route transit services.
  - Rural and small urban areas with access to designed stops, route deviation service or dial-a-ride.

  In the Twin Cities Metropolitan area, we eliminated the criterion related to Transit Oriented Development (TOD) building design but moved the two points previously available under that criterion to the Access to Transit criterion.

- **Preservation**. We eliminated the requirement that developments be located in a Preservation Priority Area, and we added the following requirements and clarifications for two of three risk categories:

  - Risk of loss due to market conversion. This risk of loss has been updated to require evidence from one or more of the following:
    - An appraisal commissioned by Minnesota Housing within one year of the application date.
    - For properties with Section 8 contracts, a Rent Comparability Study that is acceptable to Minnesota Housing, meets HUD standards, and is completed within one year of the application date.
    - A market study commissioned by Minnesota Housing, paid for by the developer, and completed within one year of the application date.

  - Risk of loss due to ownership capacity/program commitment. The expanded acceptable circumstances include:
    - Properties acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the Housing Assistance Payment (HAP) contract was provided.
    - Properties acquired from an unrelated party within three years of the application date as a result of a PARIF Right of First Refusal being exercised.
    - Properties where the current or previous owner intends (or intended) to allow a USDA Rural Development mortgage to mature and has (or had) turned down offers to re-amortize the mortgage. An application must occur within five years of the maturity date and within three years of acquisition by a new party.

  Federally assisted projects will now be awarded points only for the percentage of units that are assisted, rather than the absolute number of units that are assisted. This will prioritize projects with a greater percentage of assisted units and will result in a more efficient use of resources.

- **Efficient Use of Resources/Leverage**. We value the contributions made by other governmental and philanthropic funding partners, but previously scored these contributions under two distinct selection categories - Community and Economic Development and Efficient Use of Scarce Resources. Combining similar commitments into a newly-named selection category (Financial Readiness to Proceed/Leverage) enhances scoring clarity and underscores the critical financial impact other funding partners have on the development.

  The category now includes both direct funding contributions and other types of contributions (land donation, fee waivers) from federal, local or philanthropic partners. All previously scored elements from Federal/Local/Philanthropic Contributions in the Community and Economic Development selection category have been consolidated, retained and integrated into this newly-named selection category.

At-A-Glance 2019 QAP Changes

Greatest Need – Tenant Targeting

- Large Family Housing
  - Removed Single Room Occupancy (SRO) points; but points are still available under rental assistance for serving households with incomes at or below 30 percent MTSP Income Limits
  - Reduced points for Large Family Housing; with the SRO category being dropped, the points for large families needed to be recalibrated
- Permanent Supportive Housing for High Priority Homeless[1]
  - Streamlined language to support use of the Coordinated Entry delivery system
  - Eliminated bonus points but increased general points for homelessness to maintain the incentive to serve this population
- People with Disabilities
  - Added preference for individuals moving from segregated settings

Serves Lowest Income for Long Durations

- Serves Lowest Income
  - Added requirement that developments that choose this option and restrict rents to 50 percent of MTSP Income Limits must provide a 10-year commitment. Previously the 10-year commitment was optional for additional points
  - Dropped points for units with rents further restricted to 30 percent MTSP Income Limits; consolidated incentive to serve households at 30 percent of MTSP Income Limits in Rental Assistance criterion
- Rental Assistance (RA)
  - Consolidated RA points into one category (points were previously available in Permanent Supportive Housing and People with Disabilities)
  - Added a lower tier point category for developments with 5-10 percent of units with RA
  - Added a new criterion that provides points for the percentage of units serving households with incomes at or below 30 percent MTSP Income Limits
  - Increased the overall points available under RA
- Long-term Affordability - NEW
  - Added new points for 35- or 40-year extended affordability

[1] Families with children, youth (including youth with families or single youth), and single adults.

Areas of Opportunity

- Economic Integration
- Higher Performing Schools
- Workforce Housing Communities
- Location Efficiency
    - Eliminated points for transit-oriented development building design in the Twin Cities metropolitan area and moved these points to Access to Transit
    - Aligned the criterion's definitions with the MnDOT transit investment plan and reclassified Greater Minnesota into two geographies: urbanized and rural/small urban areas
        - Better defined urbanized areas with access to fixed routes
        - Better defined rural/small urban areas with access to designated stops, demand-response service, or dial-a-ride
    - Removed proximity to jobs threshold under the Greater Minnesota category

Community and Economic Development

- Planned Community Development
    - Required plan to be dated or amended within seven years
    - Defined documentation required to support the plan
    - Eliminated the requirement for a local official support letter
- Qualified Census Tracts – Low Income Communities
- Eventual Tenant Ownership
- Rural/Tribal
- Minority-owned and Women-owned Business Enterprise
    - Added eligibility for non-profit corporations
- Federal/Local/Philanthropic Contributions
    - Moved to Efficient Use of Scarce Resources

Preservation

- Thresholds: Risk of loss due to market conversion, critical physical needs or ownership capacity/program commitment
    - Eliminated requirement to be in a Preservation Priority Area
    - Clarified risk of loss due to market conversion requirements
    - Clarified risk of loss due to ownership capacity requirements.
- Scoring
    - Based points on the percentage of units assisted, rather than the absolute number of units assisted

Efficient Use of Resources/Leverage

- Financial Readiness to Proceed/Leveraged Funds
  - Provided a list of eligible sources including clarification regarding supporting documentation for: Tax Increment Financing (TIF), Historic Tax Credits, deferred loans, below-market interest rate loans, grants and donations, and grants from nonprofit organizations converted to deferred loans
- Other Contributions
  - Removed duplicate funding sources included in the Financial Readiness criterion. Remaining contributions listed are sources that reduce development costs and are not reflected in the sources and uses budget, such as land donation or SAC/WAC fee waivers
- Intermediary Costs
- Cost Containment

Building Characteristics

- Universal Design
  - Eliminated one options feature because it is already a code requirement (braille on interior signage)
- Smoke-Free Buildings
- High Speed Internet
  - Eliminated because it is now required in our design standards

Test Cases for Scoring Changes

After streamlining and modifying the selection criteria, we recalibrated the overall pointing by running dozens of test cases (primarily 2017 tax credit applications) through multiple point scenarios, with the goal of minimizing the change in the total points that a project would receive and that project's final ranking in the selection process. In the end, more than half the test cases had a change in their overall score of three points or less when we ran these development through the scoring and point changes that we are recommending in the 2019 QAP.

The following examples reflect test cases using the point structure that we are recommending. The summary for each test case focuses just on those selection criteria that had the largest changes. The analysis excludes the additional three to seven points that will be available to developments that extend their affordability period to 35 or 40 years. All developments will be eligible for these points.

Test Development #1

50 one-bedroom units of permanent supportive housing for high priority homeless with incomes at or below 30 percent of MTSP Income Limits; all the units have rent assistance

Category	Impact
SRO (deleted)	**Lose 10 points** with the elimination of the SRO scoring criterion
Permanent Supportive Housing	**Gain 10 points** because the points for the top tier (50 percent to 100 percent of the units are PSH) increases from 10 to 20 points
Rent Assistance	**Gain 5 points** overall. There are two changes: (1) Lose 2 points because the points awarded based on the number of rent assistance units are reduced, and (2) gain 7 points because a new scoring criterion is added based on the share of units with rent assistance
Other	**Lose 3 points** from a few small changes
Total Change	**Gain 2 points**

Test Development #2

35 units in Greater Minnesota with 29 of the units having two or more bedroom units and 4 units with rent assistance and permanent supportive housing

Category	Impact
Large Family	**Lose 5 points** because the points are reduced from 10 to 5
Permanent Supportive Housing	**Gain 3 points** because the points for the middle tier (10.0% to 49.9% of the units are PSH) increases from 7 to 10 points
Rent Assistance	**Gain 3 points** because a new scoring criterion is added based on the share of units with rent assistance
Other	**0 point change** because a few small changes offset each other
Total Change	**Gain 1 point**

Preservation Analysis

Preservation of Federally Assisted Units

We made a significant change to the 2019 Preservation scoring criterion by basing the points just on the share of units with federal assistance rather than on both the number and share of units, as the 2018 QAP does. The following grid summarizes the effect of that change after we recalibrated the scoring.

The rows show three different sized buildings and the columns show three different shares of units with federal assistance, for a total of nine test cases. Seven of the nine cases have a change of three points or fewer. The largest scoring changes, which are all increases, occur for the developments with 100 percent federal assistance because the new scoring is focused just on the share of units with federal assistance. It is more cost efficient to preserve two 40-unit buildings each with 100 percent assistance (preserving 80 units of assistance), than one 80-unit building with 50 percent assistance (40 units of assistance), assuming the rehabilitation costs per unit are the same for each development.

	Share of Units with Rent Assistance		
	50%	**75%**	**100%**
40-Unit Building	20 assisted units • **2018 QAP = 9 points** o Share = 8 points o Number = 1 point • **2019 QAP = 10 points**	30 assisted units • **2018 QAP = 13 points** o Share = 12 points o Number = 1 point • **2019 QAP = 15 points**	40 assisted units • **2018 QAP = 23 points** o Share = 20 points o Number = 3 points • **2019 QAP = 30 points**
60-Unit Building	30 assisted units • **2018 QAP = 9 points** o Share = 8 points o Number = 1 point • **2019 QAP = 10 points**	45 assisted units • **2018 QAP = 15 points** o Share = 12 points o Number = 3 points • **2019 QAP = 15 points**	60 assisted units • **2018 QAP = 23 points** o Share = 20 points o Number = 3 points • **2019 QAP = 30 points**
80-Unit Building	40 assisted units • **2018 QAP = 11 points** o Share = 8 points o Number = 3 points • **2019 QAP = 10 points**	60 assisted units • **2018 QAP = 15 points** o Share = 12 points o Number = 3 points • **2019 QAP = 15 points**	80 assisted units • **2018 QAP = 27 points** o Share = 20 points o Number = 7 points • **2019 QAP = 30 points**

2019 Housing Tax Credit Self-Scoring Worksheet

9% Housing Tax Credits or

Updated May 2017

Development Name: _____

Development Number (D Number): _____

Application Number (M Number): _____

Development Location: _____

Development City: _____

Basic Requirements

Strategic Priority Policy Threshold:

A. All projects, must meet at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the State of Minnesota Housing Tax Credit Qualified Allocation Plan (QAP) in order to apply for Housing Tax Credits (HTC).

Minimum Point Requirements:

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered tax credits from the state's tax credit volume cap must demonstrate the project is eligible for not fewer than 70 points, excluding projects funded through the Rural Development/Small Projects Set-Aside.

B. Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the HTC Program Procedural Manual, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.

Documentation of Points:

A. Indicate the scoring criteria expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. **In addition to the self-scoring worksheet the applicant must submit a separate detail sheet and documentation that clearly supports the points claimed. Minnesota Housing will determine the eligible points; points will not be awarded unless documentation is provided along with the application to justify the points claimed.**

Extended Duration:

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered tax credits from the state's tax credit volume cap must maintain the duration of low-income use for a minimum of 30 years. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

Design Standards:

A. The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if Large Family Housing points are claimed/awarded or points are claimed/awarded that require specific design elements (e.g. Universal Design).

A Declaration of Land Use Restrictive Covenants:

A. Covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.

Affirmative Fair Housing:

A. Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

Round 1 – Minimum Threshold Requirements

For applications submitted in Round 1, all applicants statewide must meet one of the following threshold types. Please indicate the threshold item you meet:

A. In the Metropolitan Area:

1. ☐ New construction or substantial rehabilitation in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75% of the total tax credit units are single room occupancy units with rents affordable to households whose income does not exceed 30% of the area median income (AMI).

2. ☐ New construction or substantial rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75% of the total tax credit units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. **OR**

3. ☐ Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

B. Outside the Metropolitan Area:

1. ☐ Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data such as a local council resolution submitted with the application. (For Threshold Letter – Sample Format, see the HTC Application Reference Materials section located on the Tax Credit page of Minnesota Housing's website.)

C. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons:

1. ☐ With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c).

2. ☐ With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended.

3. ☐ Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2.

4. ☐ With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); **OR**

5. ☐ With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

D. Preserve Existing Subsidized Housing

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

E. Rural Development:

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

Strategic Priority Thresholds

To be eligible for tax credits from the state's volume cap under Minnesota Housing's QAP, a developer must demonstrate that the project meets at least one of the following priorities.
Select all that apply.

A. Access to Fixed Transit:

1. ☐ Projects within one-half mile of a planned or existing LRT, BRT or commuter rail station.

B. Greater Minnesota Workforce Housing:

1. ☐ Projects in Greater Minnesota documenting all three of the following:
   a. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:
      i. That have experienced net job growth of 100 or more jobs,
      ii. With 15 percent or more of the workforce commuting 30 or more miles to work, or
      iii.. With planned job expansion documented by a local employer
   b. Employer Support
   c. Cooperatively Developed Plan: Projects that are consistent with a community-supported plan that addresses workforce housing needs.

C. Economic Integration:

1. ☐ Projects located in higher income communities (outside of rural/tribal designated areas) with access to low and moderate wage jobs, meeting either First or Second Tier Community Economic Integration as defined in the Areas of Opportunity category. This strategic priority must be selected to activate the Economic Integration criterion (Excel).

D. Tribal:

1. ☐ Projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities.

E. Planned Community Development:

1. ☐ Projects that contribute to Planned Community Development efforts, as defined in the Planned Community Development selection criterion to address locally identified needs and priorities in which local stakeholders are actively engaged. This strategic priority must be selected to activate the Planned Community Development selection criterion (Excel).

F. Preservation:

1. ☐ Projects that preserve existing federally assisted housing or other critical affordable housing projects must be eligible under the Preservation selection criterion. This strategic priority must be selected to activate the Preservation selection criterion (Excel).

G. Supportive Housing:

1. ☐ Projects that will serve people with disabilities or High Priority Homeless (HPH) households must be eligible under the Permanent Supportive Housing for High Priority Homeless selection criterion or the People with Disabilities selection criterion. This strategic priority must be selected to activate the High Priority Homeless or People with Disabilities selection criteria (Excel).

2019 HOUSING TAX CREDIT SELECTION CRITERIA
1. Greatest Need Tenant Targeting (2 to 39 points)

A. Large Family Housing (5 to 7 points):

1. **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The tenant selection plan must give preference to families with minor children. Select all that apply:

a. ☐ At least 75% of the total assisted[1] units contain two or more bedrooms. **(5 points)**

b. ☐ For Greater Minnesota proposals eligible for points under 1. a. above, at least one-third of the 75% contain three or more bedrooms. **(2 points)**

B. Permanent Supportive Housing for High Priority Homeless[2] (7 to 22 points):

1. A minimum of 5% (rounded up to the next full unit) of the total units, but no fewer than four units are set aside and rented to High Priority Homeless households prioritized for permanent supportive housing by the Coordinated Entry System[3] (HPH units). Select one and complete the unit count below:

a. ☐ 50% to 100%, but no fewer than 20 units **(20 points)**

b. ☐ 10% to 49.99%, but no fewer than 7 units **(10 points)**

c. ☐ 5% to 9.99%, but no fewer than 4 units **(7 points)**

High Priority Homeless: _____ Total Units
Families with Children: _____ Total Units
Youth Total: _____ Total Units
Youth with Children: _____ Total Units
Youth Singles: _____ Total Units
Single Adults: _____ Total Units

2. Proposals that serve High Priority Homeless in B. 1 above are eligible for this selection criterion if units will be available for populations consistent with local needs identified by the local

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[1] Assisted is defined as tax credit units for HTC applications and affordable units for deferred funding.
[2] **Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing High Priority Homeless category selection criterion for "Homeless Units".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and deferred loan documents recorded with the property.
[3] Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. [4] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

Continuum of Care. (Published Priorities are available on Minnesota Housing's website at: **[insert link]**)

a. ☐ 5% of units (rounded up to the next full unit) or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One **(2 points)**
Total Units: _____
Priority Type: _____
(Families with children, youth singles, youth with children or single adults)

EXCEL HELP TEXT:
Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for Permanent Supportive Housing for High Priority Homeless**.**

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

To be eligible for Permanent Supportive Housing for High Priority Homeless (HPH), the proposal must meet *all* of the following conditions:

1. The applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Multifamily Rental Housing Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist
2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available
3. Supportive Housing Threshold Criteria:
    a. Supportive Services: On-site service coordination and tenant engagement must be made available to all supportive housing residents. The level and type of services offered should be appropriate for the needs of the target population, with a minimum of tenant service coordination averaging two hours per household per week.
    b. Experienced service provider with demonstrated outcomes:
        i. At a minimum, the service provider has experience providing services to a similar population to maintain housing over a period of time, and has sufficient capacity to deliver the services proposed.
    c. Service funding commitments: At a minimum, a portion of service funding is secured for two years with a viable plan for securing the remaining resources. Evidence must be provided in the application narrative and commitment letters or other documentation.
        i. Developments with 5% to 9.99% HPH units must have secured at least 75% of service funding
        ii. Developments with 10% to 49.99% HPH units must have secured at least 20% of service funding
        iii. Developments with 50% to 100% HPH units must have secured at least 5% of service funding
    d. Coordinated Entry and serving highest need households: The property owner must agree to accept high priority households for the HPH supportive housing units through Coordinated Entry.

A proposal that claims points from this category and is selected to receive tax credits will be required to comply with the reporting requirements for Permanent Supportive Housing for High Priority Homeless, as defined by Minnesota Housing. The Tax Credit Declaration of Land Use Restrictive Covenants, including a specific Rider to the Declaration and Minnesota Housing Loan documents, will contain performance requirements related to these permanent supportive housing units for High Priority Homeless and will be recorded with the property.

C. People with Disabilities (7 to 10 points):

1. Select the number of units set aside for people with disabilities:

   a. ☐ 15% to 25% of units **(10 points)**

   b. ☐ 10% to 14.99% of units **(9 points)**

   c. ☐ 5% to 9.99%, but no fewer than four units **(7 points)**

Permanent housing proposals that are not restricted to persons of a particular age group and in which, for the term of the extended use period (Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons with any of the following disabilities[4]:

i. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c)
ii. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended
iii. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2
iv. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a)
v. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341

EXCEL HELP TEXT: Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for People with Disabilities.

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria may not be claimed for the same units. People with Disabilities criterion may not be claimed for a development where more than 25% of the units are targeted for permanent supportive housing.

[4] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

To be eligible under People with Disabilities, the proposal must meet all of the following conditions:

1. The applicant must submit the Supportive Housing narratives and any other forms and submittals identified in the Multifamily Rental Housing Common Application Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist.
2. The applicant must complete the required People with Disabilities Narrative and provide a signed Service Agreement.
    a. People with Disabilities Narrative: Complete the required narrative that demonstrates the applicant meets the following threshold criteria including: the target population of people with disabilities; the income limit restrictions for the units to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP)income limits; rent levels; outreach efforts; referral processes; verification of applicant disability; types of services provided to tenants; how the service entity communicates with property management; and plans for crisis intervention, eviction prevention and lease mitigation.
    b. Signed service agreement: Applicants can either complete the signature page (must be completed by both parties) attached to the People with Disabilities Narrative, or submit a separate signed service agreement.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.
4. The application must meet the following threshold criteria:
    a. Target population: The target population(s) of people with disabilities must be clearly defined in the narrative (e.g., mental illness, developmental disability, physical disability).
    b. Units are restricted to households with incomes at or below 30% MTSP income limits.
    c. Rent levels must be underwritten to the Supportive Housing Units underwriting standards outlined in the Multifamily Underwriting Standards if no rent assistance is available.
    d. Service Agreement: The property owner must have an agreement with the county or tribal human services office OR a designated service provider specifying:
        i. How they will provide outreach to the target population
        ii. How eligible applicants will be referred to the property management agent
        iii. That verification of applicant disability will be provided to the owner
        iv. The types of services appropriate to the population that will be made available with the goal of housing stability
        v. How services will be provided to tenants
        vi. How the service entity will communicate and coordinate with property management
        vii. Plans for crisis intervention, eviction prevention and lease mitigation

2. Serves Lowest Income for Long Durations (3 to 46 points)

A. Serves Lowest Income Tenants/Rent Reduction (8 to 13 points):

1. Eligibility is based on gross rent level, including utilities before rental assistance. Eligible units must have rents affordable to households whose incomes do not exceed 50% of MTSP income limits as published by HUD without rental assistance for a period of 10 years.

In addition to the elected income limit of 50% or 60% MTSP for the full term of the declaration (refer to the Minimum Set-Aside), the applicant agrees to maintain the deeper rent structuring for which selection points are requested.

This selection will restrict rents only (tenant incomes will not be restricted to the 50% or 30% income level by claiming points in this section).

a. ☐ 100% of the HTC unit rents representing _______ units affordable to households with incomes at the county 50% HUD MTSP income limit **(13 points)**

b. ☐ At least 50% of the HTC unit rents representing _______ units affordable to households with incomes at the county 50% HUD MTSP income limit **(8 points)**

NOTE: Serves Lowest Income and Rental Assistance selection criteria cannot be claimed for the same units.

Minnesota Housing will incorporate these restrictions into the Declaration of Land Use Restrictive Covenants and Minnesota Housing loan documents. The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Points are contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

IMPORTANT

If points are claimed/awarded for this category, all 50% rent restricted units must meet rents affordable at the 50% MTSP income for a minimum of 10 years after the last placed in service date for any building in the property. After the 10 year period has expired, rent may be increased to the 60% MTSP rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that a more restrictive threshold, selection priority or funding requirements do not apply.

YEAR	30% of 50% Rent Levels
1-10	30% of 50%
11	30% of 53%
12	30% of 57%
13	30% of 60%

B. Rental Assistance (3 to 26 points):

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

- New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
- Site-based Group Residential Housing and awards of project-based McKinney Vento Continuum of Care funding, will be considered project-based rental assistance.
- Privately funded rental assistance must demonstrate a commitment of a minimum of four years. Documentation must also contain language regarding the possibility of future renewals.
- A current request for Minnesota Housing Rental Assistance will not receive Rental Assistance points. A past award of existing Rental Assistance will be counted toward meeting the required percentages.

For developments that agree to set aside units and have the required binding commitment for the associated percentage of units with project based rental assistance units as follows. Select one option from a.-e. and, if applicable, select f.

a. ☐ 100% of the total units for project-based rental assistance **(15 points)**

b. ☐ Between 51.1% to 99.9% of the total units **(12 points)**

c. ☐ 20.1% but under to 51% of the total units **(9 points)**

d. ☐ 10.1% to 20% of the total units, with a minimum of four units **(6 points)**

e. ☐ 5% to 10% of the total units, with a minimum of four units **(3 points)**

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f. ☐ For selection components a-e above, if, in addition, the development agrees to provide the project-based rental assistance for a **minimum 10 years**. The owner must continue renewals of existing project-based housing subsidy payment contract(s). Applicant agrees that rents will remain at affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period. **(4 points)**

2. Projects that have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period**. Rental Assistance Commitment documentation should indicate that deeper income restrictions on project based units is allowable**[5]Select one:

   a. ☐ 5% to 25%, but no fewer than four units **(3 points)**

   b. ☐ 25.1% to 50% of units **(5 points)**

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[5] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Further restricted Rental Assisted units "FRRA Units."** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and deferred loan documents and recorded with the property.

c. ☐ 50.1% to 100% of units **(7 points)**

NOTE: Rental Assistance and Serves Lowest-Income Tenants/Rent Reduction selection criteria cannot be claimed for the same units.

NOTE: Rental Assistance selection criterion cannot be claimed if the development qualifies for or is claiming Existing Federal Assistance under the Preservation criterion. Rental assistance under the Rental Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible.

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

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

C. Long Term Affordability (3 to 7 points):

1. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for the period indicated below beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project. Select one:

   a. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 40 years**.** **(7 points)**

   b. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 35 years. **(3 points)**

3. Areas of Opportunity (1 to 28 points)

A. Economic Integration (2 to 9 points):

1. Projects that meet the requirements under economic integration include (select one):

   a. ☐ Provides the project economic integration by providing at least 25% but not greater than 80% of the total units representing _______ of units in the project as qualified

HTC assisted low-income units (does not include full-time manager or other common space units) **(2 points)**

b. Promotes economic integration for projects that are located in higher income communities that are close to jobs outside of Rural/Tribal Designated Areas. First and second tier economic integration areas are outside of racially and ethnically concentrated areas of poverty.

i. ☐ **First Tier -** The proposed housing is located in a first tier census tract **(9 points)**

ii. ☐ **Second Tier -** The proposed housing is located in a second tier census tract **(7 points)**

EXCEL HELP TEXT:

Select Economic Integration under Strategic Priority Threshold to enable the checkboxes for First and Second Tier.

The following resources on Minnesota Housing's website may be used to determine if the proposed housing is located in areas that meet the requirements under Economic Integration:
Economic integration area maps and census tract listing: **[insert link]**
Rural/Tribal Designated areas maps and census tract listing: **[insert link]**

Economic integration and Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

B. Access to Higher Performing Schools (4 points):

1. Projects serving families in locations that will provide access to higher performing schools must have at least 25% of total assisted units, with a minimum of 15 units, contain two or more bedrooms, and the owner agrees to market the units to families with minor children.

a. ☐ The proposed housing will serve families and is located in an area considered to have Access to Higher Performing Schools **(4 points)**

Enter number of units to be marketed to families with minor children:
2 Bedrooms: ______
3 Bedrooms: ______
4 Bedrooms: ______

Access to Higher Performing Schools area maps: **[insert link]**

Access to Higher Performing Schools Area map overlays in the community profiles interactive mapping tool: **[insert link]**

C. Workforce Housing Communities (3 to 6 points):

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce commuting long distances). Select one:

   a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**

   b. ☐ The proposed housing is in an Individual Employer Growth community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)**

   c. ☐ The proposed housing is in a Long Commute Community **(3 points)**

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

Top Job Centers, Net Five Year Job Growth communities, and Long Commute communities lists and maps: **[insert link]**

Proximity to workforce housing in the community profiles interactive mapping tool: **[insert link]**

D. Location Efficiency (1 to 9 points):

1. For Projects in the **Twin Cities metropolitan area**, indicate whether the project will promote location efficiency based on access to transit, walkability and transit oriented development.

   a. Access to Transit: To claim access to transit in the Twin Cities metropolitan area, a project must be (select one):

      i. ☐ Located within one half mile of a planned[6] or existing LRT, BRT, or commuter rail station **(7 points)**;

      ii. ☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network **(4 points)**

      iii. ☐ Located within one quarter mile of a high service[7] public transportation fixed route stop **(2 points)**;

[6] Includes planned stations on future transitways that are in advance design or under construction that meet the following criteria: issuance of a draft EIS, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advance design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

[7] High service fixed route stop is defined as those serviced from 6 am to 7 pm and with service approximately every half hour during that time.

iv. ☐ Located within one half mile of an express bus route stop **(2 points)**

v. ☐ Located within one half mile of a park and ride facility **(2 points)**

b. Walkability: To claim walkability in the Twin Cities metropolitan area, a project must meet the Access to Transit criterion described above, and be (select one):

i. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**

ii. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

2. For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census are places with populations greater than 50,000, and are defined by the Minnesota Department of Transportation (MnDOT)[8] as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

a. Urbanized Areas (population greater than 50,000)[9]:

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

1. ☐ Located within one quarter mile of a planned [10]or existing public transportation fixed route stop **(7 points)**;

2. ☐ Located between one quarter mile and one half mile of a planned or existing public transportation fixed route stop **(4 points)**;

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

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criterion described above, and be (select one):

[8] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment
[9] Eligible areas are those in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead and St. Cloud. These are the seven MnDOT identified fixed route transit systems for Greater Minnesota.
[10] For a Greater Minnesota planned stop to be claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

1. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**;

2. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

b. Rural and Small Urban Areas (population fewer than 50,000). For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service[11] is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

1. ☐ Located within one quarter mile of an existing or planned[12] designated stop that has service every 60 minutes OR served by demand response/dial-a-ride with no more than two hour advance notice. **(7 points)**

2. ☐ Located between one quarter mile and one half mile of an existing or planned designated stop that has service every 60 minutes OR served by demand response/dial-a-ride with prior day notice. **(4 points)**

3. ☐ The proposed housing has access to demand response/dial-a-ride service not meeting the scheduling terms above **(2 points)**

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criteria described above, and be (select one):

1. ☐ Located in an area with a Walk Score of 50 or more according to www.walkscore.com **(2 points)**

2. ☐ Located in an area with a Walk Score between 35 – 49 according to www.walkscore.com **(1 point)**

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[11] Applicants can find providers by county or city on MnDOT's website, https://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf

[12] For a Greater Minnesota planned stop to claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

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.

Access to transportation maps and census tract listings are found on Minnesota Housing's website: **[insert link]**

Community profiles interactive mapping tool: **[insert link]**

4. Supporting Community and Economic Development (1 to 18 points)

A. Planned Community Development (3 points):

1. ☐ Project contributes to Planned Community Development efforts, as defined in section 6.A of the HTC Program Procedural Manual, to address locally identified needs and priorities, in which local stakeholders are actively engaged. Comprehensive plans, land use plans and general neighborhood planning documents are not by themselves considered evidence of Planned Community Development. The plan or initiative or most recent amendment must be dated within seven years of the application. **(3 points)**

A qualifying plan or initiative can be created and approved by a wide variety of public and private local community development partners such as cities, counties, private foundations and public housing authorities. Plans local entities are required to produce, such as comprehensive and consolidated plans, are not by themselves considered evidence of Planned Community Development.

To be considered for Planned Community Development, an applicant must provide a narrative and backup documentation. The narrative must address the items below and include page numbers to direct where information is located in the backup documentation:

1. A list of various local stakeholders involved and their role.
2. The milestones or steps that have been completed, underway and planned. Include dates and stakeholders involved.
3. Key investments, in-kind or other financial commitments that have been made, or are pending, and are critical for implementation. Include dates for these commitments.
4. Affordable housing as a key strategy.
5. The Targeted Geographic area.

EXCEL HELP TEXT:
Select Planned Community Development under Strategic Priorities to enable checkboxes for Planned Community Development**.**

B. Eventual Tenant Ownership (1 point):

1. ☐ Projects with detached single-family units are eligible for homeowner conversion. The project owner must submit a preliminary conversion plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The plan must address the transfer of 100% of the HTC unit ownership after the end of the 15-year compliance period

from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership" entity) of the project to tenant ownership. **(1 point)**

The unit purchase price at time of sale must be affordable to buyers with incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant). The final conversion plan, to be submitted by the 15th year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and budget for capital improvements, and services including homeownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

The Declaration of Land Use Restrictive Covenants will contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units. (Refer to the Eventual Tenant Ownership (ETO) Guide and also to Chapter 3W of the HTC Program Procedural Manual for additional information.)

NOTE: Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period.

C. Rural/Tribal (10 points):

Points are awarded projects located in Rural/Tribal Designated Areas outside of the Twin Cities seven-county metropolitan area.

1. ☐ The proposed housing is located in a census tract eligible as a Rural/Tribal Designate Area outside of the Twin Cities seven-county metropolitan area. **(10 points)**

Rural/Tribal Designated Area maps and census tract listing: **[insert link]**

Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

The Federal/Local/Philanthropic Contributions selection criterion has been incorporated into new selection criterion 6B.Other Contributions in the Efficient Use of Scarce Resources and Leverage Category.

D. QCT/Community Revitalization and Tribal Equivalent Areas (1 point):

1. ☐ The proposed housing is located in a QCT Community Revitalization Area or a Tribal Equivalent Area **(1 point)**

To be eligible for the QCT/Community Revitalization criterion, the project must be located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and be part of a concerted plan that provides for community revitalization consistent with the definition described in the Planned Community Development selection criterion.

To be eligible for the Tribal Equivalent Areas criterion, the project must be located in one of the Tribal Equivalent Areas: **[insert link]**

Find these areas in the community profiles interactive mapping tool: **[insert link]**

E. Minority-owned/Women-owned Business Enterprise (MBE/WBE) (3 points):

1. ☐ The project sponsor, executive director of a non-profit, general contractor, architect, or management agent is a MBE/WBE[13], as certified by the owner. **(3 points)**

5. Preservation (6 to 30 points)

IMPORTANT NOTE: DUAL APPLICATION and PRE-APPLICATION REQUIRED.
Applicants **must submit a dual application**, as defined in the Multifamily RFP Guide, if the development contains 40 units or more.

Applicant **must provide the required Pre-Application 30 days prior to the application deadline for HTC Round 1 or Round 2**, as detailed in the HTC Program Procedural Manual Section 6.A. Failure to submit all required pre-application materials will result in rejection of the pre-application. Provide Minnesota Housing's "Preliminary Determination of Preservation Eligibility" letter with the application which should be consistent with threshold and items claimed below.

A. Thresholds: Applicants seeking Preservation points should read the descriptions and then select one of the following three Thresholds:

1. ☐ Risk of Loss Due to Market Conversion

   a. Expiration of contract/use-restrictions
      i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; OR
      ii. Existing tax credit developments eligible to exercise their option to file for a Qualified Contract, and have not previously exercised their option; AND
   b. Market for conversion evidenced by low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); AND
   c. Market for conversion evidenced by one or more of the following:
      i. An appraisal commissioned by Minnesota Housing within a year of the application date where the as-is unrestricted value is equal to or greater than the as-is restricted value; OR
      ii. For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers which was completed within a year of the application date that shows current rents are below comparable market rents; OR

[13] A MBE/WBE is a tribe or tribally-designated housing entity, or another entity which is at least 51% owned by one or more minority persons or women, and whose management and daily business operations are controlled by one or more minority persons or women who own it.

iii. A market study commissioned by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has comparable location, amenities and condition to convert to market rate; AND

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

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

2. ☐ Risk of Loss Due to Critical Physical Needs

   a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the tax credit placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units; AND
   b. Critical physical needs identified by third party assessment to support the following conclusions:
      i. Repair/replacement of major physical plant components have been identified that will result in 15+ years sustained operations; AND
      ii. Identified scope of critical physical needs exceeds the available reserves by at least $5,000 per unit, as evidenced by the Three Year Critical Needs Model;

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

   a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the tax credit placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units; AND
   b. One of four conditions exist:
      i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, on-going lack of compliance with lenders or terms of federal assistance, or self-determination by non-profit board are severe enough to put the property at significant risk of not remaining decent, safe and affordable. Ownership must be transferred to an unrelated party; OR
      ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the HAP contract had been submitted to Minnesota Housing; OR
      iii. The property has been or will be acquired from an unrelated party within 3 years of the application date as a result of a PARIF Right of First Refusal being exercised; OR

iv. The acquisition of a property with USDA Rural Development rental assistance has occurred or will occur when the current or previous owner intends or intended to allow the existing USDA Rural Development mortgage to mature, and has turned down offers from USDA Rural Development to reamortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

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

EXCEL HELP TEXT
Select Preservation under Strategic Priorities to enable checkboxes for Preservation**.**
For projects meeting one of the three thresholds above, choose points under either Existing Federal Assistance or Critical Affordable Units at Risk of Loss below.

B. Scoring:

Existing Federal Assistance (5 to 30 points):
Definition: Any housing receiving project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), NAHASDA or other program that is not scheduled to sunset or expire. Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration program, Component 2 (RAD 2) are eligible. Such assistance must have been committed to the property 15 years prior to the year of application.

Owner will continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for "good cause," the owner will not evict existing subsidized residents and must continue to renew leases for those residents. Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through an 8bb transfer) should count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

Select an option from either a. or b. below.

a. Existing Federally Assisted Units:

i. ☐ 100% of units are federally assisted **(30 points)**

ii. ☐ 75.01% - 99.99% of units are federally assisted **(22 points)**

iii. ☐ 50.01 - 75% of units are federally assisted **(15 points)**

iv. ☐ 25.01% - 50% of units are federally assisted **(10 points)**

v. ☐ Less than 25% of units are federally assisted **(5 points)**

b. Partially assisted projects with Existing Federally Assisted Units in Economic Integration census tracts:

i. ☐ 75.01 - 99.99% of units are federally assisted **(30 points)**

ii. ☐ 25.01 - 75% of units are federally assisted **(20 points)**

iii. ☐ Less than 25% of units are federally assisted **(10 points)**

OR

2. **Critical Affordable Units at Risk of Loss (6 points)**

   a. ☐ Any housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income. Includes existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), tax credit units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph 1. above (e.g., 202, 236) or other programs limiting income and rent restrictions as stated above.

   AND

   You must also claim and be eligible under Serves Lowest Income Tenants/Rent Reduction criterion. **(6 points)**

EXCEL HELP TEXT:
Projects must select one of the three Risk of Loss thresholds above to activate options in Preservation Selection Priority.

6. Efficient Use of Scarce Resources and Leverage (1 to 38 points)

A. Financial Readiness to Proceed/Leveraged Funds (4 to16 points):

1. Applicants who have secured funding commitments for one or more permanent funding sources at the time of application, except 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) are only included if obtained in a previous funding cycle/round.

   Calculate your total using the formula below, and then select the appropriate option. The calculation must exclude first mortgage financing and any anticipated proceeds from the current tax credit request.

   Total eligible funding secured, awarded or committed (excluding first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current tax credit request, and sales tax rebate[14]) **$______divided by Total Development Cost** (excluding first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current tax credit request, and sales tax rebate) **$______ equals Percentage of Funds Committed ______% (round to nearest tenth):**

[14] Sales tax rebate, for the purpose of this scoring category, should be calculated as 40% of the construction contract amount multiplied by the local tax rate for the area where the project is located.

a. ☐ 70% or more of funding secured, awarded or committed[15] **(16 points)**

b. ☐ 60% to 69.9% of funding secured, awarded or committed **(14 points)**

c. ☐ 50% to 59.9% of funding secured, awarded or committed **(12 points)**

d. ☐ 40% to 49.9% of funding secured, awarded or committed **(10 points)**

e. ☐ 30% to 39.9% of funding secured, awarded or committed **(8 points)**

f. ☐ 20% to 29.9% of funding secured, awarded or committed **(6 points)**

g. ☐ 10% to 19.9% of funding secured, awarded or committed **(4 points)**

h. ☐ 9.9% and below of funding secured, awarded or committed **(0 points)**

The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount, 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 acceptable.

Financial Readiness/Leverage Funding Commitments include:

- Syndication proceeds due to previously awarded tax credits: 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 that 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
- Monetary grants/donations
- Amortizing first mortgage incorporates tax abatement for properties with a first mortgage
- Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application, including a letter from the city and a city council resolution, indicating its intention to provide TIF assistance and the anticipated amount and term. The documentation should include the TIF analysis from the city or its consultant.
- Deferred loans with a minimum 30-year term with an interest rate at or below the Applicable Federal Rate (AFR)
- Grants from nonprofit charitable organizations converted to deferred loans with a minimum 30-year term that is with an interest rate at or below the AFR. Award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the

[15] Projects that have both a numerator and denominator equal to zero are eligible to claim 70 % or more of funding secured, awarded or committed.

contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.

- Historic Tax Credits: In addition to the commitment documentation, at the time of application provide written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance.
- Funder commitments to modify existing debt including: debt forgiveness; approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.
- Deferred developer fee: The applicant must provide the required commitment documentation and provide evidence of repayment within 10 years by the projected cash flow.

B. Other Contributions (2 to 10 points):

1. For projects that receive contributions referenced below from the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization. Calculate your total using the formula below, and then select the appropriate option.

   Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by 1) nonprofit charitable organizations pursuant to a funding competition; 2) local units of government; or 3) tribal governments or tribally designated housing entities.

   Total "Other" non-funding contributions from federal/local/philanthropic sources $_____ divided by Total Development Cost $_____ equals (rounded to the nearest tenth):

   a. ☐ 20.1% and above **(10 points)**

   b. ☐ 15.1 to 20% **(8 points)**

   c. ☐ 10.1 to 15% **(6 points)**

   d. ☐ 5.1 to 10% **(4 points)**

   e. ☐ 2.1 to 5% **(2 points)**

   f. ☐ 0 to 2 % **(0 points)**

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

The documentation must state the amount, terms and conditions and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable. Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.

Other Contributions include:

- Land donation or city write-down of the development site
- In-kind work and materials donated at no cost
- Local government donation/waiver of project specific costs, assessments or fees (e.g., SAC/WAC)
- Reservation land not subject to local property taxes calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the LURA)
- Reservation land with long-term low cost leases
- Funder commitments to modify existing debt including: forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.

C. Intermediary Costs (1 to 6 points):

1. Projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For selected projects, this percentage will be enforced at the time of closing for deferred loans or at issuance of the IRS Form 8609 for HTC developments. Calculate your total using the formula below, and then select the appropriate option.

   Intermediary cost amount $______ divided by Total Development Costs $______ Equals Intermediary Percentage ______% (rounded to the nearest tenth):

   a. ☐ 0.0 to 15% **(6 points)**

   b. ☐ 15.1 to 20% **(3 points)**

   c. ☐ 20.1 to 25% **(2 points)**

   d. ☐ 25.1 to 30% **(1 point)**

   e. ☐ 30.1% and over **(0 points)**

D. Cost Containment (6 points):

1. 50% of developments with the lowest costs within each development type/location group will receive points (subject to the methodology described in Cost Containment Methodology. Applicants may claim these points and Minnesota Housing will make point reductions following its review of costs for all applications in the funding round. **(6 points)**

   A different process occurs for the second round of 9% tax credit selections. For each of the four competition groups, the cost per unit of the proposal at the 50th percentile in Round 1 will determine the cut-off point or threshold for receiving points in Round 2.

NOTE: Proposals that believe they have contained their costs should select these points. Only proposals that claim cost containment points on the Self-Scoring Worksheet and are awarded points through the process described above will receive cost containment points.

CAUTION: If a project receives points under this criterion, failure to keep project costs under the applicable cost threshold will be considered an unacceptable practice and will result in negative four points being awarded in all of the applicant's tax credit submissions in the next funding round in which submissions are made. If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points.

Cost Containment Methodology: **[insert link]**

7. Building Characteristics (1 to 4 points)

A. Universal Design (3 points):

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

2. Select one:
   a. ☐ An elevator building with 100% of assisted units meeting the definition of a Universal Design Unit **(3 points)**; **OR**

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

Minimum Essential Universal Design Features:

- At least one bedroom or space that can be converted to a bedroom (without changing door locations for new construction or adaptive re-use) on an accessible level and connected to an accessible route, or efficiency units (without a bedroom) on an accessible level and connected to an accessible route
- 42" minimum hallways within a unit for new construction or adaptive re-use
- At least one three quarter bathroom on an accessible level with five foot open radius for new construction or adaptive re-use, and clear floor space of 30" x 48" for rehabilitation
- Lever handles on all doors and fixtures
- Provide wall blocking in all tub and shower areas for new construction or adaptive re-use, and for rehabilitation if showers are being replaced
- Door thresholds flush with the floor with maximum threshold height of ½" beveled or ¼"square edged
- Kitchen and laundry appliances have parallel approach clear floor space with all controls within maximum height of 48". Range controls must have lockout feature. Stackable laundry units with a maximum reach range of 54" will meet this requirement
- Kitchen sink area 30" wide minimum with cabinet panel concealing piping or a removable base cabinet

- All common spaces and amenities provided in the housing development located on an accessible route
- For new construction or adaptive re-use, deck or patio spaces have a step-less transition from dwelling unit meeting door threshold requirements, with decking gaps no greater than ¼”
- Universal Design features are incorporated in an aesthetic, marketable, non-institutional manner

Optional Features:

- High contrast finish selections that include floor to wall transitions, top treads of stairs, counters and adjacent flooring and walls
- Single lever, hands free or touch faucets
- At least 50% of kitchen storage space within reach range. This can include pull-out shelves, full extension glide drawers or pantry design
- A variety of work surface heights in kitchen and one five foot open radius
- Roll under vanity or sink in 25% of Universal Design qualifying units, rounded up to the nearest whole number
- Cabinet hardware with “D” type pull handles or operation for people with limited dexterity
- Zero threshold shower or transfer space at tub is provided for minimum of half the qualifying Universal Design units, rounded up to the nearest whole number
- Slip resistant flooring in kitchens and baths
- Toilets provided with seats 17”– 19” from the floor
- Windows are provided with maximum sill height of 36”, parallel clear floor space and locks/operating mechanism within 48” and easily operable with one hand. Sidelight or view window at main entry door from a seated position
- Thermostats designed for visually impaired or ability to monitor and operate with electronic device such as a tablet computer
- Closet storage is adjustable in a majority of the closets provided
- Audio/visual doorbell
- Covered entry with adequate lighting and interior or exterior bench space for parcels or groceries
- Lettering and numbering with all characters and symbols contrasting with their background
- Parking spaces provided for at least 50% of Universal Design qualifying units, rounded up to the nearest whole number, with a five foot wide adjacent auxiliary space connected to accessible route
- Residential elevator or chair lift space structured for future use in multiple level homes
- Enterprise Green Communities Model Specifications are used for applicable sections for the Universal Design qualifying units
- On-site physical activity is provided for in a fitness area, biking or walking path or community garden
- Other modifications that make units livable for disabled populations, as demonstrated by credible evidence provided in the application, and at the sole discretion of Minnesota Housing

B. Smoke Free Buildings (1 point):
The projects will institute and maintain a written policy[16]* prohibiting smoking in all the units and all common areas within the building/s of the project. The project must include a non-smoking clause in the lease for every household. Projects awarded a point in this scoring criteria will be required to maintain the smoke-free policy for the term of the declaration. **(1 point)**

8. Unacceptable Practices (4 to -25 points)

Minnesota Housing will impose penalty points for unacceptable practices as identified in Chapter 2.G. of the HTC Program Procedural Manual.

Total Points

TOTAL DEVELOPER CLAIMED POINTS:

TOTAL MINNESOTA HOUSING AWARDED POINTS:

Signatures

Under penalty of perjury, owner hereby certifies the information provided herein is true and accurate.

Name of Owner: ____________________

____

By (Signature): ____________________

Of (Name of Legal Entity): ____________________

Its (Title) (Managing General Partner):

Print or Type Name of Signatory:

NOTE: During the competition process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant/owner. In addition, applications funded under the Joint Powers Agreement must also comply with the suballocators selection criteria defined in their Qualified Allocation Plan.

[16] The written policy must be submitted with the application and should include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by the owner but must be included in the written policy.

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2019 Housing Tax Credit Self-Scoring Worksheet

4% Housing Tax Credits

Updated May 2017

Development Name: ______

Development Number (D Number): ______

Application Number (M Number): ______

Development Location: ______

Development City: ______

Basic Requirements

Strategic Priority Policy Threshold:

A. All projects must meet at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the State of Minnesota Housing Tax Credit Qualified Allocation Plan (QAP) in order to apply for Housing Tax Credits (HTC).

Minimum Point Requirements:

A. Request for tax credits in association with Tax Exempt Bonds must demonstrate the project is eligible for no fewer than 40 points.

B. Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the HTC Program Procedural Manual, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.

Documentation of Points:

A. Indicate the scoring criteria expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. **In addition to the self-scoring worksheet the applicant must submit a separate detail sheet and documentation that clearly supports the points claimed. Minnesota Housing will determine the eligible points; points will not be awarded unless documentation is provided along with the application to justify the points claimed.**

Extended Duration:

A. Request for tax credits in association with Tax Exempt Bonds, with the exception of those with applications for non-competitive tax credits in association with Tax Exempt Bonds submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016, must maintain the duration of low-income use for a minimum of 20 years, or longer if a longer duration is selected. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of a minimum of 20 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

Design Standards:

A. The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if Large Family Housing points are claimed/awarded or points are claimed/awarded that require specific design elements (e.g. Universal Design).

A Declaration of Land Use Restrictive Covenants:

A. Covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.

Affirmative Fair Housing:

A. Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

Round 1 – Minimum Threshold Requirements

For applications submitted in Round 1, all applicants statewide must meet one of the following threshold types. Please indicate the threshold item you meet:

A. In the Metropolitan Area:

1. ☐ New construction or substantial rehabilitation in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75% of the total tax credit units are single room occupancy units with rents affordable to households whose income does not exceed 30% of the area median income (AMI).

2. ☐ New construction or substantial rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75% of the total tax credit units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. **OR**

3. ☐ Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

B. Outside the Metropolitan Area:

1. ☐ Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data such as a local council resolution submitted with the application. (For Threshold Letter – Sample Format, see the HTC Application Reference Materials section located on the Tax Credit page of Minnesota Housing's website.)

C. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons:

1. ☐ With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c).

2. ☐ With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended.

3. ☐ Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2.

4. ☐ With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); **OR**

5. ☐ With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

D. Preserve Existing Subsidized Housing

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

E. Rural Development:

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

Strategic Priority Thresholds

To be eligible for tax credits from the state's volume cap under Minnesota Housing's QAP and non-competitive tax credits a developer must demonstrate that the project meets at least one of the following priorities.
Select all that apply.

A. Access to Fixed Transit:

1. ☐ Projects within one-half mile of a planned or existing LRT, BRT or commuter rail station.

B. Greater Minnesota Workforce Housing:

1. ☐ Projects in Greater Minnesota documenting all three of the following:
    a. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:
        i. That have experienced net job growth of 100 or more jobs,
        ii. With 15 percent or more of the workforce commuting 30 or more miles to work, or
        iii.. With planned job expansion documented by a local employer
    b. Employer Support
    c. Cooperatively Developed Plan: Projects that are consistent with a community-supported plan that addresses workforce housing needs.

C. Economic Integration:

1. ☐ Projects located in higher income communities (outside of rural/tribal designated areas) with access to low and moderate wage jobs, meeting either First or Second Tier Community Economic Integration as defined in the Areas of Opportunity category. This strategic priority must be selected to activate the Economic Integration criterion (Excel).

D. Tribal:

1. ☐ Projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities.

E. Planned Community Development:

1. ☐ Projects that contribute to Planned Community Development efforts, as defined in the Planned Community Development selection criterion to address locally identified needs and priorities in which local stakeholders are actively engaged. This strategic priority must be selected to activate the Planned Community Development selection criterion (Excel).

F. Preservation:

1. ☐ Projects that preserve existing federally assisted housing or other critical affordable housing projects must be eligible under the Preservation selection criterion. This strategic priority must be selected to activate the Preservation selection criterion (Excel).

G. Supportive Housing:

1. ☐ Projects that will serve people with disabilities or High Priority Homeless (HPH) households must be eligible under the Permanent Supportive Housing for High Priority Homeless selection criterion or the People with Disabilities selection criterion. This strategic priority must be selected to activate the High Priority Homeless or People with Disabilities selection criteria (Excel).

2019 HOUSING TAX CREDIT SELECTION CRITERIA
1. Greatest Need Tenant Targeting (2 to 39 points)

A. Large Family Housing (5 to 7 points):

1. **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The tenant selection plan must give preference to families with minor children. Select all that apply:

a. ☐ At least 75% of the total assisted[1]units contain two or more bedrooms. **(5 points)**

b. ☐ For Greater Minnesota proposals eligible for points under 1. a. above, at least one-third of the 75% contain three or more bedrooms. **(2 points)**

B. Permanent Supportive Housing for High Priority Homeless[2] (7 to 22 points):

1. A minimum of 5% (rounded up to the next full unit) of the total units, but no fewer than four units are set aside and rented to High Priority Homeless households prioritized for permanent supportive housing by the Coordinated Entry System[3] (HPH units). Select one and complete the unit count below:

a. ☐ 50% to 100%, but no fewer than 20 units **(20 points)**

b. ☐ 10% to 49.99%, but no fewer than 7 units **(10 points)**

c. ☐ 5% to 9.99%, but no fewer than 4 units **(7 points)**

High Priority Homeless: _____ Total Units
Families with Children: _____ Total Units
Youth Total: _____ Total Units
Youth with Children: _____ Total Units
Youth Singles: _____ Total Units
Single Adults: _____ Total Units

2. Proposals that serve High Priority Homeless in B. 1 above are eligible for this selection criterion if units will be available for populations consistent with local needs identified by the local Continuum of Care. (Published Priorities are available on Minnesota Housing's website at: **[insert link]**)

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[1] Assisted is defined as tax credit units for HTC applications and affordable units for deferred funding.
[2] **Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing High Priority Homeless category selection criterion for "Homeless Units".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and deferred loan documents recorded with the property.
[3] Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. [4] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

a. ☐ 5% of units (rounded up to the next full unit) or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One **(2 points)**

Total Units: ______

Priority Type: ______

(Families with children, youth singles, youth with children or single adults)

EXCEL HELP TEXT:

Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for Permanent Supportive Housing for High Priority Homeless**.**

NOTE:

Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria cannot be claimed for the same units.

To be eligible for Permanent Supportive Housing for High Priority Homeless (HPH), the proposal must meet *all* of the following conditions:

1. The applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Multifamily Rental Housing Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist
2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available
3. Supportive Housing Threshold Criteria:
    a. Supportive Services: On-site service coordination and tenant engagement must be made available to all supportive housing residents. The level and type of services offered should be appropriate for the needs of the target population, with a minimum of tenant service coordination averaging two hours per household per week.
    b. Experienced service provider with demonstrated outcomes:
        i. At a minimum, the service provider has experience providing services to a similar population to maintain housing over a period of time, and has sufficient capacity to deliver the services proposed.
    c. Service funding commitments: At a minimum, a portion of service funding is secured for two years with a viable plan for securing the remaining resources. Evidence must be provided in the application narrative and commitment letters or other documentation.
        i. Developments with 5% to 9.99% HPH units must have secured at least 75% of service funding
        ii. Developments with 10% to 49.99% HPH units must have secured at least 20% of service funding
        iii. Developments with 50% to 100% HPH units must have secured at least 5% of service funding
    d. Coordinated Entry and serving highest need households: The property owner must agree to accept high priority households for the HPH supportive housing units through Coordinated Entry.

A proposal that claims points from this category and is selected to receive tax credits will be required to comply with the reporting requirements for Permanent Supportive Housing for High

Priority Homeless, as defined by Minnesota Housing. The Tax Credit Declaration of Land Use Restrictive Covenants, including a specific Rider to the Declaration and Minnesota Housing Loan documents, will contain performance requirements related to these permanent supportive housing units for High Priority Homeless and will be recorded with the property.

C. People with Disabilities (7 to 10 points):

1. Select the number of units set aside for people with disabilities:

   a. ☐ 15% to 25% of units **(10 points)**

   b. ☐ 10% to 14.99% of units **(9 points)**

   c. ☐ 5% to 9.99%, but no fewer than four units **(7 points)**

Permanent housing proposals that are not restricted to persons of a particular age group and in which, for the term of the extended use period (Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons with any of the following disabilities[4]:

- i. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c)
- ii. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended
- iii. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2
- iv. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a)
- v. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341

EXCEL HELP TEXT: Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for People with Disabilities.

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria may not be claimed for the same units. People with Disabilities criterion may not be claimed for a development where more than 25% of the units are targeted for permanent supportive housing.

[4] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

To be eligible under People with Disabilities, the proposal must meet all of the following conditions:

1. The applicant must submit the Supportive Housing narratives and any other forms and submittals identified in the Multifamily Rental Housing Common Application Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist.
2. The applicant must complete the required People with Disabilities Narrative and provide a signed Service Agreement.
    a. People with Disabilities Narrative: Complete the required narrative that demonstrates the applicant meets the following threshold criteria including: the target population of people with disabilities; the income limit restrictions for the units to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP)income limits; rent levels; outreach efforts; referral processes; verification of applicant disability; types of services provided to tenants; how the service entity communicates with property management; and plans for crisis intervention, eviction prevention and lease mitigation.
    b. Signed service agreement: Applicants can either complete the signature page (must be completed by both parties) attached to the People with Disabilities Narrative, or submit a separate signed service agreement.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.
4. The application must meet the following threshold criteria:
    a. Target population: The target population(s) of people with disabilities must be clearly defined in the narrative (e.g., mental illness, developmental disability, physical disability).
    b. Units are restricted to households with incomes at or below 30% MTSP income limits.
    c. Rent levels must be underwritten to the Supportive Housing Units underwriting standards outlined in the Multifamily Underwriting Standards if no rent assistance is available.
    d. Service Agreement: The property owner must have an agreement with the county or tribal human services office OR a designated service provider specifying:
        i. How they will provide outreach to the target population
        ii. How eligible applicants will be referred to the property management agent
        iii. That verification of applicant disability will be provided to the owner
        iv. The types of services appropriate to the population that will be made available with the goal of housing stability
        v. How services will be provided to tenants
        vi. How the service entity will communicate and coordinate with property management
        vii. Plans for crisis intervention, eviction prevention and lease mitigation

2. Serves Lowest Income for Long Durations (3 to 46 points)

A. Serves Lowest Income Tenants/Rent Reduction (8 to 13 points):

1. Eligibility is based on gross rent level, including utilities before rental assistance. Eligible units must have rents affordable to households whose incomes do not exceed 50% of MTSP income limits as published by HUD without rental assistance for a period of 10 years.

In addition to the elected income limit of 50% or 60% MTSP for the full term of the declaration (refer to the Minimum Set-Aside), the applicant agrees to maintain the deeper rent structuring for which selection points are requested.

This selection will restrict rents only (tenant incomes will not be restricted to the 50% or 30% income level by claiming points in this section).

a. ☐ 100% of the HTC unit rents representing _______ units affordable to households with incomes at the county 50% HUD MTSP income limit **(13 points)**

b. ☐ At least 50% of the HTC unit rents representing _______ units affordable to households with incomes at the county 50% HUD MTSP income limit **(8 points)**

NOTE: Serves Lowest Income and Rental Assistance selection criteria cannot be claimed for the same units.

Minnesota Housing will incorporate these restrictions into the Declaration of Land Use Restrictive Covenants and Minnesota Housing loan documents. The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Points are contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

IMPORTANT

If points are claimed/awarded for this category, all 50% rent restricted units must meet rents affordable at the 50% MTSP income for a minimum of 10 years after the last placed in service date for any building in the property. After the 10 year period has expired, rent may be increased to the 60% MTSP rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that a more restrictive threshold, selection priority or funding requirements do not apply.

YEAR	30% of 50% Rent Levels
1-10	30% of 50%
11	30% of 53%
12	30% of 57%
13	30% of 60%

B. Rental Assistance (3 to 26 points):

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

- New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
- Site-based Group Residential Housing and awards of project-based McKinney Vento Continuum of Care funding, will be considered project-based rental assistance.
- Privately funded rental assistance must demonstrate a commitment of a minimum of four years. Documentation must also contain language regarding the possibility of future renewals.
- A current request for Minnesota Housing Rental Assistance will not receive Rental Assistance points. A past award of existing Rental Assistance will be counted toward meeting the required percentages.

For developments that agree to set aside units and have the required binding commitment for the associated percentage of units with project based rental assistance units as follows. Select one option from a.-e. and, if applicable, select f.

a. ☐ 100% of the total units for project-based rental assistance **(15 points)**

b. ☐ Between 51.1% to 99.9% of the total units **(12 points)**

c. ☐ 20.1% but under to 51% of the total units **(9 points)**

d. ☐ 10.1% to 20% of the total units, with a minimum of four units **(6 points)**

e. ☐ 5% to 10% of the total units, with a minimum of four units **(3 points)**

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f. ☐ For selection components a-e above, if, in addition, the development agrees to provide the project-based rental assistance for a **minimum 10 years**. The owner must continue renewals of existing project-based housing subsidy payment contract(s). Applicant agrees that rents will remain at affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period. **(4 points)**

2. Projects that have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period**. Rental Assistance Commitment documentation should indicate that deeper income restrictions on project based units is allowable**[5]Select one:

a. ☐ 5% to 25%, but no fewer than four units **(3 points)**

b. ☐ 25.1% to 50% of units **(5 points)**

[5] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Further restricted Rental Assisted units "FRRA Units."** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and deferred loan documents and recorded with the property.

c. ☐ 50.1% to 100% of units **(7 points)**

NOTE: Rental Assistance and Serves Lowest-Income Tenants/Rent Reduction selection criteria cannot be claimed for the same units.

NOTE: Rental Assistance selection criterion cannot be claimed if the development qualifies for or is claiming Existing Federal Assistance under the Preservation criterion. Rental assistance under the Rental Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible.

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

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

C. Long Term Affordability (3 to 7 points):

1. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for the period indicated below, beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project. Select one:

   a. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 30 years**. (7 points)**

   b. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 25 years. **(3 points)**

3. Areas of Opportunity (1 to 28 points)

A. Economic Integration (2 to 9 points):

1. Projects that meet the requirements under economic integration include (select one):

   a. ☐ Provides the project economic integration by providing at least 25% but not greater than 80% of the total units representing _______ of units in the project as qualified HTC assisted low-income units (does not include full-time manager or other common space units) **(2 points)**

b. Promotes economic integration for projects that are located in higher income communities that are close to jobs outside of Rural/Tribal Designated Areas. First and second tier economic integration areas are outside of racially and ethnically concentrated areas of poverty.

i. ☐ **First Tier -** The proposed housing is located in a first tier census tract **(9 points)**

ii. ☐ **Second Tier -** The proposed housing is located in a second tier census tract **(7 points)**

EXCEL HELP TEXT:
Select Economic Integration under Strategic Priority Threshold to enable the checkboxes for First and Second Tier.

The following resources on Minnesota Housing's website may be used to determine if the proposed housing is located in areas that meet the requirements under Economic Integration:
Economic integration area maps and census tract listing: **[insert link]**
Rural/Tribal Designated areas maps and census tract listing: **[insert link]**

Economic integration and Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

B. Access to Higher Performing Schools (4 points):

1. Projects serving families in locations that will provide access to higher performing schools must have at least 25% of total assisted units, with a minimum of 15 units, contain two or more bedrooms, and the owner agrees to market the units to families with minor children.

a. ☐ The proposed housing will serve families and is located in an area considered to have Access to Higher Performing Schools **(4 points)**

Enter number of units to be marketed to families with minor children:
2 Bedrooms: ______
3 Bedrooms: ______
4 Bedrooms: ______

Access to Higher Performing Schools area maps: **[insert link]**

Access to Higher Performing Schools Area map overlays in the community profiles interactive mapping tool: **[insert link]**

C. Workforce Housing Communities (3 to 6 points):

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce commuting long distances). Select one:

a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**

b. ☐ The proposed housing is in an Individual Employer Growth community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)**

c. ☐ The proposed housing is in a Long Commute Community **(3 points)**

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

Top Job Centers, Net Five Year Job Growth communities, and Long Commute communities lists and maps: **[insert link]**

Proximity to workforce housing in the community profiles interactive mapping tool: **[insert link]**

D. Location Efficiency (1 to 9 points):

1. For Projects in the **Twin Cities metropolitan area**, indicate whether the project will promote location efficiency based on access to transit, walkability and transit oriented development.

a. Access to Transit: To claim access to transit in the Twin Cities metropolitan area, a project must be (select one):

i. ☐ Located within one half mile of a planned[6] or existing LRT, BRT, or commuter rail station **(7 points)**;

ii. ☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network **(4 points)**

iii. ☐ Located within one quarter mile of a high service[7] public transportation fixed route stop **(2 points)**;

iv. ☐ Located within one half mile of an express bus route stop **(2 points)**

v. ☐ Located within one half mile of a park and ride facility **(2 points)**

[6] Includes planned stations on future transitways that are in advance design or under construction that meet the following criteria: issuance of a draft EIS, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advance design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

[7] High service fixed route stop is defined as those serviced from 6 am to 7 pm and with service approximately every half hour during that time.

b. Walkability: To claim walkability in the Twin Cities metropolitan area, a project must meet the Access to Transit criterion described above, and be (select one):

   i. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**

   ii. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

2. For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census are places with populations greater than 50,000, and are defined by the Minnesota Department of Transportation (MnDOT)[8] as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

   a. Urbanized Areas (population greater than 50,000)[9]:

      i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

         1. ☐ Located within one quarter mile of a planned [10]or existing public transportation fixed route stop **(7 points)**;

         2. ☐ Located between one quarter mile and one half mile of a planned or existing public transportation fixed route stop **(4 points)**;

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

      ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criterion described above, and be (select one):

         1. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**;

         2. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

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[8] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment

[9] Eligible areas are those in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead and St. Cloud. These are the seven MnDOT identified fixed route transit systems for Greater Minnesota.

[10] For a Greater Minnesota planned stop to be claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

b. Rural and Small Urban Areas (population fewer than 50,000). For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service[11] is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

i. Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

1. ☐ Located within one quarter mile of an existing or planned[12] designated stop that has service every 60 minutes OR served by demand response/dial-a-ride with no more than two hour advance notice. **(7 points)**

2. ☐ Located between one quarter mile and one half mile of an existing or planned designated stop that has service every 60 minutes OR served by demand response/dial-a-ride with prior day notice. **(4 points)**

3. ☐ The proposed housing has access to demand response/dial-a-ride service not meeting the scheduling terms above **(2 points)**

ii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criteria described above, and be (select one):

1. ☐ Located in an area with a Walk Score of 50 or more according to www.walkscore.com **(2 points)**

2. ☐ Located in an area with a Walk Score between 35 – 49 according to www.walkscore.com **(1 point)**

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.

Access to transportation maps and census tract listings are found on Minnesota Housing's website: **[insert link]**

[11] Applicants can find providers by county or city on MnDOT's website, https://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf

[12] For a Greater Minnesota planned stop to claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

Community profiles interactive mapping tool: **[insert link]**

4. Supporting Community and Economic Development (1 to 18 points)

A. Planned Community Development (3 points):

1. ☐ Project contributes to Planned Community Development efforts, as defined in section 6.A of the HTC Program Procedural Manual, to address locally identified needs and priorities, in which local stakeholders are actively engaged. Comprehensive plans, land use plans and general neighborhood planning documents are not by themselves considered evidence of Planned Community Development. The plan or initiative or most recent amendment must be dated within seven years of the application. **(3 points)**

A qualifying plan or initiative can be created and approved by a wide variety of public and private local community development partners such as cities, counties, private foundations and public housing authorities. Plans local entities are required to produce, such as comprehensive and consolidated plans, are not by themselves considered evidence of Planned Community Development.

To be considered for Planned Community Development, an applicant must provide a narrative and backup documentation. The narrative must address the items below and include page numbers to direct where information is located in the backup documentation:

1. A list of various local stakeholders involved and their role.
2. The milestones or steps that have been completed, underway and planned. Include dates and stakeholders involved.
3. Key investments, in-kind or other financial commitments that have been made, or are pending, and are critical for implementation. Include dates for these commitments.
4. Affordable housing as a key strategy.
5. The Targeted Geographic area.

EXCEL HELP TEXT:
Select Planned Community Development under Strategic Priorities to enable checkboxes for Planned Community Development.

B. Eventual Tenant Ownership (1 point):

1. ☐ Projects with detached single-family units are eligible for homeowner conversion. The project owner must submit a preliminary conversion plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The plan must address the transfer of 100% of the HTC unit ownership after the end of the 15-year compliance period from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership" entity) of the project to tenant ownership. **(1 point)**

The unit purchase price at time of sale must be affordable to buyers with incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant). The final conversion plan, to be submitted by the 15th year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and budget for capital improvements, and services including homeownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

The Declaration of Land Use Restrictive Covenants will contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units. (Refer to the Eventual Tenant Ownership (ETO) Guide and also to Chapter 3W of the HTC Program Procedural Manual for additional information.)

NOTE: Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period.

C. Rural/Tribal (10 points):

Points are awarded projects located in Rural/Tribal Designated Areas outside of the Twin Cities seven-county metropolitan area.

1. ☐ The proposed housing is located in a census tract eligible as a Rural/Tribal Designate Area outside of the Twin Cities seven-county metropolitan area. **(10 points)**

Rural/Tribal Designated Area maps and census tract listing: **[insert link]**

Rural/Tribal Designation Area map overlays in the community profiles interactive mapping tool: **[insert link]**

The Federal/Local/Philanthropic Contributions selection criterion has been incorporated into new selection criterion 6B.Other Contributions in the Efficient Use of Scarce Resources and Leverage Category.

D. QCT/Community Revitalization and Tribal Equivalent Areas (1 point):

1. ☐ The proposed housing is located in a QCT Community Revitalization Area or a Tribal Equivalent Area **(1 point)**

To be eligible for the QCT/Community Revitalization criterion, the project must be located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and be part of a concerted plan that provides for community revitalization consistent with the definition described in the Planned Community Development selection criterion.

To be eligible for the Tribal Equivalent Areas criterion, the project must be located in one of the Tribal Equivalent Areas: **[insert link]**

Find these areas in the community profiles interactive mapping tool: **[insert link]**

E. Minority-owned/Women-owned Business Enterprise (MBE/WBE) (3 points):

1. ☐ The project sponsor, executive director of a non-profit, general contractor, architect, or management agent is a MBE/WBE[13], as certified by the owner. **(3 points)**

5. Preservation (6 to 30 points)

IMPORTANT NOTE: DUAL APPLICATION and PRE-APPLICATION REQUIRED.
Applicants **must submit a dual application**, as defined in the Multifamily RFP Guide, if the development contains 40 units or more.

Applicant **must provide the required Pre-Application 30 days prior to the application deadline for HTC Round 1 or Round 2**, as detailed in the HTC Program Procedural Manual Section 6.A. Failure to submit all required pre-application materials will result in rejection of the pre-application. Provide Minnesota Housing's "Preliminary Determination of Preservation Eligibility" letter with the application which should be consistent with threshold and items claimed below.

A. Thresholds: Applicants seeking Preservation points should read the descriptions and then select one of the following three Thresholds:

1. ☐ Risk of Loss Due to Market Conversion

   a. Expiration of contract/use-restrictions
      i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; OR
      ii. Existing tax credit developments eligible to exercise their option to file for a Qualified Contract, and have not previously exercised their option; AND
   b. Market for conversion evidenced by low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); AND
   c. Market for conversion evidenced by one or more of the following:
      i. An appraisal commissioned by Minnesota Housing within a year of the application date where the as-is unrestricted value is equal to or greater than the as-is restricted value; OR
      ii. For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers which was completed within a year of the application date that shows current rents are below comparable market rents; OR
      iii. A market study commissioned by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has comparable location, amenities and condition to convert to market rate; AND

[13] A MBE/WBE is a tribe or tribally-designated housing entity, or another entity which is at least 51% owned by one or more minority persons or women, and whose management and daily business operations are controlled by one or more minority persons or women who own it.

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

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

2. ☐ Risk of Loss Due to Critical Physical Needs

   a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the tax credit placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units; AND
   b. Critical physical needs identified by third party assessment to support the following conclusions:
      i. Repair/replacement of major physical plant components have been identified that will result in 15+ years sustained operations; AND
      ii. Identified scope of critical physical needs exceeds the available reserves by at least $5,000 per unit, as evidenced by the Three Year Critical Needs Model;

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

   a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the tax credit placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units; AND
   b. One of four conditions exist:
      i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, on-going lack of compliance with lenders or terms of federal assistance, or self-determination by non-profit board are severe enough to put the property at significant risk of not remaining decent, safe and affordable. Ownership must be transferred to an unrelated party; OR
      ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the HAP contract had been submitted to Minnesota Housing; OR
      iii. The property has been or will be acquired from an unrelated party within 3 years of the application date as a result of a PARIF Right of First Refusal being exercised; OR
      iv. The acquisition of a property with USDA Rural Development rental assistance has occurred or will occur when the current or previous owner intends or intended to allow the existing USDA Rural Development mortgage to mature, and has turned down offers from USDA Rural Development to reamortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

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

EXCEL HELP TEXT
Select Preservation under Strategic Priorities to enable checkboxes for Preservation**.**
For projects meeting one of the three thresholds above, choose points under either Existing Federal Assistance or Critical Affordable Units at Risk of Loss below.

B. Scoring:

Existing Federal Assistance (5 to 30 points):
Definition: Any housing receiving project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), NAHASDA or other program that is not scheduled to sunset or expire. Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration program, Component 2 (RAD 2) are eligible. Such assistance must have been committed to the property 15 years prior to the year of application.

Owner will continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for “good cause,” the owner will not evict existing subsidized residents and must continue to renew leases for those residents. Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through an 8bb transfer) should count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

Select an option from either a. or b. below.

a. Existing Federally Assisted Units:

   i. ☐ 100% of units are federally assisted **(30 points)**

   ii. ☐ 75.01% - 99.99% of units are federally assisted **(22 points)**

   iii. ☐ 50.01 - 75% of units are federally assisted **(15 points)**

   iv. ☐ 25.01% - 50% of units are federally assisted **(10 points)**

   v. ☐ Less than 25% of units are federally assisted **(5 points)**

b. Partially assisted projects with Existing Federally Assisted Units in Economic Integration census tracts:

   i. ☐ 75.01 - 99.99% of units are federally assisted **(30 points)**

   ii. ☐ 25.01 - 75% of units are federally assisted **(20 points)**

   iii. ☐ Less than 25% of units are federally assisted **(10 points)**

OR

2. **Critical Affordable Units at Risk of Loss (6 points)**

   a. ☐ Any housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income. Includes existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), tax credit units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph 1. above (e.g., 202, 236) or other programs limiting income and rent restrictions as stated above.

   AND

   You must also claim and be eligible under Serves Lowest Income Tenants/Rent Reduction criterion. **(6 points)**

EXCEL HELP TEXT:
Projects must select one of the three Risk of Loss thresholds above to activate options in Preservation Selection Priority.

6. Efficient Use of Scarce Resources and Leverage (1 to 38 points)

A. Financial Readiness to Proceed/Leveraged Funds (4 to16 points):

1. Applicants who have secured funding commitments for one or more permanent funding sources at the time of application, except 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) are only included if obtained in a previous funding cycle/round.

   Calculate your total using the formula below, and then select the appropriate option. The calculation must exclude first mortgage financing and any anticipated proceeds from the current tax credit request.

   Total eligible funding secured, awarded or committed (excluding first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current tax credit request, and sales tax rebate[14]) **$______divided by Total Development Cost** (excluding first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current tax credit request, and sales tax rebate) **$______ equals Percentage of Funds Committed ______% (round to nearest tenth):**

   a. ☐ 70% or more of funding secured, awarded or committed[15] **(16 points)**

   b. ☐ 60% to 69.9% of funding secured, awarded or committed **(14 points)**

   c. ☐ 50% to 59.9% of funding secured, awarded or committed **(12 points)**

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[14] Sales tax rebate, for the purpose of this scoring category, should be calculated as 40% of the construction contract amount multiplied by the local tax rate for the area where the project is located.

[15] Projects that have both a numerator and denominator equal to zero are eligible to claim 70 % or more of funding secured, awarded or committed.

d. ☐ 40% to 49.9% of funding secured, awarded or committed **(10 points)**

e. ☐ 30% to 39.9% of funding secured, awarded or committed **(8 points)**

f. ☐ 20% to 29.9% of funding secured, awarded or committed **(6 points)**

g. ☐ 10% to 19.9% of funding secured, awarded or committed **(4 points)**

h. ☐ 9.9% and below of funding secured, awarded or committed **(0 points)**

The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount, 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 acceptable.

Financial Readiness/Leverage Funding Commitments include:

- Syndication proceeds due to previously awarded tax credits: 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 that 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
- Monetary grants/donations
- Amortizing first mortgage incorporates tax abatement for properties with a first mortgage
- Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application, including a letter from the city and a city council resolution, indicating its intention to provide TIF assistance and the anticipated amount and term. The documentation should include the TIF analysis from the city or its consultant.
- Deferred loans with a minimum 30-year term with an interest rate at or below the Applicable Federal Rate (AFR)
- Grants from nonprofit charitable organizations converted to deferred loans with a minimum 30-year term that is with an interest rate at or below the AFR. Award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application provide written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance.
- Funder commitments to modify existing debt including: debt forgiveness; approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than

receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.

- Deferred developer fee: The applicant must provide the required commitment documentation and provide evidence of repayment within 10 years by the projected cash flow.

B. Other Contributions (2 to 10 points):

1. For projects that receive contributions referenced below from the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization. Calculate your total using the formula below, and then select the appropriate option.

   Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by 1) nonprofit charitable organizations pursuant to a funding competition; 2) local units of government; or 3) tribal governments or tribally designated housing entities.

   Total "Other" non-funding contributions from federal/local/philanthropic sources $_____ divided by Total Development Cost $_____ equals (rounded to the nearest tenth):

   a. ☐ 20.1% and above **(10 points)**

   b. ☐ 15.1 to 20% **(8 points)**

   c. ☐ 10.1 to 15% **(6 points)**

   d. ☐ 5.1 to 10% **(4 points)**

   e. ☐ 2.1 to 5% **(2 points)**

   f. ☐ 0 to 2 % **(0 points)**

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

The documentation must state the amount, terms and conditions and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable. Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.

Other Contributions include:

- Land donation or city write-down of the development site
- In-kind work and materials donated at no cost
- Local government donation/waiver of project specific costs, assessments or fees (e.g., SAC/WAC)

- Reservation land not subject to local property taxes calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the LURA)
- Reservation land with long-term low cost leases
- Funder commitments to modify existing debt including: forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.

C. Intermediary Costs (1 to 6 points):

1. Projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For selected projects, this percentage will be enforced at the time of closing for deferred loans or at issuance of the IRS Form 8609 for HTC developments. Calculate your total using the formula below, and then select the appropriate option.

   Intermediary cost amount $______ divided by Total Development Costs $______ Equals Intermediary Percentage ______% (rounded to the nearest tenth):

   a. ☐ 0.0 to 15% **(6 points)**

   b. ☐ 15.1 to 20% **(3 points)**

   c. ☐ 20.1 to 25% **(2 points)**

   d. ☐ 25.1 to 30% **(1 point)**

   e. ☐ 30.1% and over **(0 points)**

D. Cost Containment (6 points):

1. Proposals will receive points based on the cost containment methodology. For each of the four competition groups, the cost per unit of the proposal at the 50th percentile in Round 1 will determine the cut-off point or threshold for receiving points for 4% tax credits. **(6 points)**

   NOTE: Proposals that believe they have contained their costs should select these points. Only proposals that claim cost containment points on the Self-Scoring Worksheet and are awarded points through the process described above will receive cost containment points.

   CAUTION: If a project receives points under this criterion, failure to keep project costs under the applicable cost threshold will be considered an unacceptable practice and will result in negative four points being awarded in all of the applicant's tax credit submissions in the next funding round in which submissions are made. If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points.

   Revised Cost Containment Methodology: **[insert link]**

7. Building Characteristics (1 to 4 points)

A. Universal Design (3 points):

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

2. Select one:
   a. ☐ An elevator building with 100% of assisted units meeting the definition of a Universal Design Unit **(3 points)**; **OR**

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

Minimum Essential Universal Design Features:
- At least one bedroom or space that can be converted to a bedroom (without changing door locations for new construction or adaptive re-use) on an accessible level and connected to an accessible route, or efficiency units (without a bedroom) on an accessible level and connected to an accessible route
- 42" minimum hallways within a unit for new construction or adaptive re-use
- At least one three quarter bathroom on an accessible level with five foot open radius for new construction or adaptive re-use, and clear floor space of 30" x 48" for rehabilitation
- Lever handles on all doors and fixtures
- Provide wall blocking in all tub and shower areas for new construction or adaptive re-use, and for rehabilitation if showers are being replaced
- Door thresholds flush with the floor with maximum threshold height of ½" beveled or ¼"square edged
- Kitchen and laundry appliances have parallel approach clear floor space with all controls within maximum height of 48". Range controls must have lockout feature. Stackable laundry units with a maximum reach range of 54" will meet this requirement
- Kitchen sink area 30" wide minimum with cabinet panel concealing piping or a removable base cabinet
- All common spaces and amenities provided in the housing development located on an accessible route
- For new construction or adaptive re-use, deck or patio spaces have a step-less transition from dwelling unit meeting door threshold requirements, with decking gaps no greater than ¼"
- Universal Design features are incorporated in an aesthetic, marketable, non-institutional manner

Optional Features:
- High contrast finish selections that include floor to wall transitions, top treads of stairs, counters and adjacent flooring and walls
- Single lever, hands free or touch faucets
- At least 50% of kitchen storage space within reach range. This can include pull-out shelves, full extension glide drawers or pantry design

- A variety of work surface heights in kitchen and one five foot open radius
- Roll under vanity or sink in 25% of Universal Design qualifying units, rounded up to the nearest whole number
- Cabinet hardware with "D" type pull handles or operation for people with limited dexterity
- Zero threshold shower or transfer space at tub is provided for minimum of half the qualifying Universal Design units, rounded up to the nearest whole number
- Slip resistant flooring in kitchens and baths
- Toilets provided with seats 17"– 19" from the floor
- Windows are provided with maximum sill height of 36", parallel clear floor space and locks/operating mechanism within 48" and easily operable with one hand. Sidelight or view window at main entry door from a seated position
- Thermostats designed for visually impaired or ability to monitor and operate with electronic device such as a tablet computer
- Closet storage is adjustable in a majority of the closets provided
- Audio/visual doorbell
- Covered entry with adequate lighting and interior or exterior bench space for parcels or groceries
- Lettering and numbering with all characters and symbols contrasting with their background
- Parking spaces provided for at least 50% of Universal Design qualifying units, rounded up to the nearest whole number, with a five foot wide adjacent auxiliary space connected to accessible route
- Residential elevator or chair lift space structured for future use in multiple level homes
- Enterprise Green Communities Model Specifications are used for applicable sections for the Universal Design qualifying units
- On-site physical activity is provided for in a fitness area, biking or walking path or community garden
- Other modifications that make units livable for disabled populations, as demonstrated by credible evidence provided in the application, and at the sole discretion of Minnesota Housing

B. Smoke Free Buildings (1 point):

The projects will institute and maintain a written policy[16]* prohibiting smoking in all the units and all common areas within the building/s of the project. The project must include a non-smoking clause in the lease for every household. Projects awarded a point in this scoring criteria will be required to maintain the smoke-free policy for the term of the declaration. **(1 point)**

8. Unacceptable Practices (4 to -25 points)

Minnesota Housing will impose penalty points for unacceptable practices as identified in Chapter 2.G. of the HTC Program Procedural Manual.

Total Points

TOTAL DEVELOPER CLAIMED POINTS:

[16] The written policy must be submitted with the application and should include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by the owner but must be included in the written policy.

TOTAL MINNESOTA HOUSING AWARDED POINTS:

Signatures

Under penalty of perjury, owner hereby certifies the information provided herein is true and accurate.

Name of Owner:

By (Signature):

Of (Name of Legal Entity):

Its (Title) (Managing General Partner):

Print or Type Name of Signatory:

NOTE: During the competition process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant/owner. In addition, applications funded under the Joint Powers Agreement must also comply with the suballocators selection criteria defined in their Qualified Allocation Plan.

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2019 Housing Tax Credit Self-Scoring Worksheet
~~2019 Housing Tax Credit Program~~

9% Housing Tax Credits or 4% Housing Tax Credits *Updated May 2017*

Development Name: ______

Development Number (D Number): ______

Application Number (M Number): ______

Development Location: ______

Development City: ______

~~Please note the following~~:Instructions

Strategic Priority Policy Threshold:

A. All projects, ~~with the exception of those with applications for non-competitive tax credits in association with Tax Exempt Bonds submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016~~,[1] must meet at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the State of Minnesota Housing Tax Credit Qualified Allocation Plan (QAP) in order to apply for Housing Tax Credits (HTC).

Minimum Point Requirements:

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered tax credits from the state's tax credit *volume cap must demonstrate the project is eligible for not fewer than 70 points, excluding projects funded through the Rural Development/Small Projects Set-Aside.*

B. Request for tax credits in association with Tax Exempt Bonds must demonstrate the project is eligible for no fewer than 40 points.[2]

C. Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the HTC Program Procedural Manual, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.

Documentation of Points:

A. Indicate the scoring criteria expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. **~~Attach directly to this~~ In addition to the self-scoring worksheet the applicant must submit a separate detail sheet and documentation that clearly supports the points claimed. Minnesota Housing will determine ~~actual points awarded~~ the eligible points; points will not be awarded unless documentation is provided along with the application to justify the points claimed.**

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[1] Removed from 4%

[2] Applicable only to 4%

Extended Duration:

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered tax credits from the state's tax credit volume cap must maintain the duration of low-income use for a minimum of 30 years. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

B. Request for tax credits in association with Tax Exempt Bonds~~, with the exception of those with applications for non-competitive tax credits in association with Tax Exempt Bonds submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016,~~ must maintain the duration of low-income use for a minimum of 20 years, or longer if a longer duration is selected. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of a minimum of 20 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.

Design Standards:

A. The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if Large Family Housing points are claimed/awarded or points are claimed/awarded that require specific design elements (e.g., ~~High Speed Internet~~, Universal Design).

A Declaration of Land Use Restrictive Covenants:

A. Covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.

Affirmative Fair Housing:

A. Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

Round 1 – Minimum Threshold Requirements

For applications submitted in Round 1, all applicants statewide must meet one of the following threshold types. Please indicate the threshold item you meet:

A. In the Metropolitan Area:

1. ☐ New construction or substantial rehabilitation in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75% of the total tax credit units are single room occupancy units with rents affordable to households whose income does not exceed 30% of the area median income (AMI).

2. ☐ New construction or substantial rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75% of the total tax credit units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. **OR**

3. ☐ Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

B. Outside the Metropolitan Area:

1. ☐ Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data such as a local council resolution submitted with the application. (For Threshold Letter – Sample Format, see the HTC Application Reference Materials section located on the Tax Credit page of Minnesota Housing's website. ~~see HTC Program Procedural Manual, Reference Materials Index.)~~

C. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons:

1. ☐ with a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c).

2. ☐ with a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended.

3. ☐ who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2.

4. ☐ with a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a)**.**; **OR**

5. ☐ with permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

D. Preserve Existing Subsidized Housing:

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

E. Rural Development:

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

Strategic Priority Thresholds

To be eligible for tax credits from the state's volume cap under Minnesota Housing's QAP and non-competitive tax credits ~~with applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016,~~ a developer must demonstrate that the project meets at least one of the following priorities. **Select all that apply.**

A. Access to Fixed Transit:

1. ☐ Projects within one-half mile of a ~~completed~~ planned or existing LRT, BRT or commuter rail station.

B. Greater Minnesota Workforce Housing:

1. ☐ Projects in Greater Minnesota documenting all three of the following:
   a. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:
      i. That have experienced net job growth of 100 or more jobs,
      ii.. With 15 percent or more of the workforce commuting 30 or more miles to work, or
      iii.. With planned job expansion documented by a local employer
   b. Employer Support
   c. Cooperatively Developed Plan: Projects that are consistent with a community-supported plan that addresses workforce housing needs.

C. Economic Integration:

1. ☐ Projects located in higher income communities (outside of rural/tribal designated areas) with access to low and moderate wage jobs, meeting either First or Second Tier Community Economic Integration as defined in the Areas of Opportunity category. ~~scoring criterion 2.A on the Self-Scoring Worksheet.~~ This strategic priority must be selected to activate the Economic Integration criterion (Excel).

D. Tribal:

1. ☐ Projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities.

E. Planned Community Development:

1. ☐ Projects that contribute to Planned Community Development efforts, as defined in ~~section 6.A of the Housing Tax Credit Program Procedural Manual~~, the Planned Community Development selection criterion to address locally identified needs and priorities in which local stakeholders are actively engaged. This strategic priority must be selected to activate the Planned Community Development selection criterion (Excel).

F. Preservation:

1. ☐ ~~Proposals~~ Projects that preserve existing federally assisted housing or other critical affordable housing projects must be eligible ~~for points~~ under the Preservation selection criteria. ~~Scoring Criterion 4 on the Self-Scoring Worksheet~~. This strategic priority must be selected to activate the Preservation selection criterion (Excel).

G. Supportive Housing:

☐ ~~Proposals~~ Projects that will serve people with disabilities or ~~households experiencing homelessness~~ High Priority Homeless (HPH) households ~~that are eligible for points~~ must be eligible under the Permanent Supportive Housing for ~~Households Experiencing~~ High Priority Homeless~~ness~~ selection criterion ~~Scoring Criterion 1.B on the Self-Scoring Worksheet)~~ or the People with Disabilities selection criterion ~~(Scoring Criterion 1.C under the Self-Scoring Worksheet).~~ This strategic priority must be selected to activate the High Priority Homeless or People with Disabilities selection criteria Excel).

2019 HOUSING TAX CREDIT SELECTION CRITERIA
1. Greatest Need Tenant Targeting (~~2 to 32~~ 2 to 39 points)

A. ~~Household Targeting~~ Large Family Housing (~~10 to 12~~ 5 to 7 points):

~~1. Choose one of the following:~~

1. **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The tenant selection plan must give preference to families with minor children. Select all that apply:

a. ☐ At least 75% of the total ~~tax credit~~ assisted[3] units ~~must~~ contain two or more bedrooms. (**~~10~~ 5 points**)

b. ☐ For Greater Minnesota proposals ~~receiving~~ eligible for points under 1. a. above, at least one-third of the 75% contain three or more bedrooms. **(2 points)**

☐ ~~2. **Single Room Occupancy Housing**[4] – At least 50% of the total tax credit units must be one bedroom or less with rents affordable to households whose incomes do not exceed 30% of AMI. – ***10 points***~~

B. Permanent Supportive Housing for ~~Households Experiencing Homelessness~~ High Priority Homeless[5] (~~5 to 114~~ 7 to 22 points):

~~1. 1. Minnesota Housing Competitive Round or Tax Exempt Points ("non-Bonus" points) – ***5 to 10 points***~~

~~2.~~ 1. "~~Non-Bonus" points will be awarded to permanent housing proposals in which a~~ A minimum of 5% (rounded up to the next full unit) of the total units, but no fewer than four units, are ~~either~~[6]*:~~Set aside and rented to households experiencing long-term homelessness targeted~~

[3] Assisted is defined as tax credit units for HTC applications and affordable units for deferred funding.

~~[4] **Specific performance requirement relief provisions are available for projects receiving points under the Single Room Occupancy Housing category of the Household Targeting Selection Priority for "HTSP Units".** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.~~

Specific performance requirement relief provisions are available for projects ~~receiving points under~~ eligible for the Permanent Supportive Housing ~~for Households Experiencing Homelessness~~ High Priority Homeless category selection criterion for "Homeless Units". Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and deferred loan documents recorded with the property.[6] ~~For the purposes of this scoring category:~~

[6] ~~For the purposes of this scoring category:~~

- ~~Youth is defined as a person under age 25 not living with a parent or guardian, and includes youth with his/her own children~~
- ~~Long-term homelessness as defined in Minnesota Rules, Chapter 4900.3705~~
- ~~At significant risk of long-term homelessness is defined as (a) households that are homeless or recently homeless with members who have been previously homeless for extended periods of time and are faced with a situation or set of circumstances likely to cause the household to become homeless in the near future, and (b) previously homeless persons who will be discharged from correctional, medical, mental health or treatment centers who lack sufficient resources to pay for housing and do not have a permanent place to live~~

~~As prioritized for permanent supportive housing by the Coordinated Entry System defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care.~~[7] Coordinated Entry System is defined by the Statewide

~~to single adults, **OR**~~ set aside and rented to High Priority Homeless households ~~experiencing long-term homelessness, at significant risk of long-term homelessness, or a~~s prioritized for permanent supportive housing by the Coordinated Entry System[7] ~~("High Priority Homeless")~~ (HPH units). Select one and complete the unit count below:
~~, targeted to families with children or youth~~

a. ☐ 50% to 100%, but no fewer than 20 units **(~~10~~ 20 points)**

b. ☐ 10% to 49.99%, but no fewer than 7 units **(~~7~~ 10 points)**

c. ☐ 5% to 9.99%, but no fewer than 4 units **(~~5~~ 7 points)**

High Priority Homeless: ______ Total Units
Families with Children: ______ Total Units
Youth Total: ______ Total Units
Youth with Children: ______ Total Units
Youth Singles: ______ Total Units
Single Adults: ______ Total Units

~~2. Minnesota Housing Competitive Round or Non-Tax Exempt Points ("bonus" points) ***– 100 points***~~
~~For proposals receiving points under 1. above, 100 points ("bonus" points) will be available until a total of $2,370,000 (estimated 25% of Minnesota Housing's administered credit authority) in tax credits are awarded for qualifying permanent housing proposals targeting families with children or youth experiencing long-term homelessness, at significant risk of long-term homelessness, or as prioritized for permanent supportive housing by the Coordinated Entry System selected in the 2018 Housing Tax Credit competitions. Once this maximum amount is reached, the 100 points ("bonus" points) will no longer be awarded for the remaining 2018 Tax Credit Program competitive funding rounds. If qualified per the requirements of this section, applicants may claim the "bonus" points. Minnesota Housing will make point reductions related to the "bonus" points funding limits following its review of all applications in the funding round that claim these points. Qualified proposals may earn a maximum of 10 points ("non-bonus" points) and may continue to compete in the appropriate set-~~

Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. [8] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection ~~Priority~~ Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

[7] Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. [8] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection ~~Priority~~ Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

~~aside. If "bonus" points are claimed without regard to whether points are awarded, the Tax Credit Declaration of Land Use Restrictive Covenants will contain these population targeting requirements~~:

☐ ~~5% or more (rounded up to the next full unit), but no fewer than four units, will target families with children or youth experiencing long-term homelessness, at significant risk of long-term homelessness, or as prioritized for permanent supportive housing by the Coordinated Entry System – *100 points*~~

~~4. 3. Consistency with Local Continuum of Care~~ Household Type ~~Priorities – *2 points*~~

~~5.~~

~~6.~~ 2. ~~For~~ Proposals ~~receiving points under a)1. above, additional points are~~ that serve High Priority Homeless in B. 1 above are eligible for this selection criterion if units will be available for populations ~~consistency~~ consistent with local needs identified by the local Continuum of Care. (published Priorities are available on Minnesota Housing's website at: **[insert link]):**

~~a. Continuum of Care Household Type Priorities:~~

a. ☐ 5% of units (rounded up to the next full unit) or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One **(2 points)**

Total Units: ____________

Priority Type: ____________

(Families with children, youth singles, youth with children or single adults)

~~4. Rental Assistance for Supportive Housing Units - *2 points*~~

☐ ~~For developments receiving points under 1. above that have committed project-based rental assistance (e.g., Section 8, McKinney Vento Continuum of Care, site-based Group Residential Housing, Section 811 Project Rental Assistance (PRA), or other similar programs approved by Minnesota Housing) for at least 5% of total project units, but no fewer than four units, for units that will serve Households Experiencing Homelessness. If points are claimed, then no points may be claimed for the same units under the Rental Assistance preference priority in Part E below. – *2 points*~~

EXCEL HELP TEXT:

Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for Permanent Supportive Housing for High Priority Homeless.

NOTE:

~~If points are claimed/awarded above, then no points may be claimed/awarded from the scoring criterion~~ Permanent Supportive Housing for High Priority Homeless (B.) and ~~of~~ People with Disabilities (C.) selection criteria cannot be claimed for the same units.

To ~~receive points~~be eligible for Permanent Supportive Housing for ~~Households Experiencing Homelessness~~ High Priority Homeless (HPH), the proposal must meet *all* of the following conditions:

1. The applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Multifamily Rental

Housing ~~Common Application~~ Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist

~~2. The application must meet the Supportive Housing Threshold Criteria outlined below~~

2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available
3. Supportive Housing Threshold Criteria:
    a. Supportive Services: On-site service coordination and tenant engagement must be made available to all supportive housing residents. The level and type of services offered should be appropriate for the needs of the target population, with a minimum of tenant service coordination averaging two hours per household per week.
    b. Experienced service provider with demonstrated outcomes:
        i. At a minimum, the service provider has experience providing services to a similar population to maintain housing over a period of time, and has sufficient capacity to deliver the services proposed.
    c. Service funding commitments: At a minimum, a portion of service funding is secured for two years with a viable plan for securing the remaining resources. Evidence must be provided in the application narrative and commitment letters or other documentation.
        i. Developments with 5% to 9.99% ~~LTH~~ HPH units must have secured at least 75% of service funding
        ii. Developments with 10% to 49.99% ~~LTH~~HPH units must have secured at least 20% of service funding
        iii. Developments with 50% to 100% ~~LTH~~ HPH units must have secured at least 5% of service funding
    d. Coordinated Entry and serving highest need households: The property owner must agree to accept high priority households for the ~~LTH~~HPH supportive housing units through Coordinated Entry.

A proposal that ~~is awarded~~ claims points from this category and is selected to receive tax credits will be required to comply with the reporting requirements for Permanent Supportive Housing for ~~Households Experiencing Homelessness~~ High Priority Homeless, as defined by Minnesota Housing. The Tax Credit Declaration of Land Use Restrictive Covenants, including a specific Rider to the Declaration and Minnesota Housing Loan documents) will contain performance requirements related to these permanent supportive housing units for ~~households experiencing homelessness~~ High Priority Homeless and will be recorded with the property.

C. People with Disabilities (~~5 to 12~~ 7 to 10 points):

1. ~~Enter~~ Select the number of units set aside for people with disabilities:

    a. ☐ 15% to 25% of units **(10 points)**

    b. ☐ 10% to 14.99% of units **(~~7~~ 9 points)**

    c. ☐ 5% to 9.99%, but no fewer than four units **(~~5~~7 points)**

Permanent housing proposals that are not restricted to persons of a particular age group and in which, for the term of the extended use period (Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons with any of the following disabilities[8]:

i. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c)
ii. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended
iii. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2
iv. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a)
v. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341

~~**NOTE: If points are claimed/awarded above, then no points may be claimed/awarded from the scoring criterion of Permanent Supportive Housing for Households ExperiencingHomelessness for the same units.**~~

EXCEL HELP TEXT: Select Supportive Housing under Strategic Priority Threshold to enable checkboxes for People with Disabilities.

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria may not be claimed for the same units. People with Disabilities ~~points~~ criterion may not be claimed for a development where more than 25% of the units are targeted for permanent supportive housing.

To ~~receive points~~ be eligible under People with Disabilities, the proposal must meet all of the following conditions:

1. The applicant must submit the Supportive Housing narratives and any other forms and submittals identified in the Multifamily Rental Housing Common Application Request for Proposal Guide and the Multifamily Rental Housing Common Application Checklist.
2. The applicant must complete the required People with Disabilities Narrative and provide a signed Service Agreement.
    a. People with Disabilities Narrative: Complete the required narrative that demonstrates the applicant meets the following threshold criteria including: the target population of people with disabilities; the income limit restrictions for the units to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP)income limits; rent levels; outreach efforts; referral processes; verification of applicant disability; types of services provided to tenants; how the service entity communicates with property management; and plans for crisis intervention, eviction prevention and lease mitigation.

[8] **Specific performance requirement relief provisions are available for projects receiving points claiming under the People with Disabilities selection category of the People with Disabilities Selection ~~Priority~~ Criterion for "PDSC Units."** Reference Section 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and recorded with the property.

   b. Signed service agreement: Applicants can either complete the signature page (must be completed by both parties) attached to the People with Disabilities Narrative, or submit a separate signed service agreement.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.
4. The application must meet the following threshold criteria:
   a. Target population: The target population(s) of people with disabilities must be clearly defined in the narrative (e.g., mental illness, developmental disability, physical disability).
   b. ~~Income limit for the units~~ Units are restricted to households with incomes at or below 30% ~~AMI~~MTSP income limits.
   c. Rent levels must be underwritten to the Supportive Housing Units underwriting standards outlined in the Multifamily Underwriting Standards if no rent assistance is available.
   d. Service Agreement: The property owner must have an agreement with the county or tribal human services office OR a designated service provider specifying:
      i. How they will provide outreach to the target population
      ii. How eligible applicants will be referred to the property management agent
      iii. That verification of applicant disability will be provided to the owner
      iv. The types of services appropriate to the population that will be made available with the goal of housing stability
      v. How services will be provided to tenants
      vi. How the service entity will communicate and coordinate with property management
      vii. Plans for crisis intervention, eviction prevention and lease mitigation

☐ ~~**Rental Assistance for Supportive Housing Units**~~

~~**For developments receiving points for setting aside units to serve People with Disabilities that have committed project-based rental assistance (e.g., Section 8, McKinney Vento Continuum of Care, site-based Group Residential Housing, Section 811 Project Rental Assistance (PRA), or other similar programs approved by Minnesota Housing) for at least 5% of total project units, but no fewer than four units, for units that will serve People with Disabilities. If points are claimed, then no points may be claimed for the same units under the Rental Assistance preference priority in part E below. – 2 *points***~~

2. Serves Lowest Income for Long Durations (3 to 46 points)

A. Serves Lowest Income Tenants/Rent Reduction (~~5 to 16~~ 8 to 13 points):

1. ~~Scores are~~ Eligibility is based on gross rent level, including utilities before rental assistance. Eligible units must have rents affordable to households whose incomes do not exceed ~~30% or~~ 50% of ~~AMI~~ ~~the Multifamily Tax Subsidy Project (MTSP)~~ MTSP income limits as published by HUD without rental assistance for a period of 10 years.

   In addition to the elected income limit of 50% or 60% ~~AMI~~MTSP for the full term of the declaration (refer to the Minimum Set-Aside), the applicant agrees to maintain the deeper rent structuring for which selection points are requested.

~~Applicants may choose either option 1 or 2, and in addition, option 3 and/or option 4 for the development~~ This selection will restrict rents only (tenant incomes will not be restricted to the 50% or 30% income level by claiming points in this section).

a. ☐ ~~Option 1~~ – 100% of the HTC unit rents representing ________ units affordable to households with incomes ~~are~~ at the county 50% HUD ~~area median rent~~ MTSP income limit (**~~10~~13 points**)

b. ☐ ~~Option 2 –~~ At least 50% of the HTC unit rents representing ________ units affordable to households with incomes ~~are~~ at the county 50% HUD ~~area median rent~~ MTSP income limit (**~~5~~ 8 points**)~~AND~~

~~Option 3 – In addition to Option 1 or 2, this project restricts the rents of all the units identified in Option 1 or 2 to the 50% HUD area median rent limit for a minimum of 10 years after the last placed in service date for any building in the property – *3 additional points*~~

~~AND/OR~~

~~b. ☐ Option 4 – In addition to Option 1 or 2, this project further restricts 30% of the above restricted units to the county 30% HUD area median rent limit representing ______ units – *3 additional points*~~

NOTE:
~~If points are claimed /awarded for this category, then no points may be claimed/awarded from the scoring criterion of~~ Serves Lowest Income and Rental Assistance selection criteria cannot be claimed for the same units.

Minnesota Housing will incorporate these restrictions into the Declaration of Land Use Restrictive Covenants and Minnesota Housing loan documents. The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Points are contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

IMPORTANT

~~If points are claimed/awarded for Options 1 or 2, all 50% rent restricted units must meet the 50% area median rent for a minimum of five years after the last placed in service date for any building in the property. After the five year period has expired, rent may be increased to the 60% rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that a more restrictive threshold, selection priority or funding requirements do not apply.~~

~~If points are claimed/awarded for Option 4, all 30% rent restricted units must meet the 30% area median rent for a minimum of five years after the last placed in service date for any building in the property. After the five year period has expired, rent may be increased to the 40% rent limit over a~~

~~three-year period with increases not to exceed the amount listed in the table below, provided that more restrictive threshold, selection priority or funding requirements do not apply~~.

~~YEAR~~	~~30% of 50% Rent Levels~~	~~30% of 30% Rent Levels~~
~~1 – 5~~	~~30% of 50%~~	~~30% of 30%~~
~~6~~	~~30% of 53%~~	~~30% of 33%~~
~~7~~	~~30% of 57%~~	~~30% of 37%~~
~~8~~	~~30% of 60%~~	~~30% of 40%~~

If points are claimed/awarded for this category~~'s Option 3~~, all 50% rent restricted units must ~~meet~~ rents affordable at the 50% ~~area median~~ MTSP income ~~rent~~ for a minimum of 10 years after the last placed in service date for any building in the property. After the 10 year period has expired, rent may be increased to the 60% MTSP rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that a more restrictive threshold, selection priority or funding requirements do not apply.

YEAR	**30% of 50% Rent Levels**
1-10	30% of 50%
11	30% of 53%
12	30% of 57%
13	30% of 60%

B. Rental Assistance (~~2 to 21~~ 3 to 26 points):

1. Priority is given to an owner who submits with the application a **fully executed binding commitment** (i.e., binding Resolution/binding Letter of Approval from the governing body) for project-based rental assistance awarded in accordance with 24 CFR Ch. IX, Section 983.51 or ~~are~~ which is effectively project-based by written contract. For the purposes of this scoring category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden, and provides for the tenant paid portion of rent to be no greater than 30% of household income.
   - New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
   - Site-based Group Residential Housing and awards of project-based McKinney Vento Continuum of Care funding, will be considered project-based rental assistance.
   - ~~Developments with p~~privately funded rental assistance must demonstrate a commitment of a minimum of four years. ~~Privately funded rental assistance provided by the sponsor must qualify for E or F below. Points will not be given for private commitments of less than four years.~~ Documentation must also contain language regarding the possibility of future renewals.
   - A current request for Minnesota Housing Rental Assistance will not receive Rental Assistance points. A past award of existing Rental Assistance will be counted toward meeting the required percentages.

~~The assisted units must be located in buildings on the project site. A development that has existing rental assistance meeting the definition of federal assistance under the Preservation scoring category is not eligible for an award of points under Rental Assistance. A development is not eligible to receive points under Rental Assistance for assistance under the Rental Assistance Demonstration program (components I or II) or the Public Housing program~~.

~~A past award of existing Rental Assistance will be counted toward meeting the required percentages. Indicate the applicable combinations of the below components. Points for A, B, C and D- cannot be claimed in any combination~~, ~~and~~ For developments that agree to set aside units and have the required binding commitment for the associated percentage of units with project based rental assistance units as follows. Select one option from a.-e. and, if applicable, f.

a. ☐ ~~For developments agreeing to set aside and having the required binding commitment for~~ 100% of the total units for project-based rental assistance **(~~17~~ 15 points)**

b. ☐ ~~For developments agreeing to set aside and having the required binding commitment for at lea~~st Between 51.1% to 99.9% of the total units ~~for project based rental assistance~~ **(~~13~~ 12 points)**

c. ☐ ~~For developments agreeing to set aside and having the required binding commitment for at least~~20.1% but under to 51% of the total units ~~for project based rental assistanc~~e **(~~10~~ 9 points)**

d. ☐ ~~For developments agreeing to set aside and having the required binding commitment for at least~~ 10.1% ~~but under~~ to 20% of the total units, ~~representing at~~ with a minimum of ~~least~~ four units~~, for project based rental assistance~~ **(6 points)**

e. ☐ 5% to 10% of the total units, with a minimum of four units **(~~2~~ 3 points)**

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f. ☐ For selection components ~~A, B, C or D, E~~ a-e above, if, in addition, ~~the above binding commitments are coupled with a binding commitment~~ the development agrees to provide the project-based rental assistance for a **minimum 10 years**. The owner must continue renewals of existing project-based housing subsidy payment contract(s). Applicant agrees that rents will remain at affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period. ~~new or remaining contract term~~ **(4 points)**

~~F) For selection components A, B, C or D above, if, in addition, the above binding commitments are coupled with a binding commitment to provide the project-based rental assistance for a four to nine year new or remaining contract term – 2 *points*~~

~~**AND**~~

2. ~~☐~~ ~~(G)~~ For ~~developments~~ projects that have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP

income limit for a 10 year period**. Rental Assistance Commitment documentation should indicate that deeper income restrictions on project based units is allowable**[9]Select one:

a. ☐ 5% to 25%, but no fewer than four units **(3 points)**

b. ☐ 25.1% to 50% of units **(5 points)**

c. ☐ 50.1% to 100% of units **(7 points)**

NOTE:
~~If points are claimed /awarded under any of the above, then no points may be claimed/awarded from scoring criterion of~~ Rental Assistance and Serves Lowest-Income Tenants/Rent Reduction selection criteria cannot be claimed for the same units.

NOTE: ~~Points cannot be claimed/awarded under the Rental Assistance scoring criterion if points are claimed/awarded for~~ Rental Assistance selection criterion cannot be claimed if the development qualifies for or is claiming Existing Federal Assistance under the Preservation ~~selection scoring~~ criterion. ~~or if a development has a rental assistance contract that qualifies under the scoring criterion of Existing Federal Assistance~~ Rental assistance under the Rental Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible.

☐ ~~(G) For developments that will provide **other** Rental Assistance (e.g., Section 8, portable tenant based, an award of McKinney Vento Continuum of Care rent assistance (which is tenant based, sponsor based, or for leasing), tenant based Group Residential housing or other similar programs approved by Minnesota Housing) as evidenced at application by documentation of commitment of assistance. ***– 2 points***~~

~~To receive these points~~ To claim the criterion, the applicant must comply with all program requirements for the assistance ~~for which priority points were given~~ at application, including maintaining rents within the appropriate payment standard for the project area in which the project is located for the full compliance and extended use period of the housing tax credits.

Rent for assisted units must be at or below Fair Market Rents (or appropriate payment standard for the project area). Receiving these points and agreeing to a minimum number of assisted units does not release owners from their obligations under the Minnesota Human Rights Act and Section 42 prohibiting refusal to lease to the holder of a voucher of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.
~~For project based rental assistance in conjunction with a binding commitment for an “extended term contract” at time of application the applicant must submit a binding commitment for the “extended term contract” for project based assistance for a minimum of four or 10 years, which is signed by the Local Housing Authority or other similar entity. As a condition of Carryover or 8609,~~

[9] **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Further restricted Rental Assisted units “FRRA Units.”** Reference Chapter 6.A. of the HTC Program Procedural Manual for additional details. Specific performance requirements will be incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants and deferred loan documents and recorded with the property.

~~the applicant must submit a fully executed copy of the "extended term contract" for the project based assistance to be included in the development.~~

C. Long Term Affordability (3 to 7 points):

Application for 9% Tax Credits

1. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for the period indicated below beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project. Select one:

    a. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 40 years. **(7 points)**

    b. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 35 years. **(3 points)**

Applications for 4% Tax Credits

2. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for ~~a~~ the period ~~of 25 years~~ indicated below, beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project. Select one:

    a. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 30 years. **(7 points)**

    b. ☐ Extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 25 years. **(3 points)**

~~2~~.3. Areas of Opportunity (1 to 28 points)

A. Economic Integration (2 to 9 points):

1. Projects that meet the requirements under economic integration include (select one):

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

   ~~**OR**~~

   b. ~~To~~ Promotes economic integration for projects that are ~~awarded points for being~~ located in higher income communities that are close to jobs outside of Rural/Tribal Designated Areas. First and second tier economic integration areas are outside of racially and ethnically concentrated areas of poverty.

      i. ☐ **First Tier -** The proposed housing is located in a first tier census tract **(9 points)**

      ii. ☐ **Second Tier -** The proposed housing is located in a second tier census tract **(7 points)**

~~NOTE~~ EXCEL HELP TEXT:
Select Economic Integration under Strategic Priority Threshold to enable the checkboxes for First and Second Tier.

The following resources on Minnesota Housing's website may be used to determine if the proposed housing is located in areas that meet the requirements ~~to claim points~~ under Economic Integration:
Economic integration area maps and census tract listing**: [insert link]**
Rural/Tribal Designated areas maps and census tract listing: **[insert link]**

~~Additionally, find~~ Economic integration and Rural/Tribal Designation Area map overlays in the ~~Agency's~~ community profiles interactive mapping tool: **[insert link]**

B. Access to Higher Performing Schools (4 points):

1. ~~Points are awarded for projects~~Projects serving families~~*~~ in locations that will provide access to higher performing schools must have at least 25% of total assisted units, with a minimum of 15 units, contain two or more bedrooms, and the owner agrees to market the units to families with minor children.

   a. ☐ The proposed housing will serve families and is located in an area considered to have Access to Higher Performing Schools **(4 points)**

   ~~*To be eligible as a project serving families, at least 25% of total tax creditassisted units, with a minimum of 15 units, must contain two or more bedrooms, and the owner must agree to market the units to families with minor children.~~

Enter number of units to be marketed to families with minor children:
2 Bedrooms: ________
3 Bedrooms: ________
4 Bedrooms: ________

Access to Higher Performing Schools area maps ~~are found on Minnesota Housing's website~~: **[insert link]**

~~Additionally, find~~ Access to Higher Performing Schools Area map overlays in the ~~Agency's~~ community profiles interactive mapping tool: **[insert link]**

C. Workforce Housing Communities (3 to 6 points):

1. ~~Points are awarded for~~ Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce commuting long distances). Select one:

   a. ☐ The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**
   ~~**OR**~~

   b. ☐ The proposed housing is in an Individual Employer Growth community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)** ~~**OR**~~

   c. ☐ The proposed housing is in a Long Commute Community **(3 points)**

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

Top Job Centers, Net Five Year Job Growth communities, and Long Commute communities lists and maps ~~are available on Minnesota Housing's website at~~: **[insert link]**

~~Additionally, find p~~Proximity to workforce housing in the ~~Agency's~~ community profiles interactive mapping tool: **[insert link]**

D. Location Efficiency (1 to 9 points):

~~Points will be awarded for~~ For ~~developments that promote location efficiency based on access to transportation and walkability.~~

~~1. **1. Twin Cities Metropolitan Area:**~~
~~2.~~ 1. ~~In~~ For Projects in the **Twin Cities metropolitan area**, ~~points will be awarded for a~~ indicate whether the ~~proposal~~ project will promote location efficiency ~~meet the criteria in a~~

~~combination of three areas~~: based on access to transit, walkability and transit oriented development.

a. Access to Transit: ~~To receive points for~~ To claim access to transit in the Twin Cities metropolitan area, a ~~development~~ project must be (select one):~~:~~

   i. ☐ Located within one half mile of a planned[10] or existing LRT, BRT, or commuter rail station **(~~5~~ 7 points)**; **~~OR~~**

   ii. ☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network **(4 points)** **~~OR~~**

   iii. ☐ Located within one quarter mile of a high service[11] Public transportation fixed route stop **(2 points)**; **~~OR~~**

   iv. ☐ Located within one half mile of an express bus route stop **(2 points)** **~~OR~~**

   v. ☐ Located within one half mile of a park and ride facility **(2 points)**

b. Walkability: To ~~receive points~~ claim ~~for~~ walkability in the Twin Cities metropolitan area, a ~~development~~ project must meet the ~~receive an award of points for~~ Access to Transit criterion described above, and be (select one):

   ~~i.~~ ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)** **~~OR~~**

   ~~ii.~~ ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

~~2. c) Transit Oriented Development:~~

~~3. To receive up to 2 additional points for transit oriented development, a development must be located within one quarter mile of a planned or existing LRT, BRT or commuter rail station. One point for a development that meets one of the following, and two points for a development that meets two or more of the following:~~

~~4.~~

~~5. ☐ Parking: Parking for residential units or visitors is not more than the smallest allowable parking minimum under local zoning requirements. If no residential parking or visitor parking is required under local zoning, no more than 0.2 visitor parking spaces per residential unit are provided.~~

~~6.~~

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[10] Includes planned stations on future transitways that are in advance design or under construction that meet the following criteria: issuance of a draft EIS, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advance design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

[11] High service fixed route stop is defined as those serviced from 6 am to 7 pm and with service approximately every half hour during that time.

~~7.~~ ☐ ~~Building Orientation and Connections: Currently has existing walkable or bikeable connections to station area via sidewalk or trail or funding secured to create such connections, and at least one accessible building entrance oriented toward such connections, and parking is not situated between building and station area~~.

~~8.~~

~~9. ☐ Density: Site density at the maximum allowable density under the local comprehensive plan.~~

~~10.~~

~~11. ☐ Alternative Means: Car sharing (where one or more passenger automobiles are provided for common use by residents), bike storage, shared parking arrangements with adjacent property owners, etc. that result in a reduction in the local minimum parking requirement, and parking for residential units in not more than the local minimum parking requirement, or if no residential parking or visitor parking is required under local zoning, no more than 0.2 visitor parking spaces per residential unit are provided.~~

~~**12. Greater Minnesota:**~~

~~**13. In Greater Minnesota, location efficiency points will be awarded in a combination of access to transit and walkability in areas with fixed route transit service, and a combination of demand response/dial-a-ride, walkability, and access to jobs in areas without fixed route transit service.**~~

~~14.~~ For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census are places with populations greater than 50,000, and are defined by the Minnesota Department of Transportation (MnDOT)[12] as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

a. ~~For areas with fixed route transit service~~ Urbanized Areas (population greater than 50,000)[13]:

~~i.~~ Access to Transit: To ~~receive points for~~ claim access to transit, ~~a development~~ a project in Greater Minnesota must be (select one):

1. ☐ Located within one quarter mile of a planned [14]or existing public transportation fixed route stop **(7 points)**; ~~**OR**~~

2. ☐ Located between one quarter mile and one half mile of a planned or existing public transportation fixed route stop **(4 points)**; ~~**OR**~~

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[12] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment

[13] Eligible areas are those in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead and St. Cloud. These are the seven MnDOT identified fixed route transit systems for Greater Minnesota.

[14] For a Greater Minnesota planned stop to be claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

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

ii. Walkability: To ~~receive points for~~ claim walkability, ~~a development~~ a project in Greater Minnesota must ~~receive an award of points for~~ meet the Access to Transit criterion described above, and be (select one):

1. ☐ Located in an area with a Walk Score of 70 or more according to www.walkscore.com **(2 points)**; ~~**OR**~~

2. ☐ Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com **(1 point)**

b. ~~For areas without fixed route transit service~~ Rural and Small Urban Areas (population fewer than 50,000). For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service[15] is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

~~i.~~ Access to Transit: To claim access to transit, a project in Greater Minnesota must be (select one):

~~1. Access to Transit:~~

~~2.~~

~~3.~~ 1. ☐ ~~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 (not required for tribal areas),~~ ~~**AND**~~ ~~the~~ Located within one quarter mile of an existing or planned[16] designated stop that has service every 60 minutes OR served by demand response/dial-a-ride with no more than two hour advance notice. ~~**Proposed housing has access to demand response/dial-a-ride* service with no more than one hour advance notice to schedule a pickup and no minimum number of riders are required**~~ **(7 points)**

[15] Applicants can find providers by county or city on MnDOT's website, https://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf

[16] For a Greater Minnesota planned stop to claimed, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 10 hours per day.

~~4.~~ 2. ☐ ~~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 (not required for tribal areas), **AND** the proposed housing has access to demand response/dial-a-ride* service with same day pick-up guaranteed if scheduled by 8:00 a.m. or later and no minimum number of riders are required~~ Located between one quarter mile and one half mile of an existing or planned designated stop that has service every 60 minutes OR served by demand response/dial-a-ride with prior day notice. **(4 points)**

~~5.~~ 3. ☐ ~~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 (not required for tribal areas), AND the~~ The proposed housing has access to demand response/dial-a-ride service not meeting the scheduling terms above **(2 points)**

iii. Walkability: To claim walkability, a project in Greater Minnesota must meet the Access to Transit criteria described above, and be (select one):

~~ii. 2) Walkability~~:

1. ☐ ~~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**~~ Located in an area with a Walk Score of 50 or more according to www.walkscore.com **(2 points)**

2. ☐ ~~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** in~~ Located in an area with a Walk Score between 35 – 49 according to www.walkscore.com **(1 point)**

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.

Access to transportation maps and census tract listings are found on Minnesota Housing's website: **[insert link]**

~~Additionally, find these details in the Agency's~~ Community ~~profiles interactive mapping tool~~profiles interactive mapping tool **[insert link]**

~~3.~~ 4. Supporting Community and Economic Development (~~1 to 28~~ 1-18 points)

~~A.~~ Planned Community Development (3 points):

~~1.~~ ☐ ~~Points are awarded for proposals~~ Project ~~that~~ contributes to Planned Community Development efforts, as defined in section 6.A of the HTC Program Procedural Manual, to address locally identified needs and priorities, in which local stakeholders are actively engaged. Comprehensive plans, land use plans and general neighborhood planning documents are not by themselves considered evidence of Planned Community Development. The plan or initiative or most recent amendment must be dated within seven years of the application. **(3 points)**~~In addition to submission of evidence of Planned Community Development, evidence from an appropriate representative of the city or town that the housing proposal contributes to the objectives of the plan must be provided.~~

A qualifying plan or initiative can be created and approved by a wide variety of public and private local community development partners such as cities, counties, private foundations and public housing authorities. Plans local entities are required to produce, such as comprehensive and consolidated plans, are not by themselves considered evidence of Planned Community Development.

To be considered for Planned Community Development, an applicant must provide a narrative and backup documentation. The narrative must address the items below and include page numbers to direct where information is located in the backup documentation:

1. A list of various local stakeholders involved and their role.
2. The milestones or steps that have been completed, underway and planned. Include dates and stakeholders involved.
3. Key investments, in-kind or other financial commitments that have been made, or are pending, and are critical for implementation. Include dates for these commitments.
4. Affordable housing as a key strategy.
5. The Targeted Geographic area.

EXCEL HELP TEXT:
Select Planned Community Development under Strategic Priorities to enable checkboxes for Planned Community Development.

~~B.~~ Eventual Tenant Ownership (1 point):

1. ☐ Projects with ~~Only~~ detached single-family units are eligible for homeowner conversion. The project owner must submit a preliminary conversion plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The plan must address the transfer of 100% of the HTC unit ownership after the end of the 15-year compliance period from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership" entity) of the project to tenant ownership. **(1 point)**

The unit purchase price at time of sale must be affordable to buyers with incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant). The final conversion plan, to be submitted by the 15th year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and budget for capital improvements, and services including homeownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

The Declaration of Land Use Restrictive Covenants will contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units. (Refer to the Eventual Tenant Ownership (ETO) Guide and also to Chapter 3W of the HTC Program Procedural Manual for additional information.)

NOTE: Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period ~~(30 years).~~

~~C.~~ **Rural/Tribal (10 points):**

Points are awarded projects located in Rural/Tribal Designated Areas outside of the Twin Cities seven-county metropolitan area.

1. ☐ The proposed housing is located in a census tract eligible as a Rural/Tribal Designate Area outside of the Twin Cities seven-county metropolitan area **(10 points)**

Rural/Tribal Designated Area maps and census tract listing ~~are found on Minnesota Housing's website:~~ **[insert link]**

.

~~Additionally, find~~ Rural/Tribal Designation Area map overlays in the ~~Agency's~~ community profiles interactive mapping tool: **[insert link]**

~~D. Federal/Local/Philanthropic Contributions – 2 to 10 Points~~

The Federal/Local/Philanthropic Contributions selection criterion has been incorporated into new selection criterion 6B.Other Contributions in the Efficient Use of Scarce Resources and Leverage Category.

~~Points are awarded for projects that are receiving contributions from the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization~~.

~~Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by 1) nonprofit charitable organizations pursuant to a funding competition; 2) local units of government; or 3) tribal governments or tribally designated housing entities.~~

~~Total federal/local/philanthropic contributions $______ divided by Total Development Cost $______ equals (rounded to the nearest tenth)~~

~~☐ 20.1% and above **– 10 points**~~ ~~☐ 5.1 – 10% **– 4 points**~~

☐ ~~15.1 – 20% **_– 8 points_**~~ ☐ ~~2.1 – 5% **_– 2 points_**~~

☐ ~~10.1 – 15% **_– 6 points_**~~ ☐ ~~0 – 2% **_– 0 points_**~~

~~Federal/Local/Philanthropic Contributions include:~~

- ~~Monetary grants/donations~~
- ~~Tax increment financing (calculate Net Present Value (NPV) by using NPV discounted by Applicable Federal Rate (AFR))~~
- ~~Tax abatement (calculate NPV by using NPV discounted by AFR for 30 years)~~
- ~~Land donation or city write-down of the development site~~
- ~~In-kind work and materials donated at no cost~~
- ~~Local government donation/waiver of project specific costs, assessments or fees (e.g., SAC/WAC)~~
- ~~Reservation land not subject to local property taxes (calculate NPV by using NPV discounted by AFR for 30 years)~~
- ~~Reservation land with long-term low cost leases~~
- ~~Deferred loans with a minimum term that is co-terminus with the HTC Declaration with an interest rate at or below the AFR~~
- ~~Grants from nonprofit charitable organizations converted to deferred loans with a minimum term that is co-terminus with the HTC Declaration with an interest rate at or below the AFR. Award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.~~
- ~~Below Market Interest Rate (BMIR) Loans –calculate NPV based on the difference between the AFR and the BMIR rate (e.g., RD 515, NHASDA first mortgage).~~
- ~~Historic Tax Credits~~
- ~~Funder commitments to modify existing debt including: debt forgiveness; approval of assumption of debt and extension of loan term; forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.~~

~~To qualify for points for tax increment financing or tax abatement, there must be satisfactory documentation that the contribution is committed to the development at the time of application.~~

~~At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific letter of intent, city or council resolution, letter of approval, statement of agreement or eligibility, or memorandum of understanding. In the case of Historic Tax Credits, at the time of application written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance must be provided.~~

~~Within six months of the date of selection (Minnesota Housing Board selection date), the applicant must provide Minnesota Housing with documentation of a firm commitment and authorization or approval of the federal/local/philanthropic contribution(s). The documentation must state the amount, terms and conditions and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable. Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.~~

~~E.~~ D.QCT/Community Revitalization and Tribal Equivalent Areas (1 point):

1. ☐ The proposed housing is located in a QCT Community Revitalization Area or a Tribal Equivalent Area **(1 point)**

~~A point is awarded to projects that are~~ To be eligible for the QCT/Community Revitalization criterion, the project must be located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and ~~are~~ be part of a concerted plan that provides for community revitalization consistent with the definition described in the Planned Community Development selection criterion. ~~contained in section 6.A of the HTC Program Procedural Manual that the housing proposal contributes to the objectives of the plan must be provided.~~

To be eligible for the Tribal Equivalent Areas criterion, the project must be located in one of the Tribal Equivalent Areas ~~published on Minnesota Housing's website are also eligible for one point:~~ **[insert link]** ~~Additionally, f~~Find these areas in the ~~Agency's~~ community profiles interactive mapping tool **[insert link]**

~~F.~~ E.Minority-owned/Women-owned Business Enterprise (MBE/WBE) (3 points):

1. ☐ The project sponsor, executive director of a non-profit, general contractor, architect, or management agent is a ~~minority-owned or women-owned business enterprise~~ ~~(~~MBE/WBE~~)~~[17]*, as certified by the owner. **(3 points)**

[17] A MBE/WBE is a tribe or tribally-designated housing entity, or another entity which is at least 51% owned by one or more minority persons or women, and whose management and daily business operations are controlled by one or more minority persons or women who own it.

~~4.~~5. Preservation (~~5 to 30~~ 6 to 30 points)

IMPORTANT NOTE: DUAL APPLICATION and PRE-APPLICATION REQUIRED.
Applicants ~~claiming points in this section~~ **must submit a dual application**, as defined in the Multifamily RFP Guide, if the development contains 40 units or more.

~~In order to be eligible for points under this section, applicant~~ Applicant **must provide the required Pre-Application 30 days prior to the application deadline for HTC Round 1 or Round 2**, as detailed in the HTC Program Procedural Manual Section 6.A. Failure to submit all required pre-application materials will result in rejection of the pre-application. ~~Applicant must provide~~ Provide Minnesota Housing's "Preliminary Determination of Preservation Eligibility" letter~~,~~ with the application ~~reflects threshold and points taken below.~~ which should be consistent with threshold and items claimed below.

A. **Thresholds:** Applicants seeking Preservation points should read the descriptions and then select~~Choose~~ one of the following three Thresholds:

1. ☐ Risk of Loss Due to Market Conversion

   a. Expiration of contract/use-restrictions
      i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; OR
      ii. Existing tax credit developments eligible to exercise their option to file for a Qualified Contract, and have not previously exercised their option; AND
   b. Market for conversion evidenced by low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); AND
   c. Market for conversion evidenced by one or more of the following:
      i. An appraisal commissioned by Minnesota Housing within a year of the application date where the as-is unrestricted value is equal to or greater than the as-is restricted value; OR
      ii. For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers which was completed within a year of the application date that shows current rents are below comparable market rents; OR
      iii. A market study commissioned by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has comparable location, amenities and condition to convert to market rate; AND
   d. ~~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 fund improvements and amenities necessary to match market comparable units as evidenced by Market Conversion Model and market study (market comparable and improvement cost estimates to be validated by Minnesota Housing at Minnesota Housing's discretion);~~ ~~**AND**~~~~Location in a jobs growth or household growth area as defined in the Agency's community profiles interactive mapping tool~~ ~~**[insert link]**~~ ~~;~~ ~~**AND**~~Fifteen (15) or more years have passed since the award of the existing federal assistance and the tax credit placed in service date (if applicable) for projects

claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units.

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

2. ☐ Risk of Loss Due to Critical Physical Needs

   a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the tax credit placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units; AND
   b. Critical physical needs identified by third party assessment to support the following conclusions:
      i. Repair/replacement of major physical plant components have been identified that will result in 15+ years sustained operations; AND
      ii. Identified scope of critical physical needs exceeds the available reserves by at least $5,000 per unit, as evidenced by the Three Year Critical Needs Model;

~~3. Location in one of three geographic priority areas: jobs growth area, household growth area OR an area designated as having a large affordable housing gap, as evidenced in Minnesota Housing's, or as evidenced by a tribal housing authority waiting list.~~

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

   a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the tax credit placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent tax credit placed in service date for projects claiming points under Critical Affordable Units; AND
   b. One of four conditions exist:
      i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, on-going lack of compliance with lenders or terms of federal assistance, or self-determination by non-profit board are severe enough to put the property at significant risk of not remaining decent, safe and affordable. Ownership must be transferred to an unrelated party; OR
      ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the HAP contract had been submitted to Minnesota Housing; OR
      iii. The property has been or will be acquired from an unrelated party within 3 years of the application date as a result of a PARIF Right of First Refusal being exercised; OR
      iv. The acquisition of a property with USDA Rural Development rental assistance has occurred or will occur when the current or previous owner intends or intended to

allow the existing USDA Rural Development mortgage to mature, and has turned down offers from USDA Rural Development to reamortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

~~2.~~ ~~**AND**~~

~~**Ownership must be transferred to an unrelated party; ANLocation in one of three geographic priority areas: jobs growth area, household growth area OR an area designated as having a large affordable housing gap, as evidenced in Minnesota Housing's community profiles interactive mapping tool, or as evidenced by tribal housing authority waiting list.**~~

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

EXCEL HELP TEXT

Select Preservation under Strategic Priorities to enable checkboxes for Preservation.

For projects meeting one of the three thresholds above, choose points under either Existing Federal Assistance or Critical Affordable Units at Risk of Loss below.

B. Scoring:

~~a.~~ **Existing Federal Assistance (5 to 30 points)**: ~~Existing Federal Assistance~~

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

~~c.~~

~~d.~~ a. ~~In order to obtain points for existing federal assistance, the o~~Owner ~~mus~~t will continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for "good cause," the owner ~~must~~ will not evict existing subsidized residents and must continue to renew leases for those residents. Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through an 8bb transfer) should count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

~~Choose~~ Select an option from either a. or b. ~~and c~~ below.

a. Existing Federally Assisted Units:

i. ☐ 100% of units are federally assisted **(~~20~~ 30 points)**

ii. ☐ 75.01%-99.99% of units are federally assisted **(~~16~~ 22 points)**

iii. ☐ 50.01-75% of units are federally assisted **(~~12~~ 15 points)**

iv. ☐ 25.01%-50% of units are federally assisted **(~~8~~ 10 points)**

v. ☐ Less than 25% of units are federally assisted **~~(4~~ 5 points)**

b. Partially assisted projects with Existing Federally Assisted Units in Economic Integration census tracts:

i. ☐ 75.01 -99.99% of units are federally assisted **(~~20~~ 30 points)**

ii. ☐ 25.01-75% of units are federally assisted **(~~15~~ 20 points)**

iii. ☐ Less than 25% of units are federally assisted **(10 points)**

~~**AND**~~

~~c) Score for the appropriate number of federally assisted units currently under contract for preservation:~~

~~Metro or Greater Minnesota MSA*~~

~~☐ 12-30 units – *1 point*~~

~~☐ 31-60 units – *3 points*~~

~~☐ 61-100 units – *7 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) Greater Minnesota MSAs are found on Minnesota Housing's website: Preservation Methodology.~~

~~Greater Minnesota/Rural~~

~~☐ 8-20 units – ***3 points***~~

~~☐ 21-40 units – ***5 points***~~

~~☐ 41+ units – ***10 points***~~

OR

2. **Critical Affordable Units at Risk of Loss (6 points)**

a. ☐ Any housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income. Includes existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), tax credit units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph 1. above (e.g., 202, 236) or other programs limiting income and rent restrictions as stated above.

AND

You must also claim and be eligible ~~awarded points~~ under Serves Lowest Income Tenants/Rent Reduction criterion. ~~for either Option 1 **OR** Option 2, **AND** Option 3.~~ **(6 points)**

EXCEL HELP TEXT:

Projects must select one of the three Risk of Loss thresholds above to activate options in Preservation Selection Priority.

6. Efficient Use of Scarce Resources and Leverage (~~1 to 26~~ 1-38 points)

A. Financial Readiness to Proceed/Leveraged Funds (~~2 to 14~~ 4 to16 points):

1. ~~Minnesota Housing will award points to~~ Applicants who have secured funding commitments for one or more permanent funding sources at the time of application, except 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) are only included if obtained in a previous funding cycle/round.

   Calculate your total using the formula below, and then select the appropriate option. The calculation ~~below~~ must exclude first mortgage financing and any anticipated proceeds from the current tax credit request.

   Total eligible funding secured, awarded or committed (excluding first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current tax credit request, and sales tax rebate[18]) $______ divided by Total Development Cost (excluding first mortgage financing net of the Tax Increment Financing (TIF) portion, if applicable, any anticipated proceeds from the current tax credit request, and sales tax rebate*) $______ equals Percentage of Funds Committed ______% (round to nearest tenth):

   a. ☐ 70% or more of funding secured, awarded or committed[19] **(~~14~~ 16 points)**

   b. ☐ 60% to 69.9% of funding secured, awarded or committed **(~~12~~ 14 points)**

   c. ☐ 50% to 59.9% of funding secured, awarded or committed **(10 12 points)**

   d. ☐ 40% to 49.9% of funding secured, awarded or committed **(~~8~~ 10 points)**

   e. ☐ 30% to 39.9% of funding secured, awarded or committed **(~~6~~ 8 points)**

   f. ☐ 20% to 29.9% of funding secured, awarded or committed **(4 6 points)**

   g. ☐ 10% to 19.9% of funding secured, awarded or committed **(~~2~~ 4 points)**

   h. ☐ 9.9% and below of funding secured, awarded or committed **(0 points)**

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[18] Sales tax rebate, for the purpose of this scoring category, should be calculated as 40% of the construction contract amount multiplied by the local tax rate for the area where the project is located.

[19] Projects that have both a numerator and denominator equal to zero are eligible to claim 70 % or more of funding secured, awarded or committed.

The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount, 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 acceptable. ~~A deferred developer fee is not considered a permanent source of funding.~~

Financial Readiness/Leverage Funding Commitments include:

- Syndication proceeds due to previously awarded tax credits: 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 that 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
- Monetary grants/donations
- Amortizing first mortgage incorporates tax abatement for properties with a first mortgage
- Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application, including a letter from the city and a city council resolution, indicating its intention to provide TIF assistance and the anticipated amount and term. The documentation should include the TIF analysis from the city or its consultant.
- Deferred loans with a minimum 30-year term with an interest rate at or below the Applicable Federal Rate (AFR)
- Grants from nonprofit charitable organizations converted to deferred loans with a minimum 30-year term that is with an interest rate at or below the AFR. Award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application provide written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance.
- Funder commitments to modify existing debt including: debt forgiveness; approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.
- Deferred developer fee: The applicant must provide the required commitment documentation and provide evidence of repayment within 10 years by the projected cash flow.

B. Other Contributions (2 to 10 points):

1. For projects that receive contributions referenced below from the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable

organization. Calculate your total using the formula below, and then select the appropriate option.

Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by 1) nonprofit charitable organizations pursuant to a funding competition; 2) local units of government; or 3) tribal governments or tribally designated housing entities.

Total "Other" non-funding contributions from federal/local/philanthropic sources $_____ divided by Total Development Cost $_____ equals (rounded to the nearest tenth):

a. ☐ 20.1% and above **(10 points)**

b. ☐ 15.1 to 20% **(8 points)**

c. ☐ 10.1 to 15% **(6 points)**

d. ☐ 5.1 to 10% **(4 points)**

e. ☐ 2.1 to 5% **(2 points)**

f. ☐ 0 to 2 % **(0 points)**

At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, statement of agreement or eligibility, or memorandum of understanding. ~~In the case of Historic Tax Credits, at the time of application written documentation of eligibility through evidence of Historic Register listing or approval of Part 1 – Evaluation of Significance must be provided.~~

~~Within six months of the date of selection (Minnesota Housing Board selection date), the applicant must provide Minnesota Housing with documentation of a firm commitment and authorization or approval of the federal/local/philanthropic contribution(~~s). The documentation must state the amount, terms and conditions and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with "consider" or "may" (as in "may award") regarding the contribution will not be acceptable. Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.

Other Contributions include:

- Land donation or city write-down of the development site
- In-kind work and materials donated at no cost
- Local government donation/waiver of project specific costs, assessments or fees (e.g., SAC/WAC)
- Reservation land not subject to local property taxes calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the LURA)
- Reservation land with long-term low cost leases

- Funder commitments to modify existing debt including: forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of a tax credit award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.

C. Intermediary Costs (1 to 6 points):

1. ~~Points will be given to projects~~ Projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For ~~HTC~~ selected projects, this percentage will be enforced at the time of closing for deferred loans or at issuance of the IRS Form 8609 for HTC developments. Calculate your total using the formula below, and then select the appropriate option.

   Intermediary cost amount $______ divided by Total Development Costs $______ Equals Intermediary Percentage ______% (rounded to the nearest tenth):

   a. ☐ 0.0 to 15% **(6 points)**

   b. ☐ 15.1 to 20% **(3 points)**

   c. ☐ 20.1 to 25% **(2 points)**

   d. ☐ 25.1 to 30% **(1 point)**

   e. ☐ 30.1% and over **(0 points)**

D. Cost Containment (6 points):

~~1.~~ ☐
~~2.~~ 1. ~~Six points will be available to th~~The 50% of developments with the lowest costs within each development type/location group will receive points (subject to the methodology described in Cost Containment Methodology ~~[insert link].~~ Applicants may claim these points and Minnesota Housing will make point reductions following its review of costs for all applications in the funding round. **(6 points)**

   A different process occurs for the second round of 9% tax credit selections and applications seeking 4% tax credits for use in conjunction with tax exempt bonds. For each of the four competition groups, the cost per unit of the proposal at the 50th percentile in Round 1 will determine the cut-off point or threshold for receiving points in Round 2 and for 4% tax credits.

NOTE: Proposals that believe they have contained their costs should select these points. Only proposals that claim cost containment points on the Self-Scoring Worksheet and are awarded points through the process described above will receive cost containment points.

CAUTION: If a project receives points under this criterion, failure to keep project costs under the applicable cost threshold will be considered an unacceptable practice and will result in negative

four points being awarded in all of the applicant's tax credit submissions in the next funding round in which submissions are made. If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points.

Cost Containment Methodology **[insert link]**

7. Building Characteristics (~~1 to 4~~ 1 to 4 points)

~~A. High Speed Internet Access – 1 Point~~

~~The development will provide High Speed Internet access via installation of all appropriate infrastructure and connections for cable, DSL or wireless internet service to every unit in the development. This will be a design requirement if points are taken~~.

~~B.~~ A. Universal Design (3 points):

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

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

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

Minimum Essential Universal Design Features:

- At least one bedroom or space that can be converted to a bedroom (without changing door locations for new construction or adaptive re-use) on an accessible level and connected to an accessible route, or efficiency units (without a bedroom) on an accessible level and connected to an accessible route
- 42" minimum hallways within a unit for new construction or adaptive re-use
- At least one three quarter bathroom on an accessible level with five foot open radius for new construction or adaptive re-use, and clear floor space of 30" x 48" for rehabilitation
- Lever handles on all doors and fixtures
- Provide wall blocking in all tub and shower areas for new construction or adaptive re-use, and for rehabilitation if showers are being replaced
- Door thresholds flush with the floor with maximum threshold height of ½" beveled or ¼"square edged
- Kitchen and laundry appliances have parallel approach clear floor space with all controls within maximum height of 48". Range controls must have lockout feature. Stackable laundry units with a maximum reach range of 54" will meet this requirement
- Kitchen sink area 30" wide minimum with cabinet panel concealing piping or a removable base cabinet
- All common spaces and amenities provided in the housing development located on an accessible route
- For new construction or adaptive re-use, deck or patio spaces have a step-less transition from dwelling unit meeting door threshold requirements, with decking gaps no greater than ¼"
- Universal Design features are incorporated in an aesthetic, marketable, non-institutional manner

Optional Features:

- High contrast finish selections that include floor to wall transitions, top treads of stairs, counters and adjacent flooring and walls
- Single lever, hands free or touch faucets
- At least 50% of kitchen storage space within reach range. This can include pull-out shelves, full extension glide drawers or pantry design
- A variety of work surface heights in kitchen and one five foot open radius
- Roll under vanity or sink in 25% of Universal Design qualifying units, rounded up to the nearest whole number
- Cabinet hardware with “D” type pull handles or operation for people with limited dexterity
- Zero threshold shower or transfer space at tub is provided for minimum of half the qualifying Universal Design units, rounded up to the nearest whole number
- Slip resistant flooring in kitchens and baths
- Toilets provided with seats 17”– 19” from the floor
- Windows are provided with maximum sill height of 36”, parallel clear floor space and locks/operating mechanism within 48” and easily operable with one hand. Sidelight or view window at main entry door from a seated position
- Thermostats designed for visually impaired or ability to monitor and operate with electronic device such as a tablet computer
- Closet storage is adjustable in a majority of the closets provided
- Audio/visual doorbell
- Covered entry with adequate lighting and interior or exterior bench space for parcels or groceries
- Lettering and numbering with all characters and symbols contrasting with their background
- ~~Braille characters included to the left on all interior signage~~
- Parking spaces provided for at least 50% of Universal Design qualifying units, rounded up to the nearest whole number, with a five foot wide adjacent auxiliary space connected to accessible route
- Residential elevator or chair lift space structured for future use in multiple level homes
- Enterprise Green Communities Model Specifications are used for applicable sections for the Universal Design qualifying units
- On-site physical activity is provided for in a fitness area, biking or walking path or community garden
- Other modifications that make units livable for disabled populations, as demonstrated by credible evidence provided in the application, and at the sole discretion of Minnesota Housing

~~C.~~ B. Smoke Free Buildings (1 point):

1~~. ☐ One (1) point will be awarded for~~The projects ~~that~~ will institute and maintain a written policy[20]* prohibiting smoking in all the units and all common areas within the building/s of the project. The project must include a non-smoking clause in the lease for every household. Projects awarded a point in

[20] The written policy must be submitted with the application and should include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by the owner but must be included in the written policy.

this scoring criteria will be required to maintain the smoke-free policy for the term of the declaration. **(1 point)**

8. Unacceptable Practices (-4 to -25 points)

Minnesota Housing will impose penalty points for unacceptable practices as identified in Chapter 2.G. of the HTC Program Procedural Manual.

Total Points

TOTAL DEVELOPER CLAIMED POINTS:

TOTAL MINNESOTA HOUSING AWARDED POINTS:

Signatures

Under penalty of perjury, owner hereby certifies the information provided herein is true and accurate.

Name of Owner: ______________________________

____
By (Signature):

____
Of (Name of Legal Entity):

____
Its (Title) (Managing General Partner):

____
Print or Type Name of Signatory:

NOTE: During the competition process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant/owner. In addition, applications funded under the Joint Powers Agreement must also comply with the suballocators selection criteria defined in their Qualified Allocation Plan.

2019 QAP - Access to Higher Performing Schools Methodology

Access to higher performing schools is based on a development being located in an area that meets at least two out of three school performance assessments:

- Share of 3rd graders who are reading proficient (2015/2016 school year). The area's neighborhood elementary school needs to meet or exceed the statewide proficiency rate of 57.3%[1]
- Share of 8th graders who are math proficient (2015/2016 school year). The area's neighborhood middle school needs to meet or exceed the statewide proficiency rate of 57.9%[1]
- Share of high school students that graduate on time (2015/2016 school year). The area's high neighborhood school needs to meet or exceed the statewide graduation rate of 82.17%[2]

Applicants will receive four points if the development is located in an area with access to higher performing schools. **The same regions eligible for economic integration points are also eligible for access to higher performing school points. This includes the seven-county Twin Cities metropolitan area and areas in and around Duluth, Rochester and Saint Cloud.**

Each elementary school, middle school[3], and high school attendance boundary are assessed separately and then combined for a final score. If a school is equal to or greater than the statewide average, it meets that performance threshold for that measure. If at least two of the three measurements achieve the performance threshold, the area is eligible for points.

Access to higher performing schools is based on elementary school attendance boundaries.[4] Points for 8th grade math proficiency and high school graduation rate are assigned to the elementary school that feeds into those middle and high schools. Private, charter and magnet schools are excluded from this analysis.

This document includes maps of the areas eligible for points given their access to higher performing schools. Interactive tools will be made available for applicants to map project locations and determine the high-performing school points through the community profiles at www.mnhousing.gov > Policy & Research > Community Profiles.

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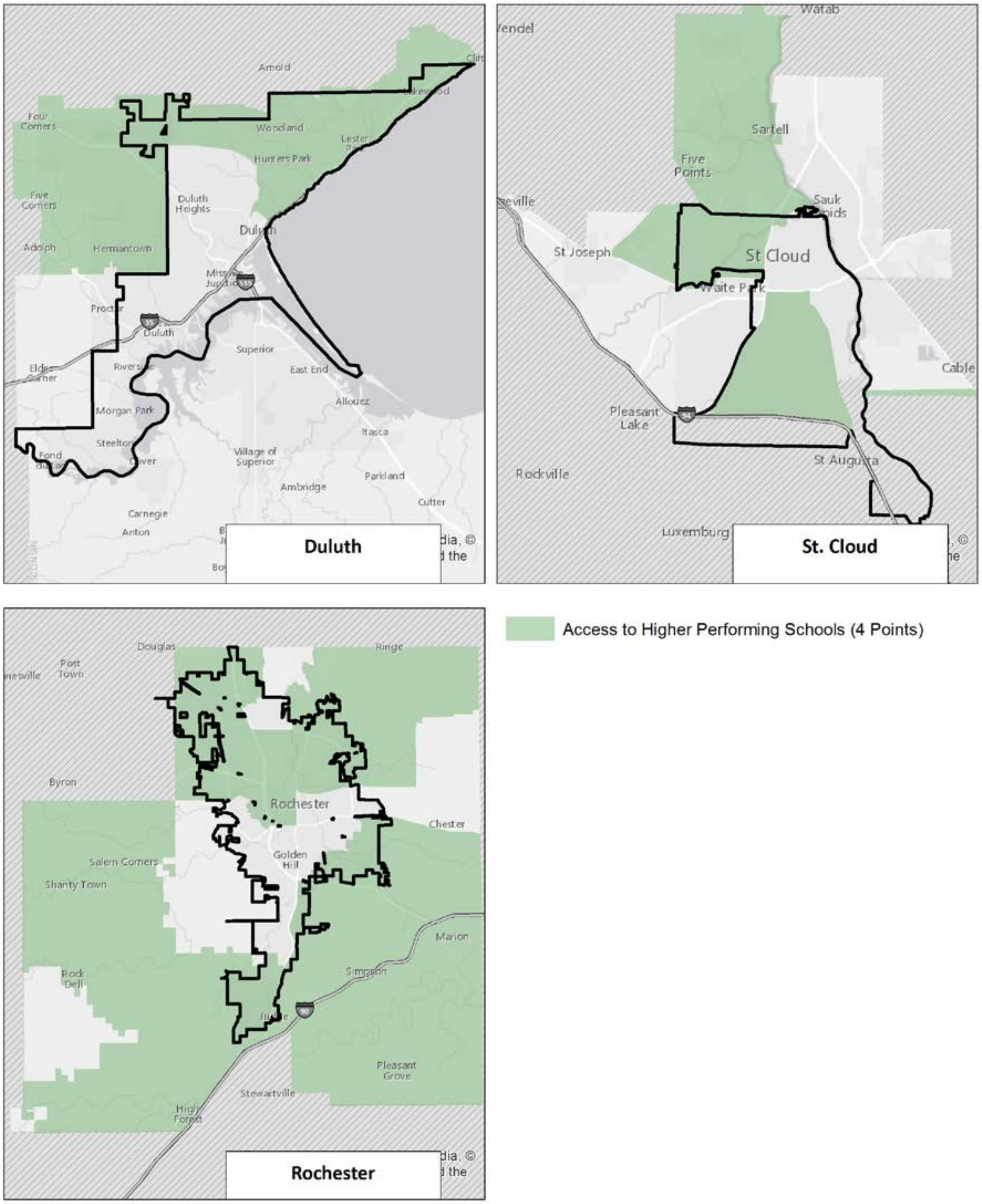
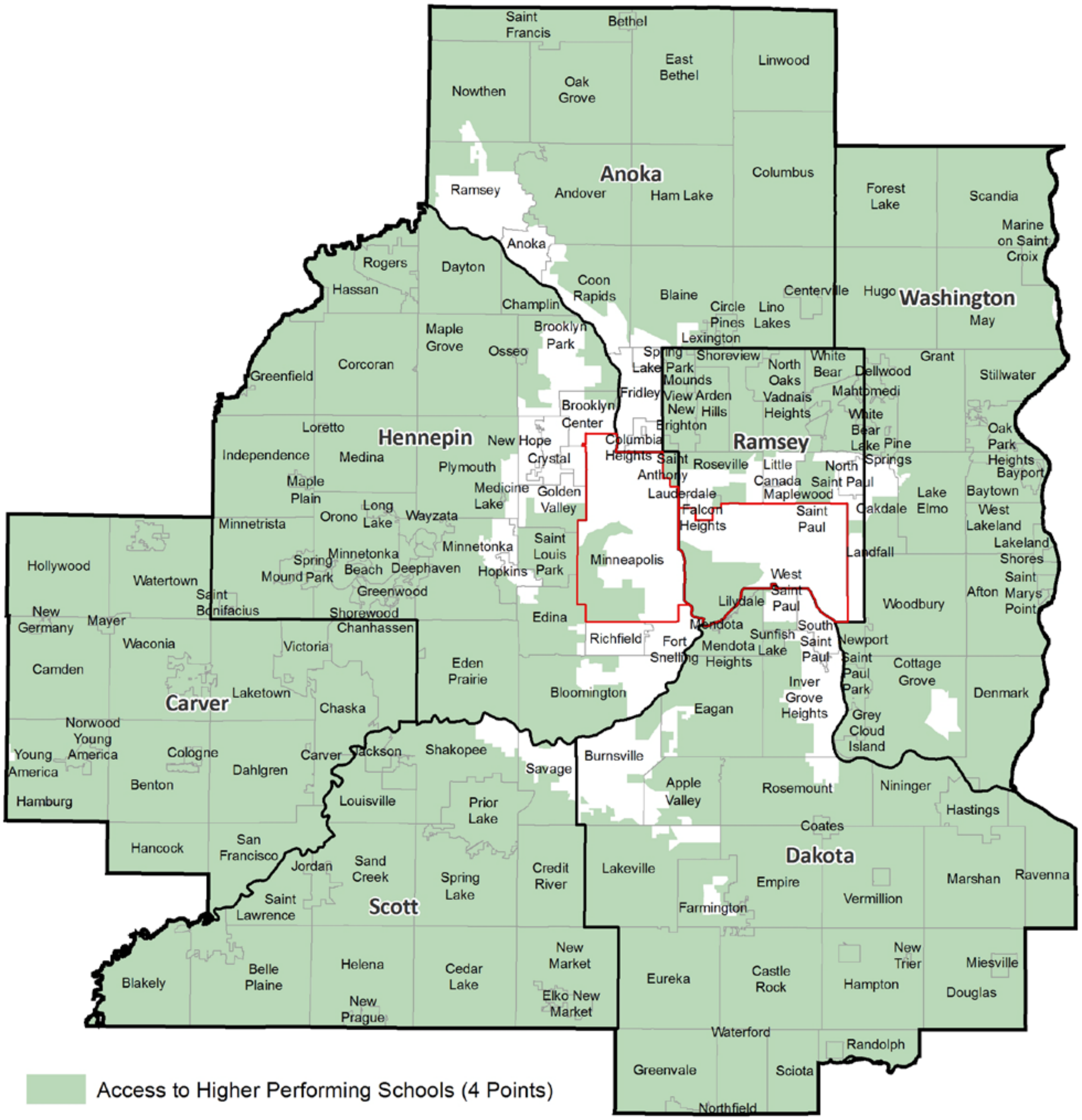
[1] Based on Minnesota Comprehensive Assessments (MCA) Series III test scores by school for 2015/2016 school year – 3rd and 8th grade proficiency. Data source: http://w20.education.state.mn.us/MDEAnalytics/Data.jsp.
[2] Based on 4-year graduation rates by school for 2015/2016 school year. Data source: http://w20.education.state.mn.us/MDEAnalytics/Data.jsp.
[3] If a middle school attendance boundary is not defined or a middle school does not exist, the high school attendance boundary is used.
[4] Data source Minnesota Department of Education via the Minnesota Geospatial Commons: https://gisdata.mn.gov/organization/us-mn-state-mde.

Areas outside the seven-county Twin Cities metropolitan area, Duluth, Rochester, and St. Cloud are not eligible for school performance or economic integration points, but they are eligible for 10 points under the Rural/Tribal Designated Areas.




Anoka
Hennepin
Ramsey
Washington
Carver
Scott
Dakota
Minneapolis
Saint Paul
Access to Higher Performing Schools (4 Points)

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2019 QAP- Community Economic Integration Methodology

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

Communities are eligible for these points in the seven-county Twin Cities metropolitan area and areas in and around Duluth, St. Cloud, and Rochester. For applicants to be awarded seven or nine 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 for seven points and 80th percentile for nine points, based on data published in the American Community Survey (ACS) for 2015. 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 a regional threshold for low and moderate wage jobs[2] within five miles of the Census tract based on data published by the Local Employment Dynamics program of the US Census Bureau for 2014. In the Twin Cities metro, the 10 percent of census tracts with the fewest low- and moderate-wage jobs within five miles of the tract are excluded, and in Greater Minnesota, the 20 percent of census tracts with the fewest low- and-moderate wage jobs are excluded[3]. 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 two tiers of community economic integration as well as a list of census tracts by county for each tier. Maps 1 and 2 display the census tracts that meet these criteria, and the corresponding tables show the total number of jobs and median incomes needed to achieve the thresholds by region. In the maps we have identified racially/ethnically-concentrated areas of poverty (R/ECAPs), which are a census-tract based concept developed by HUD[4]. As the maps show, R/ECAPs are not in areas eligible for economic integration points. Interactive tools will be made available for applicants and staff to map project locations and determine economic integration points through the community profiles at www.mnhousing.gov > Policy & Research > Community Profiles.

Areas outside the seven-county Twin Cities metropolitan area, Duluth, Rochester, and St. Cloud are not eligible for economic integration or school performance points, but they are eligible for 10 points under the Rural/Tribal Designated Areas.

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[1] For the purpose of assessing income and access to jobs by region, Minnesota Housing used three regional categories 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 Crosse, and 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 (2014).

[3] In the case where an urban-sized Census tract (less than 25 square miles) is completely surrounded by a census tract that meets this eligibility, it is also identified as having access to jobs.

[4] R/ECAPs must have a non-white population of 50 percent or more and has a poverty rate that exceeds 40 percent or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower (http://egis.hud.opendata.arcgis.com/datasets/320b8ab5d0304daaa7f1b8c03ff01256_0).

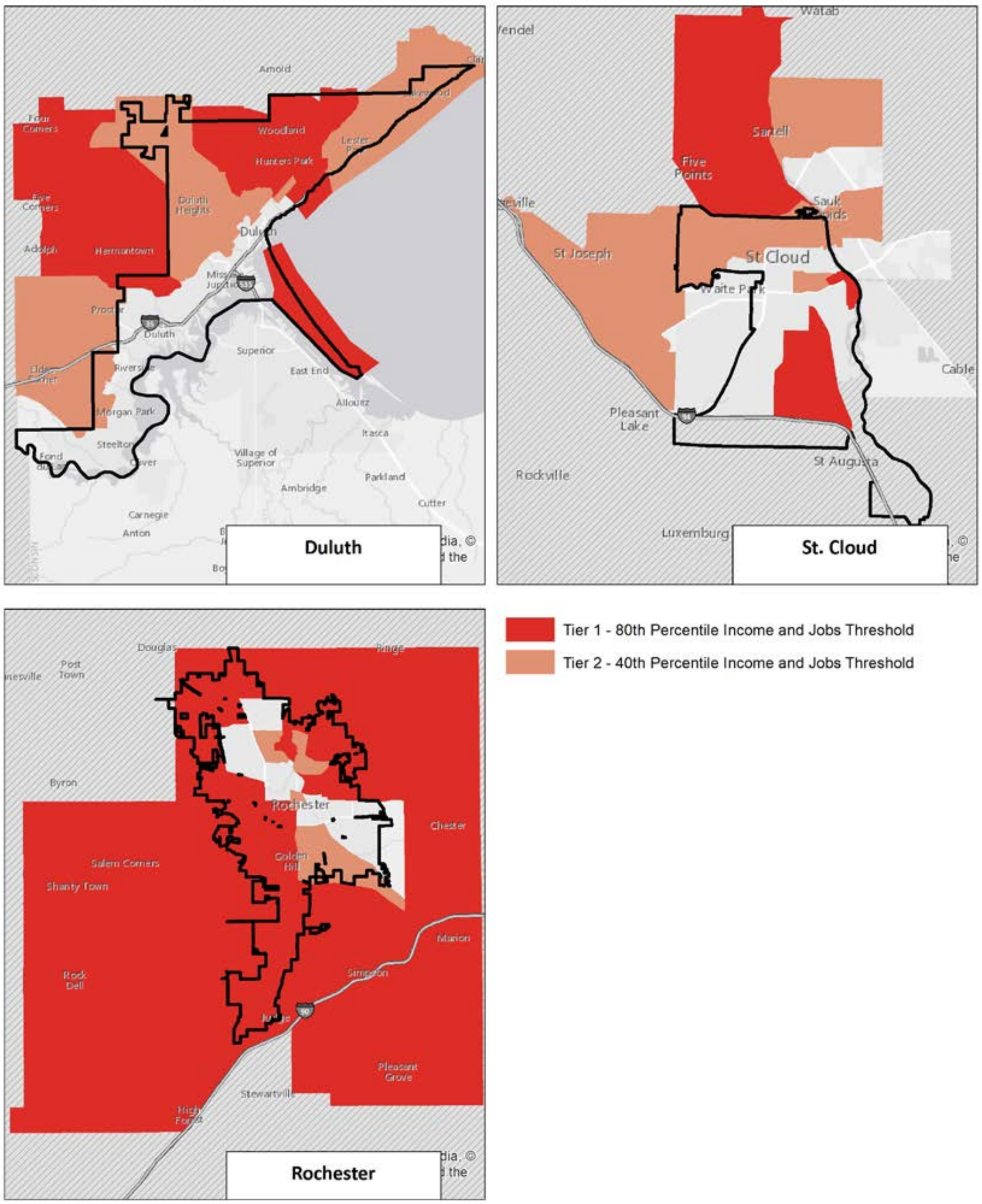
First Tier Community Economic Integration – 9 Points
Meet or exceed the 80th percentile of median family income and meet or exceed the 20th percentile of low- and moderate-wage jobs within five miles of the census tract in Greater Minnesota and the 10th percentile of low- and moderate-wage jobs within five miles in the Twin Cities Metro.

Second Tier Community Economic Integration – 7 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 five miles of the census tract in Greater Minnesota and the 10th percentile of low- and moderate-wage jobs within five miles in the Twin Cities Metro.

Table 1 – Jobs and Median Family Income Thresholds by Region.

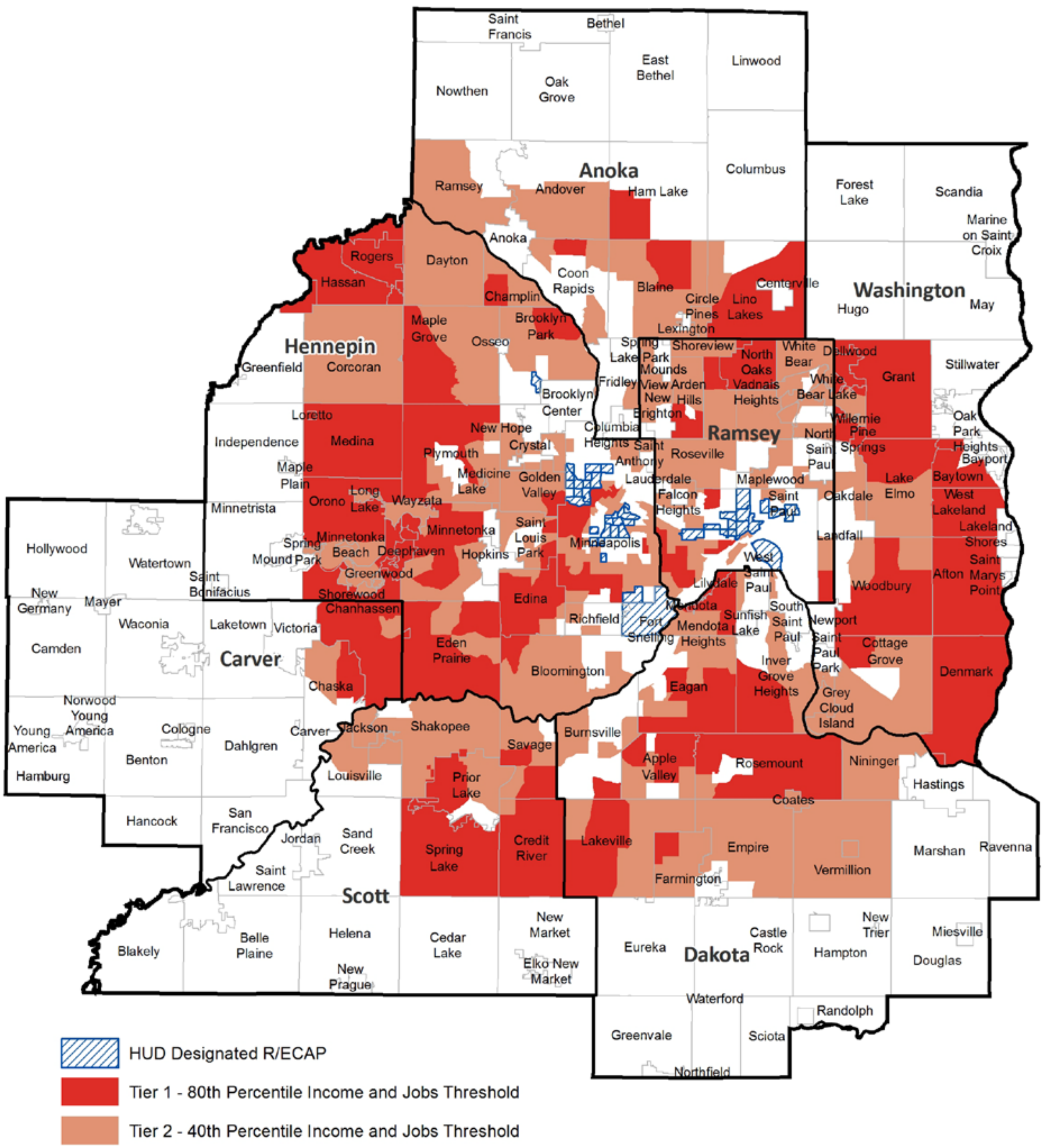
Community Economic Integration *(Twin Cities Metro on next page)*	Non Metro MSAs
Jobs within 5 miles / 20th percentile	3,991
Med Family Income / 40th percentile	$62,473
Med Family Income / 80th percentile	$83,250

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 (OUTSIDE OF RURAL/TRIBAL AREAS)



MAP 2 – TWIN CITIES SEVEN-COUNTY METRO DETAIL - CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME AND 10TH PERCENTILE FOR LOW AND MODERATE WAGE JOBS WITHIN FIVE MILES

	Twin Cities 7 County Metro
Jobs within 5 miles / 10th percentile	19,320
Med Family Income / 40th percentile	$75,186
Med Family Income / 80th percentile	$110,170



Census Tract Listing by County for Economic Integration
(denotes tract achieves second tier)*

Anoka	
502.08	*
502.15	
502.19	*
502.2	*
502.21	*
502.22	*
502.23	*
502.24	*
502.26	*
502.27	*
502.28	*
502.29	*
502.3	
502.36	
502.37	
506.09	*
507.07	
507.09	*
507.1	*
507.11	*
508.05	*
508.06	*
508.13	*
508.16	*
508.18	
508.19	
508.2	*
508.21	*
509.02	*
512.03	*
Benton	
202.06	*
211.02	*
Carver	
905.01	
905.02	
905.03	
906.01	*

906.02	
907.01	
907.02	
908	*
909	
Dakota	
601.02	*
601.03	*
602.01	*
605.06	*
605.07	*
605.08	
605.09	*
606.03	
606.04	
606.05	*
606.06	
607.09	*
607.1	*
607.13	*
607.14	*
607.16	
607.17	*
607.21	*
607.26	*
607.27	*
607.28	
607.29	
607.3	
607.31	
607.32	
607.33	*
607.34	
607.35	*
607.42	
607.44	
608.06	
608.11	*
608.12	*

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608.24	*
608.25	
608.26	*
609.02	*
609.06	
609.07	*
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610.03	
610.04	
610.05	*
610.07	*
Hennepin	
3	*
6.01	*
6.03	*
11	*
81	*
106	
107	
110	*
117.03	
117.04	
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120.01	*
201.01	*
209.02	*
210.02	*

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221.02	*
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228.02	*
229.01	
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240.03	*
240.05	*
240.06	
241	*
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252.05	*
253.01	*

256.01	*
256.03	*
256.05	*
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272.03	*
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1093	*
1098	
1099	*
1102	*
1105	*
1108	*
1109	*
1111	*
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1116	
1226	*
1256	*
1261	*

1262	
Olmsted	
1	*
4	
9.02	*
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10	*
11	
12.01	
12.02	
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13.01	
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15.02	*
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16.01	*
16.02	
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17.03	
22	
23	
Ramsey	
301	*
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303	
306.02	*
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322	*
323	*
332	*
333	*
342.02	*
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350	*
351	
352	*
353	*

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360	*
363	
364	
365	*
366	*
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376.01	*
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403.01	*
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405.03	*
405.04	*
406.01	
406.03	*
406.04	*
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407.04	*
407.05	*
407.06	*
407.07	
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410.02	*
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413.02	*
414	*
415	*
416.01	*
417	*
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422.02	*
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425.03	
425.04	*
429	*
430	
Scott	
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802.02	
802.03	*
802.04	*
802.05	
803.01	*
803.02	*
806	*
807	*
809.03	
809.05	*
809.06	*
810	
St. Louis	
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3	*
4	
5	
6	*
7	
9	*
10	*
11	
22	
23	*
101	*
102	*
103	
157	

Stearns	
4.02	
6.02	*
9.01	*
10.01	*
101.01	
101.02	
113.01	*
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Washington	
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704.05	
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707.01	
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709.09	*
710.06	*
710.1	
710.11	
710.13	*
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710.17	*
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711.02	
712.06	
712.07	*
714	*

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2019 QAP - Cost Containment Methodology

Background

Cost containment points are awarded to the 50% of proposals with the lowest total development costs (TDC) per unit in each of the following four groups:

1. New Construction – Metro
2. New Construction – Greater MN
3. Rehabilitation – Metro
4. Rehabilitation – Greater MN

To address the issue of developments with larger units having higher costs than developments with smaller units, the scoring process includes cost adjustments related to the size of the units. Specifically, the process classifies developments largely for:

- Singles (primarily efficiencies and 1 bedroom units),
- Large families (primarily 3+ bedroom units), and
- Families/mixed (developments with other bedroom mixes).

The adjustments bring the TDCs for these developments into equivalent terms, and they reflect historical differences. For example, new construction TDCs for family/mixed developments are typically 16% higher than the TDCs for developments for singles. Thus, to make the TDCs for singles equivalent to those for families/mixed, the TDCs per unit for singles are increased by 16% when making cost comparisons.

The purpose of the cost containment criterion is to give developers an incentive to "sharpen their pencils" and eliminate unnecessary costs and/or find innovative ways to minimize costs. However, Minnesota Housing does not want developers to compromise quality, durability, energy-efficiency, location desirability, and ability to house lower-income and vulnerable tenants. To ensure that these priorities are not compromised, all selected developments must meet Minnesota Housing's architectural and green standards. In addition, the Minnesota Housing has intentionally set the points awarded under the cost containment criterion (6 points) to be equal to or less than the points awarded under other criterion, including economic integration, location efficiency, workforce housing, permanent supportive housing for households experiencing homelessness, housing for people with disabilities, and others.

The cost containment criterion applies to the selection of proposals for both 9% credits and 4% credits with tax-exempt bonds; however, the processes for awarding the points are different for the two types of credits.

Process for Awarding Points for Proposals Seeking 9% Credits

To carry out the competition for the points, the following process will be followed for all proposals seeking competitive 9% credits:

- Group all the 9% tax credit proposals into four development type/location categories:
  - New Construction – Metro

  - New Construction – Greater Minnesota
  - Rehabilitation – Metro
  - Rehabilitation – Greater Minnesota

- Adjust the TDCs for developments for singles and large families to make them equivalent to the TDCs for family/mixed developments. See the second column of Table 1 for the adjustments. For example, the TDC per unit for large-family, new-construction projects is multiplied by 0.95 to make it equivalent to the costs for a family/mixed development. Specifically, if the TDC per unit is $240,000 for a large-family new-construction development, it is multiplied by 0.95 to compute the equivalent TDC of $228,000.

- After adjusting the TDCs for single and large-family developments, order all the proposals by TDC per unit within each of the four groups from lowest to highest.

- Within each group, award 6 points to the 50% of proposals with the lowest TDCs per unit.

  - If the number of proposals in a group is even, the number of proposals eligible to get points =
    (Number of proposals in group)/2

  - If the number of proposals in a group is odd, the number of proposals eligible to get points =
    (Number of proposals in group)/2
    <u>Rounded down</u> to nearest whole number

    However,

    - If the next proposal in the rank order (of those not already receiving points) meets that group's threshold (see the third column of Table 1), that proposal is also eligible to get points, or
    - If that proposal's TDC per unit is higher than the threshold, it does not get points.

Only proposals that claim cost containment points on the Self-scoring Worksheet **<u>and</u>** are in the lowest half of the costs for their group will actually receive the cost containment points.

The cost thresholds in the third column reflect the historical mid-point costs for family/mixed developments in each group.

Table 1: 2019 QAP - Adjustment Factors and Thresholds to Determine if Middle Proposal Gets Points if Odd Number in Group

	Cost Adjustment to Families/ Mixed	Threshold Test if Odd Number of Proposals
New Construction Metro for Singles	1.16	$262,000
New Construction Metro for Families/Mixed	1.00	
New Construction Metro for Large Families	0.95	
New Construction Greater MN for Singles	1.16	$209,000
New Construction Greater MN for Families/Mixed	1.00	
New Construction Greater MN for Large Families	0.95	
Rehabilitation Metro for Singles	1.23	$210,000
Rehabilitation Metro for Families/Mixed	1.00	
Rehabilitation Metro for Large Families	0.83	
Rehabilitation Greater MN for Singles	1.23	$166,000
Rehabilitation Greater MN for Families/Mixed	1.00	
Rehabilitation Greater MN for Large Families	0.83	

- “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/conversion to residential housing, and projects that mix new construction and rehabilitation if the new construction gross square footage is greater than the rehabilitation gross square footage.

Implementation Details for 9% Credit Proposals

Tribal Proposals. To recognize the unique costs and situation of projects on Tribal lands, these projects will receive a 15% adjustment to their TDCs. Their proposed TDCs will be reduced by 15% when they compete for the cost-containment points.

Self-Scoring Worksheet and Awarding Points. All applicants that want to pursue the cost containment points must claim the six points in the Self-Scoring Worksheet; however, during the final scoring by Minnesota Housing, staff will take away the points from those proposals not in the lower half of TDCs for each of the four categories. (To identify the 50% of proposals with the lowest costs in each category, Minnesota Housing will include the TDCs of all proposals seeking 9% tax credits, not just those electing to participate in the competition for cost containment points by claiming the points in the Self-Scoring Worksheet. However, only those electing to participate in the competition by claiming the points in the Self-Scoring Worksheet will be eligible to receive the points if they are in the lower half of project TDCs.)

Applicable Cost Threshold and Unacceptable Practices. If a project receives points under this criterion, failure to keep the actual TDC under the "applicable cost threshold" will be considered an unacceptable practice and result in negative four points being awarded in the applicant's next round of tax credit submissions.

The "applicable cost thresholds" will be determined by the cost-containment selection process. Within each of the four development/location types, the TDC per unit of the proposal at the 50^{th} percentile (as identified in the process outlined above) will represent the "applicable cost threshold" that projects receiving cost-containment points will need to meet (with appropriate adjustments for single, family/mixed, and large-family developments). For example, if the 50^{th} percentile proposal for new construction in Greater Minnesota is a family/mixed development with a per unit TDC of \$210,000, all new construction family/mixed developments in Greater Minnesota receiving the cost-containment points will need to have a final TDC per unit at or below this threshold when the project is completed.

Within the four development/location types, separate thresholds will be published for single, family/mixed, and large-family developments, using the cost-adjustment factors in Table 1. In the example above, if the family/mixed category has a \$210,000 threshold, the threshold for large-family developments will be \$221,053 (\$21,000 divided by 0.95 equals \$221,053).

Under this process, there will be some cushion for cost overruns for projects that have proposed TDCs less than the applicable cost thresholds. However, the project at the 50^{th} percentile, which is the basis of the applicable cost threshold, will have no cushion. Its actual TDC per unit will have to be at or below its proposed TDC per unit to avoid the negative four points. Because applicants will not know if their project is the one at the 50^{th} percentile until after proposals have been submitted, all applicants need to carefully assess their proposed costs and the potential for cost increases.

If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points in the Self-Scoring Worksheet.

Round-2 Process. A different process is used for the Round-2 tax credit applications and selections. The Round-1 "applicable cost thresholds" will serve as the thresholds for determining if a Round-2 tax credit proposal receives the cost containment points. Like Round-1, Round-2 proposals will need to claim the six cost containment points on the Self-Scoring Worksheet to be eligible; developers for selected projects that receive the points will receive negative four points for their next round of tax credit submissions if they do not keep their actual TDCs within the applicable cost thresholds.

Process for Awarding Points for Proposals Seeking 4% Credits

Minnesota Housing will publish the "applicable cost thresholds" from the Round-1 competition for 2019 9% credits by September 30, 2018. Proposals for 2019 4% credits must have TDCs within these thresholds to receive the cost containment points.

To be eligible for the points, an applicant must claim the six cost containment points on the Self-Scoring Worksheet; developers for selected projects that receive the points will receive negative four points for their next round of tax credit submissions if they do not keep their actual TDCs within the applicable cost thresholds.

Predictive Cost Model and Cost Reasonableness

Besides awarding cost-containment points under this criterion, Minnesota Housing will also evaluate "cost-reasonableness" of tax credits proposals (even those that do not receive points under this criterion) using Minnesota Housing's predictive cost model. The model is a regression analysis that predicts TDCs per unit using data from developments that Minnesota Housing has financed in the past (adjusted for inflation) and industry-wide data on construction costs. The model measures the individual effect that a set of explanatory variables (which includes building type, building characteristics, unit characteristics, type of work carried out, project size, project location, population served, financing, etc.) have on costs. During the process of evaluating projects for funding, Minnesota Housing compares the proposed TDC per unit for each project with its predicted TDC per unit from the model. Minnesota Housing 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.

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2019 QAP - Location Efficiency Methodology

Location efficiency is defined by Minnesota Housing through a combination of access to transit and walkability criteria in the Twin Cities Metro and Greater Minnesota.

Twin Cities Metropolitan Area

In the Twin Cities Metro, applicants can receive up to nine points for location efficiency based on two criteria. First, applicants must achieve one of three levels of access to transit. Second, up to two additional points are available for walkability as measured by Walk Score (www.walkscore.com).

• **Access to Transit (one of the following):** *Applicants can map project locations and determine access to transit points using the Minnesota Housing Community Profiles tool: www.mnhousing.gov > Research & Publications > Community Profiles*		
Proximity to LRT/BRT/Commuter Rail Station	Locations within ½ mile of a planned[1] or existing LRT, BRT, or Commuter Rail Station. As of publication, lines include: Hiawatha, Central Corridor, Bottineau, and Southwest LRT, Northstar Commuter Rail, and stations of the Cedar Ave, Snelling, Penn, and I-35W rapid bus lines.	Points 7
Proximity to Hi-Frequency Transit Network	Locations located within ¼ mile of a fixed route stop on Metro Transit's Hi-Frequency Network.	4
Access to Public Transportation	Locations within one quarter mile of a high service[2] public transportation fixed route stop or within one half mile of an express route bus stop or park and ride lot.	2
• **Walkability (one of the following):**		
Walk Score of 70+	Walk Score is based on results from the following tool: www.walkscore.com. Applicant must submit a dated printout of the locations' Walk Score from the Walk Score tool.[3]	2
Walk Score of 50-69		1

The following map shows areas with access to transit. An interactive version of this map is accessible at: www.mnhousing.gov > Policy & Research > Community Profiles.

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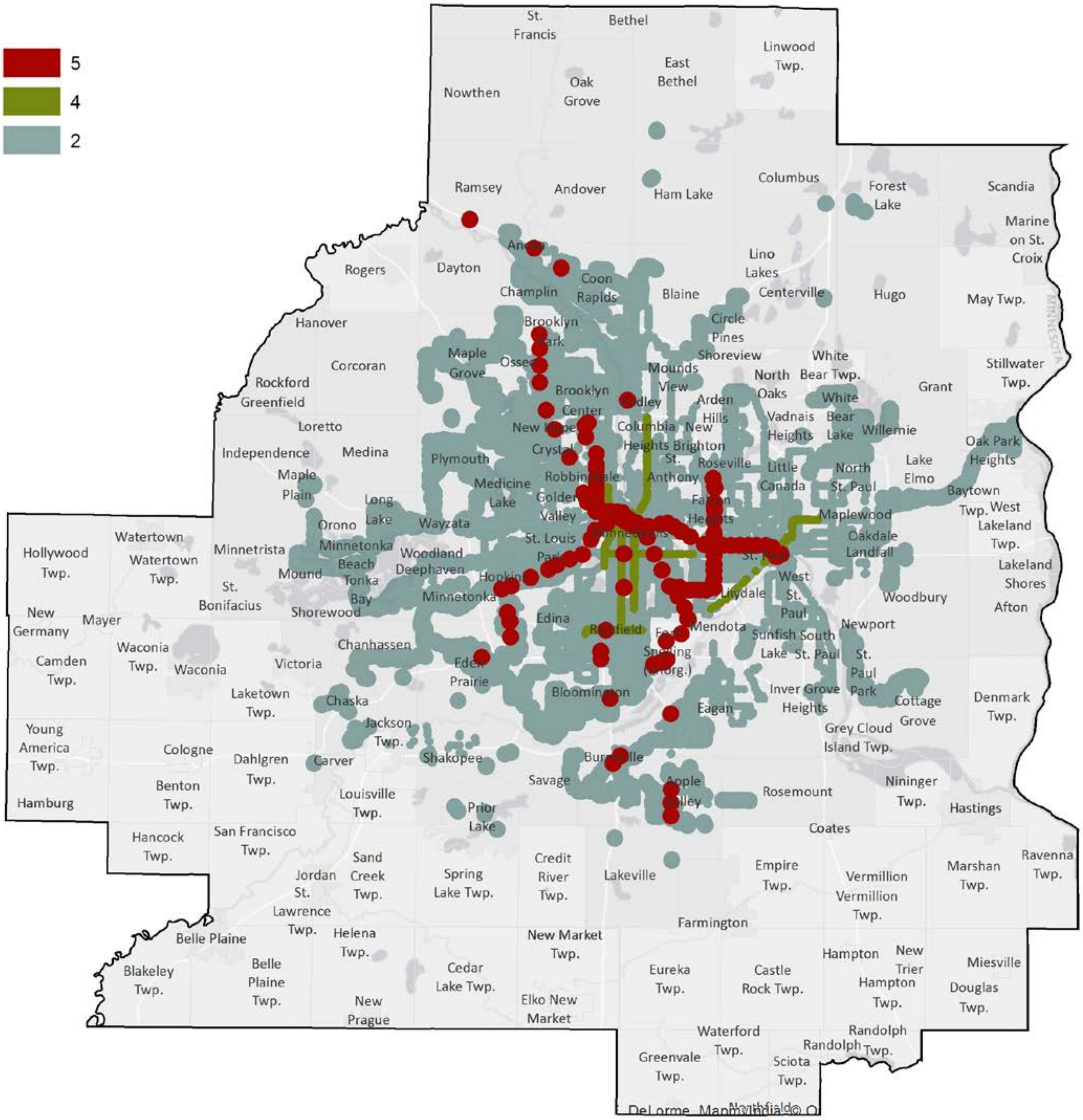
[1] Includes planned stations on future transitways that are in advanced design or under construction. To be considered in advanced design, transitways need to meet the following criteria: issuance of a draft EIS, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan. Transitways entering into advanced design after publication will be eligible, but data may not be available using Minnesota Housing scoring tools.

[2] High service fixed route stop defined as those serviced during the time period 6 a.m. through 7 p.m. and with service approximately every half hour during that time.

[3] If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If an address cannot be found in the Walk Score tool, use closest intersection within ¼ mile of the proposed location.

Figure 1: Transit Access Point Levels in the Twin Cities Metro



Map Source: Minnesota Housing analysis of MetroTransit data on Hi-Frequency Network, Planned and Existing Transit Lines, bus service, and park and rides (obtained January 2017)

Greater Minnesota – Urbanized Areas

For urbanized areas, defined by the U.S. Census as places with populations greater than 50,000, applicants can receive up to nine points with a combination of access to fixed route transit and walkability. These areas, identified by the Minnesota Department of Transportation (MnDOT)[4] are in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud.

For urbanized areas:

• **Access to Transit (one of the following):**		Points
Within ¼ mile of existing or planned[5] fixed route transit stop		7
Between ¼ mile and ½ mile of existing or planned fixed route transit stop		4
Within ½ mile of an express bus route stop or park and ride lot		4
• **Walkability (one of the following):**		
Walk Score of 70+	Walk Score is based on results from the following tool: www.walkscore.com. Applicant must submit a dated print out of locations' Walk Score from the Walk Score tool.[6]	2
Walk Score of 50-69		1
• The proposed housing must have access to transit service Monday through Friday for a minimum of 10 hours per day. • The maps in Figure 2 display fixed route stops and ¼ and ½ mile buffers in Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato, and St. Cloud. • Applicants must provide a map with the proposed housing's distance to the nearest stop.		

[4] Greater Minnesota Transit Investment Plan: http://www.dot.state.mn.us/transitinvestment/

[5] For a Greater Minnesota planned stop to be eligible for points under the QAP, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop or route must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day.

[6] If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If address cannot be found in the Walk Score tool, use the closest intersection within ¼ mile of the proposed location.

Figure 2: Transit Access Point Levels in Greater Minnesota

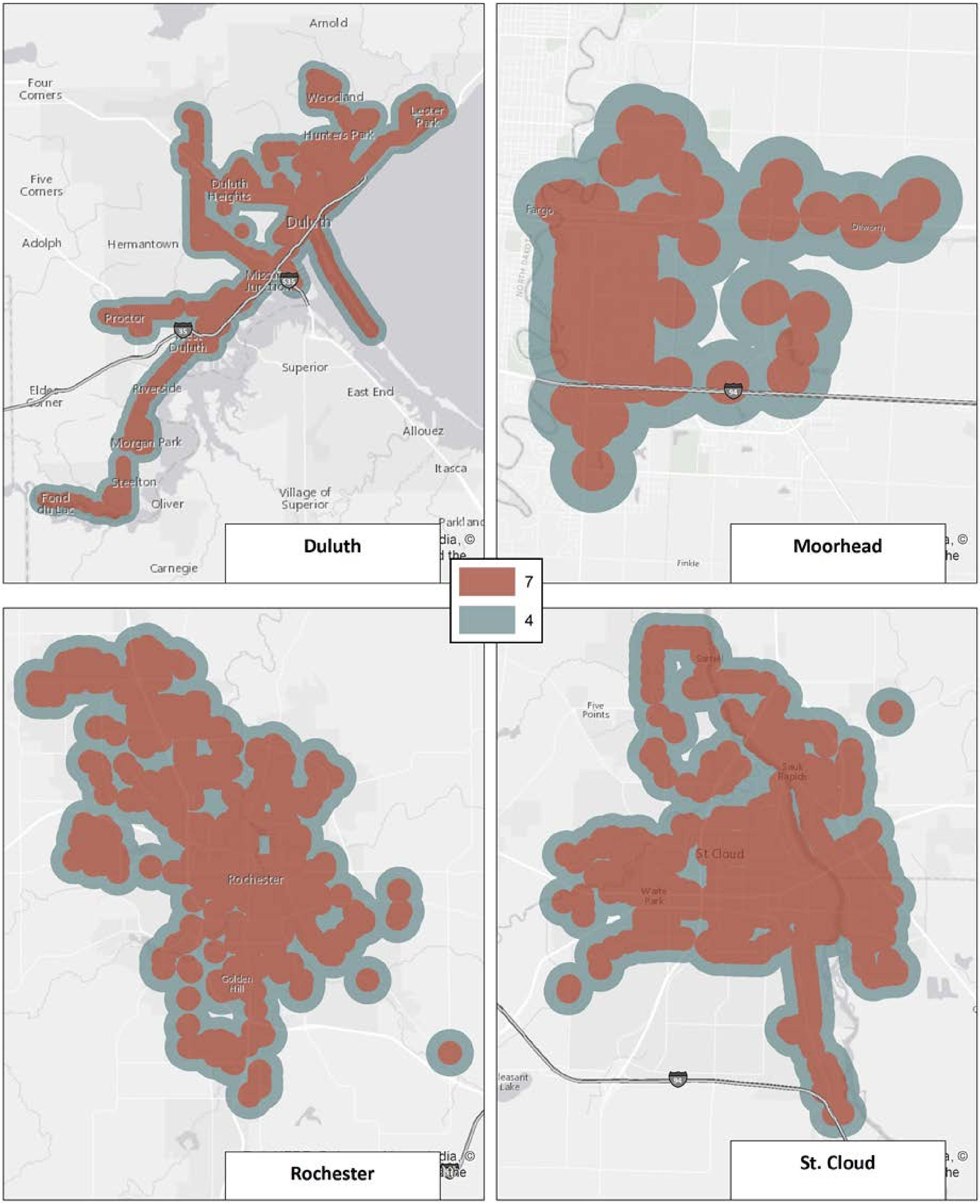
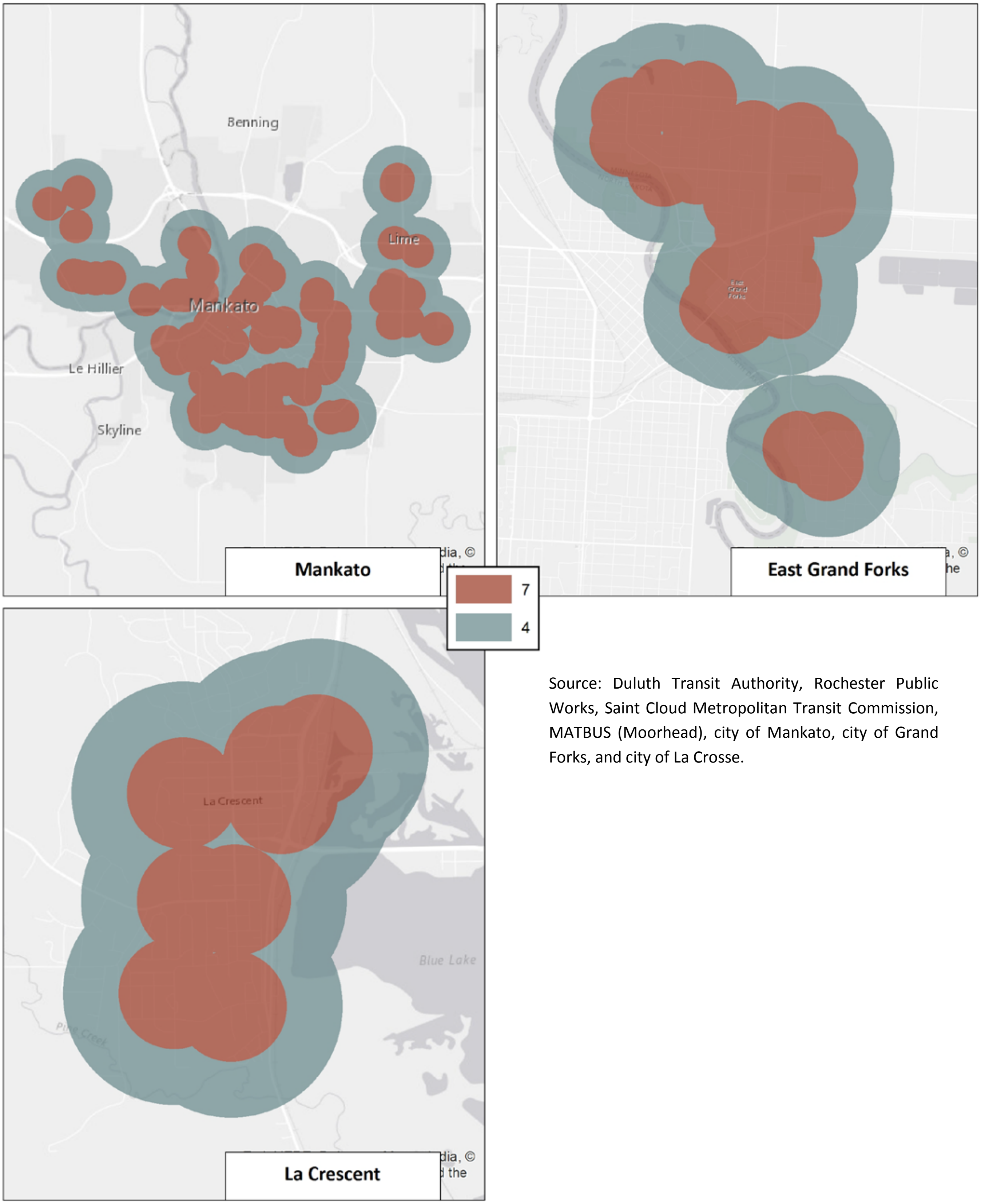


Figure 2: Transit Access Point Levels in Greater Minnesota



Source: Duluth Transit Authority, Rochester Public Works, Saint Cloud Metropolitan Transit Commission, MATBUS (Moorhead), city of Mankato, city of Grand Forks, and city of La Crosse.

Greater Minnesota – Rural and Small Urban Areas

For rural and small urban areas, places with populations fewer than 50,000, applicants can receive up to nine points by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride, or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as "Dial-A-Ride").

Applicants can find providers by county or city on MnDOT's website, http://www.dot.state.mn.us/transit/riders/index.html, and the service type in MnDOT's annual transit report, http://www.dot.state.mn.us/govrel/reports/2017/transit.pdf.

For rural and small urban areas:

<table>
<tr><th colspan="2">• Access to Transit (one of the following):</th><th><u>Points</u></th></tr>
<tr><td colspan="2">Within ¼ mile of an existing or planned[7] designated stop that has service every 60 minutes <u>OR</u> served by demand response/dial-a-ride with no more than two hour advance notice</td><td>7</td></tr>
<tr><td colspan="2">Between ¼ mile and ½ mile of an existing or planned[7] designated stop that has service every 60 minutes <u>OR</u> served by demand response/dial-a-ride with prior day notice</td><td>4</td></tr>
<tr><td colspan="2">Demand response/dial-a-ride service not meeting the scheduling terms above</td><td>2</td></tr>
<tr><th colspan="3">• Walkability (one of the following):</th></tr>
<tr><td>Walk Score of 50+</td><td rowspan="2">Walk Score is based on results from the following tool: www.walkscore.com. Applicant must submit a dated print out of locations' Walk Score from the Walk Score tool.[8]</td><td>2</td></tr>
<tr><td>Walk Score of 35-49</td><td>1</td></tr>
<tr><td colspan="3">• The proposed housing must have access to transit service Monday through Friday for a minimum of 10 hours per day.
• Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative. For proposed housing near deviated routes, applicants must provide a map with the distance to the nearest stop or predetermined route if the service allows passengers to board anywhere along that route.
• For proposed housing in communities with deviated route service but beyond the ½ mile requirement, requests for route deviations must meet the advanced notice requirements for demand response in that pointing category to receive the points.</td></tr>
</table>

[7] For a Greater Minnesota planned stop to be eligible for points under the QAP, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop or route must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day.

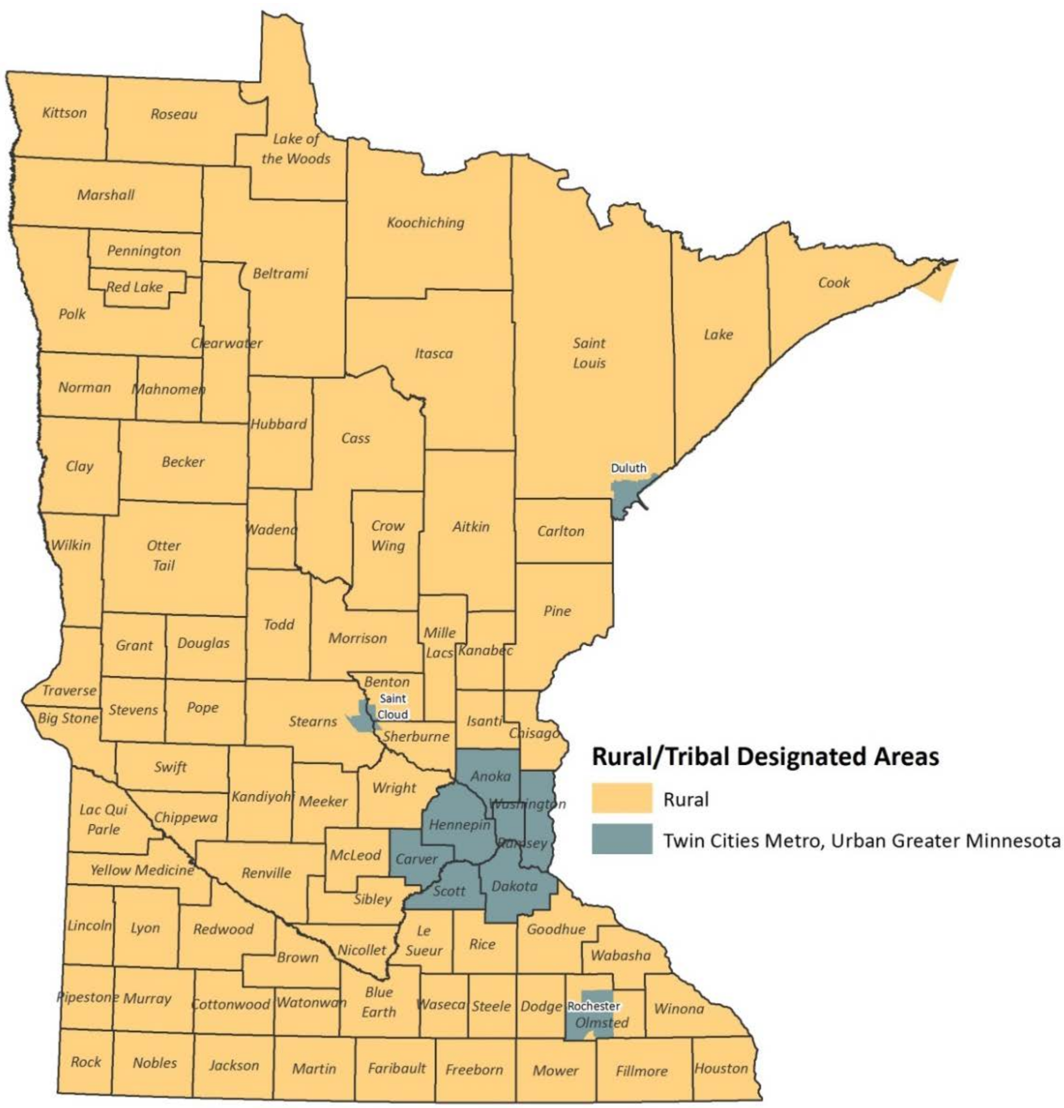
[8] If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to mhfa-request@walkscore.com. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If address cannot be found in the Walk Score tool, use the closest intersection within ¼ mile of the proposed location.

2019 QAP - Rural/Tribal Designated Areas

Because communities in rural parts of Minnesota are not eligible for priority points under economic integration or higher performing schools, the selection process provides 10 points to rural and tribal communities.

Minnesota Housing defines rural and tribal communities as census tracts outside of the Twin Cities seven-county Metropolitan area and communities in Greater Minnesota with populations over 50,000. These areas include census tracts in Duluth, Rochester and St. Cloud.

The map below shows areas receiving the rural/tribal designation points in orange. The following pages list the tracts eligible by county.



Tracts Eligible for Rural/Tribal Designation Points

Aitkin
7701
7702
7703
7704
7905.01
7905.02
Becker
4501
4502
4503
4504
4505
4506
4507
4508
4509
9400
Beltrami
4501
4502
4503
4504
4505
4506
4507.01
4507.02
9400.01
9400.02
Benton
201
202.02
202.03
202.05
203
Big Stone
9501
9502
9503

Blue Earth
1701
1702
1703
1704
1705
1706
1707
1709
1710
1713
1714
1715
1708
1712.02
1716
1711.01
Brown
9601.01
9601.02
9602
9603
9604
9605
9606
9607
Carlton
701
702
703
704
705
706
9400
Cass
9400.01
9400.02
9601
9602

9603.01
9603.02
9606
9607
9608.01
9608.02
Chippewa
9503
9504
9505
9506
Chisago
1101
1102
1103.01
1103.02
1104.02
1105.01
1105.02
1106
1107
1104.01
Clay
201
202.02
203
204
205
206
301.02
301.07
302.01
302.02
301.06
301.03
301.04
Clearwater
1
2

3
Cook
4801
4802
Cottonwood
2701
2702
2703
2704
Crow Wing
9501
9502.04
9504
9505.01
9505.02
9507
9508
9509
9510
9511
9512
9513.01
9513.02
9514
9516
9517
Dodge
9501
9502
9503
9504
9505
Douglas
4501
4502
4505
4506
4507.01
4507.02

4508
4509
4510
Faribault
4601
4602
4603
4604
4605
4606
Fillmore
9601
9602
9603
9604
9605
9606
Freeborn
1801
1802
1803
1804
1805
1806
1807
1808
1809
1810
Goodhue
801.01
801.02
802
803
804
805
806
807
808
809

Grant
701
702
Houston
201
202
203
205
209
Hubbard
701
702
703
704
705
706
707
Isanti
1301
1302
1303.01
1303.02
1304
1305.01
1305.02
1306
Itasca
4801
4803
4804
4805
4806
4807
4808.01
4808.02
4809
4810
9400
Jackson
4801
4802

4803
4804
Kanabec
4801
4802
4803
4804
Kandiyohi
7709
7801
7802
7803
7804
7805
7806
7807
7808
7810
7811
7812
Kittson
901
902
Koochiching
7901
7902
7903
7905
Lac Qui Parle
1801
1802
1803
Lake
3701
3703
3704
Lake of the Woods
4603
4604
Le Sueur

9501
9502
9503
9504
9505
9506
Lincoln
2010.01
2010.02
Lyon
3601
3602
3603
3604
3605
3606
3607
Mahnomen
9401
9403
Marshall
801
802
803
804
Martin
7901
7902
7903
7904
7905
7906
McLeod
9501
9502
9503
9504
9505
9506
9507
Meeker

5601
5602
5603
5604
5605
5606
Mille Lacs
1704
1705
1706
1707
9701
9702
9703
Morrison
7801
7802
7803
7804
7805
7806
7807
7808
Mower
1
2
3
10
12
13
14
4.1
6
8
9
Murray
9001
9002
9003
Nicollet
4801

4802
4803
4804
4806
4805.01
4805.02
Nobles
1051
1052
1053
1054
1055
1056
Norman
9601
9602
9603
Olmsted
18
19
20
21
Otter Tail
9601.02
9601.03
9603
9604
9605
9606
9607
9608
9609
9610
9611
9612
9613
9614
9615
9616
9617
Pennington

901
902
903
904
905
Pine
9501
9502
9503
9504
9505
9506
9507
9508
Pipestone
4601
4602
4603
4604
4605
Polk
201
202
203
204
205
206
207
208
209
210
Pope
9701
9702
9703
9704
Red Lake
101
102
Redwood
7501

7502
7503
7504
7505
7506
Renville
7901
7902
7903
7904
7905
7906
Rice
701
702
703
704
705.01
705.03
705.04
706.01
706.02
707
708
709.01
709.02
Rock
5701
5702
5703
Roseau
9701
9702
9703
9704
9705
Saint Louis
104
105
106
111

112
113
114
126
127
128
130
131
132
133
134
135
136
138
139
140
141
151
152
153
154
155
121
122
123
124
125
Sherburne
301.01
301.02
302
303
304.02
304.03
304.04
305.02
305.03
305.04
Sibley
1701.98
1702

1703
1704
Stearns
102
104.01
104.02
104.03
105
106
109
110
111
112
113.02
113.04
114
115
Steele
9601
9602
9603
9604
9605
9606
9607
9608
Stevens
4801
4802
4803
Swift
9601
9602
9603
9604
Todd
7901
7902
7903
7904
7905

7906
7907
7908
Traverse
4601
4602
Wabasha
4901
4902
4903
4904
4905
4906
Wadena
4801
4802
4803
Waseca
7901
7902
7903
7904
7905
Watonwan
9501
9502
9503
Wilkin
9501
9502
Winona
6701
6702
6703
6704
6705
6706
6707
6708
6709
6710

Wright	1003	1007.03	1011	9702
1001	1004	1008.01	1012	9703
1002.02	1005	1008.02	1013	9704
1002.03	1007.01	1009	**Yellow Medicine**	
1002.04	1007.02	1010	9701	

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2019 QAP - Qualified Census Tracts (QCT), Tribal Equivalent Areas Methodology

QCTs are based on census tract boundaries, but the boundaries of larger census tracts and reservations in Greater Minnesota do not always align. Thus, large geographic areas of some low-income reservations are not classified as QCTs. Reservations that meet the criteria for designation as a QCT are treated as a QCT equivalent area if either (1) the entire reservation meets the definition of a QCT or (2) if a tract within the reservation is eligible under current HUD QCT criteria.[1] Applicants will find interactive maps to identify whether a property falls within these areas on Minnesota Housing's website – www.mnhousing.gov > Policy & Research > Community Profiles.

Eligible Areas

The reservations in the table below and identified on the map on the following page are eligible as Tribal QCT equivalent areas. To be eligible, these areas must meet either income or poverty thresholds:

- Areas are eligible based on the "income threshold" if 50% or more of households in the area have incomes below the household-size-adjusted income limit for at least two of three evaluation years (2012-2014); OR
- Areas are eligible based on the "poverty threshold" if the poverty rate in the area is 25% or higher for at least two of three evaluation years (2012-2014).

The following are eligible areas

Indian Reservations or Trust Land in Minnesota Based on Characteristics of Eligibility for Qualified Census Tracts

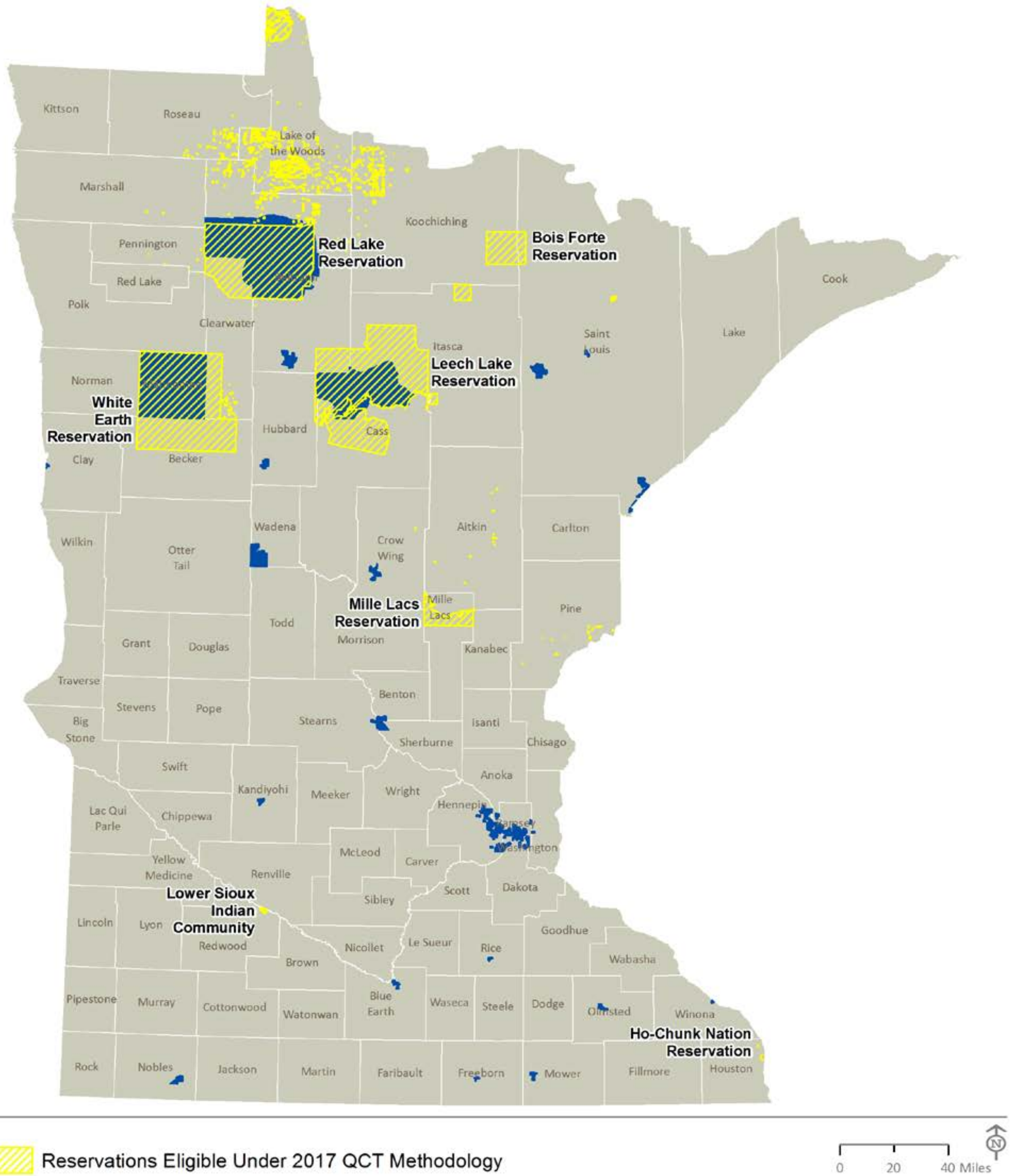
Indian Reservation	Years Eligible Based on Income	Years Eligible based on Poverty
Bois Forte Reservation, MN	3	0
Ho-Chunk Nation Reservation and Off-Reservation Trust Land, WI--MN	3	3
Leech Lake Reservation and Off-Reservation Trust Land, MN	1	3
Lower Sioux Indian Community, MN	0	3
Mille Lacs Reservation and Off-Reservation Trust Land, MN	3	1
Red Lake Reservation, MN	3	3
White Earth Reservation and Off-Reservation Trust Land, MN	3	3

Sources: Decennial Census, HUD Income Limits (Statewide for Very Low Income, 50%), American Community Survey 2008-2012, 2009-2013, and 2010-2014 samples.

Minnesota Housing will update the list of tribal census tracts or reservations in accordance with HUD updates to federally designated Qualified Census Tracts.

[1] HUD QCT Designation Algorithm found here: http://qct.huduser.org/tables/QCT_Algorithm_2017.htm

Qualified Census Tracts and Tribal Lands Eligible Under QCT Methods



Reservations Eligible Under 2017 QCT Methodology

HUD Designated QCT 2017

Source: Minnesota Housing Analysis of American Community Survey Data for three periods, 2010-2014, 2009-2013, and 2008-2012. Tribal lands are 2014 boundaries from the US Census of American Indian, Alaska Native, and Native Hawaiin geographies.

Minnesota Housing Finance Agency

2019 QAP- Workforce Housing Communities Methodology

Communities with a need for workforce housing are identified using data on: (1) total jobs in 2015, (2) five-year job growth, or (3) long distance commuting. Data on jobs and growth are from the Minnesota Department of Employment and Economic Development's Quarterly Census of Employment and Wages.[1] Data on commuting are from the US Census Bureau's Longitudinal Employer-Household Dynamics program.[2] Workforce housing areas are defined separately for the Twin Cities Metro (seven-County) and Greater Minnesota. The priority has two point levels, six and three points. The following sections describe the eligible communities and buffers around these communities for the two regions. Applicants will find interactive maps to identify whether a property falls within these areas at Minnesota Housing's website: www.mnhousing.gov > Policy & Research > Community Profiles.

- **Six Points**
  - **Top Job Centers**. A community is eligible if it is one of the top 10 job centers in Greater Minnesota or the top five job centers in the Twin Cities Metro as of 2015 as defined by total jobs.

(OR)

  - **Net Five Year Job Growth.** Communities are eligible in Greater Minnesota if they have at least 2,000 jobs in the current year and had a net job growth of at least 100 jobs in the last five years. In the Twin Cities Metro the minimum net job growth is 500. Minnesota Housing is publishing in this document the most current available data from the Department of Employment and Economic Development, 2010-2015, but will add additional communities when more current data becomes available in April 2018 for the 2019 QAP.

(OR)

  - **Individual Employer Growth.** A community is eligible if an individual employer has added at least 100 net jobs (for permanent employees of the company) during the last five years, and can provide sufficient documentation signed by an authorized representative of the company to prove the growth.

(OR)

- **Three Points**
  - **Long Commute Communities.** A community is eligible if it is not a top job center, job growth community, or an individual employer growth community, yet is identified as a long commute community. These are communities where 15 percent or more of the communities' workforce travels 30+ miles into the community for work.

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[1]The 5 year job growth communities presented in this methodology are for 2010-2015. Minnesota Housing will also add eligible 2011-2016 growth communities by application release of the 2019 QAP. Data source: http://mn.gov/deed/data/data-tools/qcew.jsp

[2] Data from LEHD are current to 2014. Minnesota Housing will also add eligible communities with more current data available by application release of the 2019 QAP. Data source: http://lehd.did.census.gov/data/.

In each case above, communities are buffered by 10 miles in Greater Minnesota and five miles in the Twin Cities Metro to account for a modest commuteshed.

The maps and tables below and on following pages list and display eligible areas for the Twin Cities Metro (pages 2 and 3) and Greater Minnesota (pages 4 and 5). If additional communities become eligible in the next year with updated data, Minnesota Housing will add them to the 2019 QAP lists; no communities will be subtracted from the 2019 QAP lists with the updated data.

Twin Cities Metro Job Centers and Ranked Job Growth Communities 2010-2015 (6 Points)

Twin Cities Metro Top 5 Job Centers (2015)
Minneapolis, Hennepin
Saint Paul, Ramsey
Bloomington, Hennepin
Eagan, Dakota
Eden Prairie, Hennepin

Twin Cities Metro Communities With Net Growth of 500 Jobs or More (2010-2015)	
Andover, Anoka	Maple Grove, Hennepin
Anoka, Anoka	Maple Plain, Hennepin
Apple Valley, Dakota	Maplewood, Ramsey
Blaine, largely Anoka	Medina, Hennepin
Bloomington, Hennepin	Minneapolis, Hennepin
Brooklyn Center, Hennepin	Minnetonka, Hennepin
Brooklyn Park, Hennepin	New Brighton, Ramsey
Burnsville, Dakota	Oakdale, Washington
Chanhassen, largely Carver	Plymouth, Hennepin
Chaska, Carver	Ramsey, Anoka
Coon Rapids, Anoka	Richfield, Hennepin
Eagan, Dakota	Rogers, Hennepin
Eden Prairie, Hennepin	Rosemount, Dakota
Edina, Hennepin	Roseville, Ramsey
Fridley, Anoka	Saint Louis Park, Hennepin
Ham Lake, Anoka	Saint Paul, Ramsey
Hopkins, Hennepin	Savage, Scott
Hugo, Washington	Shakopee, Scott
Inver Grove Heights, Dakota	Vadnais Heights, Ramsey
Lake Elmo, Washington	Waconia, Carver
Lakeville, Dakota	White Bear Lake, Ramsey
Lino Lakes, Anoka	Woodbury, Washington
Little Canada, Ramsey	

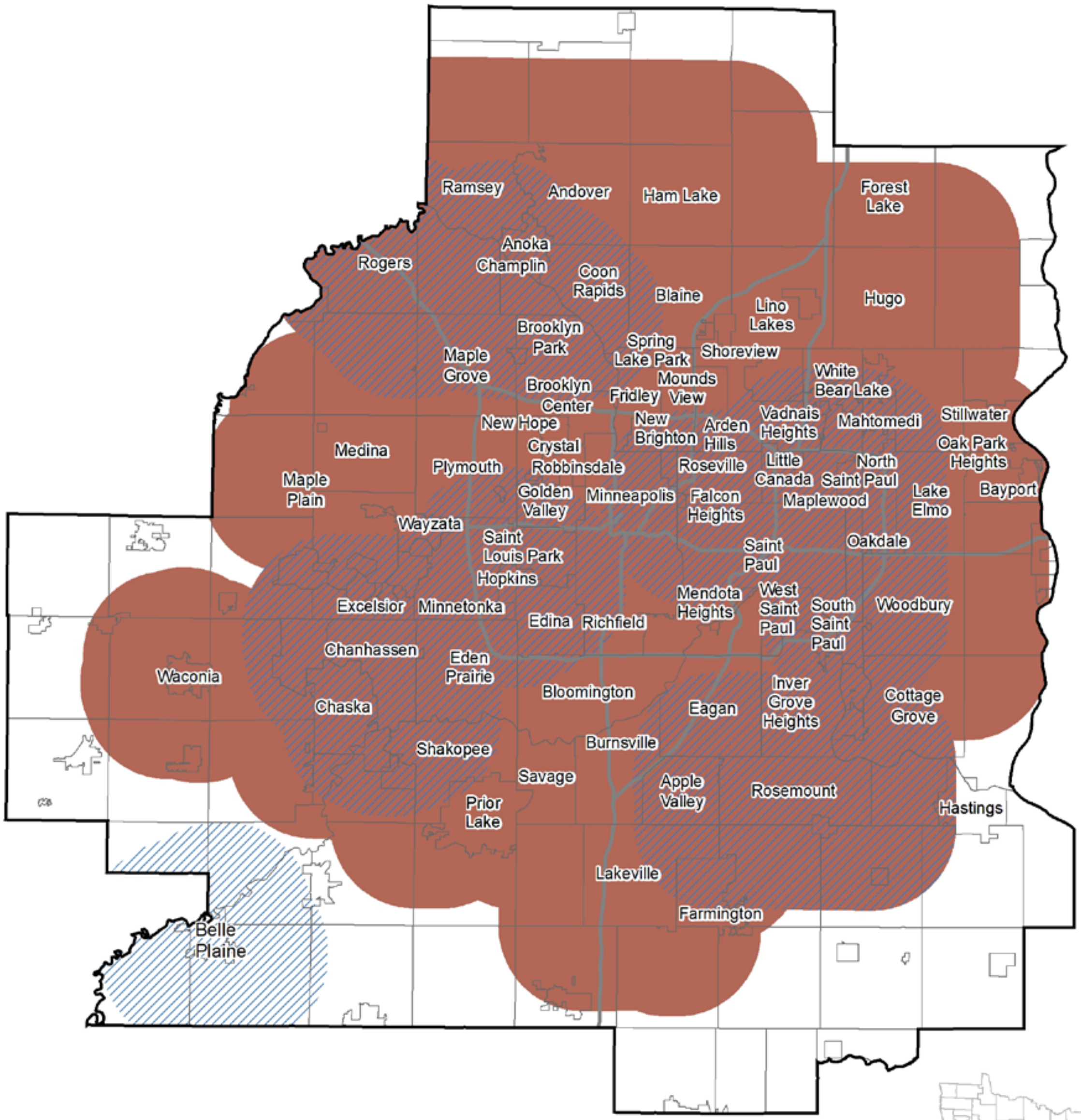
Source: Minnesota Housing analysis of Minnesota Dept. of Employment and Economic Development Quarterly Census of Employment and Wages (2010-2015).

Twin Cities Metro Long Commute Communities (3 Points)

Twin Cities Metro Long Commute Communities		
Belle Plaine	Falcon Heights	Rogers
Champlin	Hopkins	Rosemount
Chanhassen	Maplewood	

Source: Minnesota Housing analysis of US Census Longitudinal Employer Household Dynamics Data, 2014.

Metro Workforce Housing Communities for 2019 QAP (with 2010-2015 data)



-Job centers are defined by total jobs in 2015.
-Job growth is a measure of change in total jobs between 2010 and 2015.
-To be eligible as a job growth community, a community must have 2,000 or more jobs in 2015.
-Long Commute Communities have 15% or more of the workforce travelling 30+ miles to work.

Top 5 Job Center or Growth >=500 Jobs (6 Points)

Long Commute Community (3 Points)

0 4 8 Miles

Minnesota Housing Finance Agency

Source: Minnesota Housing analysis of MN Department of Employment and Economic Developments Quarterly Census of Employment and Wages. Date: 2/6/2017

Greater Minnesota Job Centers and Job Growth Communities 2010-2015 (6 Points)

Greater Minnesota Top 10 Job Centers (2015)
Rochester, Olmsted
Duluth, Saint Louis
Saint Cloud, largely Stearns
Mankato, largely Blue Earth
Winona, Winona
Owatonna, Steele
Willmar, Kandiyohi
Moorhead, Clay
Austin, Mower
Alexandria, Douglas

Greater MN Communities With Net Growth of 100 jobs or more, 2010-2015	
Albertville, Wright	Mankato, largely Blue Earth
Alexandria, Douglas	Marshall, Lyon
Austin, Mower	Melrose, Stearns
Baxter, Crow Wing	Monticello, Wright
Becker, Sherburne	Morris, Stevens
Bemidji, Beltrami	Mountain Iron, Saint Louis
Big Lake, Sherburne	New Ulm, Brown
Brainerd, Crow Wing	North Branch, Chisago
Cambridge, Isanti	North Mankato, largely Nicollet
Cloquet, Carlton	Northfield, largely Rice
Delano, Wright	Otsego, Wright
Detroit Lakes, Becker	Owatonna, Steele
Dodge Center, Dodge	Park Rapids, Hubbard
Duluth, Saint Louis	Perham, Otter Tail
East Grand Forks, Polk	Princeton, Mille Lacs
Elk River, Sherburne	Rochester, Olmsted
Faribault, Rice	Roseau, Roseau
Glencoe, McLeod	Saint Cloud, largely Stearns
Glenwood, Pope	Saint Michael, Wright
Grand Rapids, Itasca	Saint Peter, Nicollet
Hermantown, Saint Louis	Sartell, largely Stearns
Hibbing, Saint Louis	Sauk Rapids, Benton
Hutchinson, McLeod	Thief River Falls, Pennington
Lake City, Goodhue-Wabasha	Waite Park, Stearns
Le Sueur, largely Le Sueur	Willmar, Kandiyohi
Litchfield, Meeker	Winona, Winona
Luverne, Rock	Wyoming, Chisago

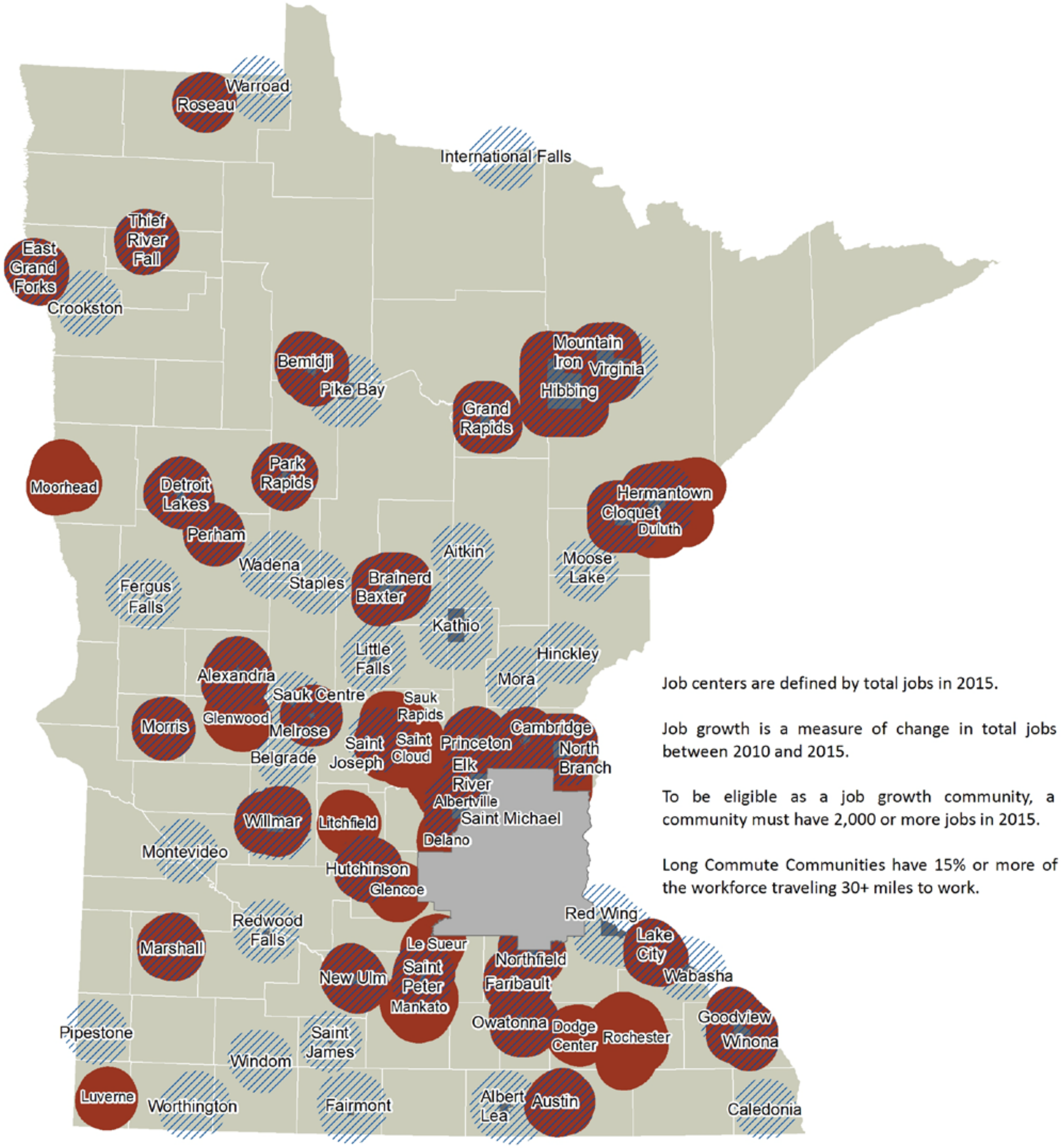
Source: Minnesota Housing analysis of Minnesota Dept. of Employment and Economic Development Quarterly Census of Employment and Wages (2010-2015).

Greater Minnesota Long Commute Communities (3 Points)

Greater Minnesota Metro Long Commute Communities			
Aitkin	Fergus Falls	Morris	St. Joseph
Albert Lea	Goodview	Mountain Iron	St. Michael
Alexandria	Grand Rapids	New Ulm	St. Peter
Austin	Hermantown	North Branch	Staples
Baxter	Hibbing	Northfield	Thief River Falls
Belgrade	Hinckley	Owatonna	Virginia
Bemidji	Hutchinson	Park Rapids	Wabasha
Brainerd	International Falls	Perham	Wadena
Cambridge	Kathio Twp.	Pike Bay Twp.	Warroad
Cloquet	Lake City	Pipestone	Willmar
Crookston	Little Falls	Princeton	Windom
Detroit Lakes	Marshall	Red Wing	Winona
East Grand Forks	Melrose	Redwood Falls	Worthington
Elk River	Montevideo	Roseau	
Fairmont	Moose Lake	Sauk Centre	
Faribault	Mora	St. James	

Source: Minnesota Housing analysis of US Census Longitudinal Employer Household Dynamics Data, 2014.

Greater Minnesota Workforce Housing Communities for 2019 QAP



Job centers are defined by total jobs in 2015.

Job growth is a measure of change in total jobs between 2010 and 2015.

To be eligible as a job growth community, a community must have 2,000 or more jobs in 2015.

Long Commute Communities have 15% or more of the workforce traveling 30+ miles to work.

Long Commute Community (3 Points)

Top 10 Job Center or Growth >=100 Jobs (6 Points)

Minnesota Housing Finance Agency

Source: Minnesota Housing analysis of MN Department of Employment and Economic Developments Quarterly Census of Employment and Wages. Date: 2/6/2017

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Continuum of Care (CoC) Priorities for the 2018 RFP/2019 QAP

Priority Household Type Options: Single Adults, Families with Children, Youth –Singles, Youth with Children
(Youth are defined as age 24 and younger)

Central	
County	**Household Type**
Benton	Singles
Cass	Families
Chisago	Singles
Crow Wing	Singles
Isanti	Singles
Kanabec	Families
Mille Lacs	Families
Morrison	Singles
Pine	Families
Sherburne	Families
Stearns	Singles
Todd	Singles
Wright	Singles
Hennepin County	
Hennepin	Singles
Northeast	
Aitkin	Singles
Carlton	Singles
Cook	Families
Itasca	Families
Koochiching	Families
Lake	Families
Northwest	
Beltrami	Youth w/children
Clearwater	Families
Hubbard	Singles
Kittson	Families
Lake of the Woods	Singles
Mahnomen	Singles
Marshall	Families
Norman	Singles
Pennington	Families
Polk	Singles
Red Lake	Singles
Roseau	Singles
Ramsey County	
Ramsey	Families

Southeast	
County	**Household Type**
Blue Earth	Youth w/children
Brown	Families
Dodge	Singles
Faribault	Families
Fillmore	Singles
Freeborn	Singles
Goodhue	Youth w/children
Houston	Singles
Le Sueur	Youth w/children
Martin	Families
Mower	Families
Nicollet	Families
Olmsted	Families
Rice	Families
Sibley	Youth w/children
Steele	Families
Wabasha	Families
Waseca	Families
Watonwan	Families
Winona	Youth/Singles
St Louis County	
St Louis	Singles
Southwest	
Big Stone	Singles
Chippewa	Singles
Cottonwood	Singles
Jackson	Families
Kandiyohi	Singles
Lac qui Parle	Singles
Lincoln	Families
Lyon	Families
McLeod	Families
Meeker	Singles
Murray	Families
Nobles	Singles
Pipestone	Families
Redwood	Families
Renville	Singles
Rock	Families
Swift	Singles
Yellow Medicine	Singles

Suburban Metro Area	
County	**Household Type**
Anoka	Families
Carver	Families
Dakota	Families
Scott	Families
Washington	Families
West Central	
Becker	Singles
Clay	Singles
Douglas	Singles
Grant	Singles
Otter Tail	Singles
Pope	Singles
Stevens	Singles
Traverse	Singles
Wadena	Singles
Wilkin	Singles

These priorities were determined and approved by each CoC governing body. The CoC is required to invite broad community input, including tribal representatives if the CoC region includes tribal land, and must broadly advertise the meeting to vote on the priority. The CoC must use the most recent, reliable, local data and needs assessment to determine the priority. Recommended methodology is to use the local Point in Time Data (PIT), Housing Inventory Chart (HIC), and the HUD HDX formula for calculating need. Data from Coordinated Entry or local housing studies may also be used. The Minnesota Interagency Council on Homelessness verifies that the prioritization process is valid.

Board Agenda Item: 7.B
Date: 5/24/2017

Item: Housing Tax Credit (HTC) Program – 2017 Round 2 Selections

Staff Contact(s):

Summer Jefferson, 651.296.9790
summer.jefferson@state.mn.us

Request Type:

☒ Approval	☒ No Action Needed
☒ Motion	☒ Discussion
☒ Resolution	☒ Information

Summary of Request:

Adoption of the attached resolution authorizing the selections and reservation/increased reservation of Housing Tax Credits (HTC) for Round 2 of the 2017 Housing Tax Credit Program year, and, as credits become available and subject to final review, the authorization of the selection of projects on the waiting list indicated on attachment: HTC 2017 Round 2**.**

Fiscal Impact:

Housing tax credits are a federal resource and do not directly impact Minnesota Housing's financial condition.

Meeting Agency Priorities:

☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Waiver Request
- HTC 2017 Round 2
- Resolution

BACKGROUND

Minnesota Housing received applications for the final 2017 Housing Tax Credits (HTC) application round (Round 2) on February 28, 2017. In Round 2, applications are selected without regard to geographic distribution. Projects that have previously received tax credits and have a shortfall of at least five percent, but not more than 33.33 percent, of the total qualified annual tax credit amount have a supplemental priority over other applications.

In the2017 HTC Round 1 (Round 1), a total of $12,784,765 in tax credits was allocated against a total Round 1 credit availability of $12,900,545. The total tax credit availability for the 2017 HTC Program is currently $12,971,887, based upon $2.35 per capita and adjustments for updated population numbers. A total of $272,915, as detailed below, is currently available for Round 2.

2017 Round 1 remaining balance, as adjusted	$ 115,780
Increase due to update of per capita	$ 0
Increase due to update of population	$ 71,342
Returned credits	$ 85,793
National Pool (estimated)	Not Yet Released by IRS
2017 Current Balance (available to Round 2)	$ 272,915

In May 2017, Minnesota Housing will apply for tax credits from the National Pool. Due to per capita and state allocation variables, it is not possible to estimate the credits that may be available from the National Pool at this time. Minnesota Housing may also allocate all unused and/or returned credits from previously allocated projects returned to the agency prior to October 1, 2017, in accordance with the requirements of Internal Revenue Code Section 42.

Minnesota Housing received five applications requesting a total of $441,572 of Round 2 tax credits. Four of the five applications had previously received awards of tax credits either from Minnesota Housing or from one of the suballocators. Of those four applications, one (Bottineau Ridge II) qualified for the Round 2 supplemental request priority described above.

All applications were ranked in accordance with the selection criteria outlined in the 2017 Housing Tax Credit Qualified Allocation Plan (QAP). In accordance with the 2017 QAP, three of the applications did not meet the eligibility requirements and one supplemental application was reviewed on a priority basis. A total of $102,590 in tax credits is recommended for the supplemental application (Bottineau Ridge II). An amount of $110,000 in additional tax credits is recommended for the remaining qualified application (Aeon Prospect Park). The proposed Round 2 HTC awards will leave a credit balance of $60,325. Because the other three applications do not qualify for an award of tax credits from remaining Round 2 balances, the remaining credit balance from Round 2, plus any returned credits and/or National Pool credits received, will be evaluated, at Minnesota Housing's sole discretion, for use with any supplemental tax credit requests that may be received for previously selected developments.

Staff's recommendations for 2017 Round 2 tax credit selections are summarized on the HTC 2017 Round 2 attachment.

WAIVER REQUEST

Housing Tax Credit Waiver of Development Allocation Credit Limits
Article 7.0 of the 2017 QAP and Chapter 2.E. of the 2017 HTC Procedural Manual states that no developer or general partner may receive tax credits in excess of 10 percent of the state's per capita volume in any calendar year, and no individual development may receive credits in excess of $1,000,000. The Minnesota Housing board may waive these limits for projects that involve planned community development, historic preservation, preservation of existing federally assisted housing, housing with rents affordable to households at or below 30 percent of median income, or in response to significant proposed expansions in area employment or natural disaster recovery efforts.

Bottineau Ridge is the supplemental application mentioned above, and their proposed Round 2 award of $102,590 will bring their total award of tax credits over the $1,000,000 per development cap. Staff is recommending a waiver to the $1,000,000 per development cap to allow for an aggregate amount of $1,080,146 for Bottineau Ridge Apartments Phase II submitted by Duffy Development, LLC. The amount of the waiver request is $80,146.

This 50 unit development requesting $1, 080,146 in tax credits is supported by the city of Maple Grove and Hennepin County and furthers the goals of responding to significant proposed expansion in area employment, involves planned community development and includes 15 units with rents affordable to households at or below 30 percent of area median income. Bottineau Ridge Apartments Phase II will bring much needed affordable, workforce, rental family housing to an area of opportunity. In addition, the development also includes seven units serving long term homeless households. This development furthers the objectives of the city of Maple Grove, addressing the goal of providing affordable housing opportunities. Hennepin County has committed substantial funds to the project and the city of Maple Grove has provided fee waivers contributing to significant cost savings. The proposal does not include a request for Minnesota Housing deferred funds. A waiver of the $1,000,000 per development cap will allow the applicant to maximize the amount of equity available to fund development costs.

HTC 2017 Round 2 – February 28, 2017

Selection Summary

Project Number	Project Name	HTC Awarded
M17536	Aeon Prospect Park, Minneapolis	$110,000
M17533	Bottineau Ridge Phase II, Maple Grove	$102,590

TOTAL CREDITS AWARDED: $ 212,590
2 Projects

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 17-xxxx

RESOLUTION RESERVING FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2017 TO CERTAIN QUALIFIED LOW INCOME HOUSING PROJECTS 2017 - ROUND 2

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minnesota Statutes Sections 462A.221-462A.225, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications as a duly designated housing tax credit agency for allocations to certain projects of the Low-Income Housing Tax Credits provided by Section 42 of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, Minnesota Housing staff has applied to said applications the criteria set forth for selection in the Qualified Allocation Plan (QAP) and procedural manual for Low Income Housing Tax Credit Program (the Manual), duly adopted by Minnesota Housing for 2017; and

WHEREAS, Minnesota Housing staff has determined to reserve, for future allocation, portions of the state ceiling of the Low Income Housing Tax Credits to the projects identified below, pending the final staff review and delivery by the applicants of additional certifications and information required for Minnesota Housing's issuance of such allocations.

WHEREAS, upon meeting the requirements for allocation contained in the Manual and QAP, Minnesota Housing staff recommends allocating additional portions of the state ceiling of Low Income Housing Tax Credits to the projects as follows:

Project #	Project Name	Funding Source	$ Awarded
M17536	Aeon Prospect Park	9% Housing Tax Credits	$110,000
M17533	Bottineau Ridge Phase II	9% Housing Tax Credits	$ 102,590
		Total Awarded:	**$ 212,590**

NOW, THEREFORE, BE IT RESOLVED:

1. THAT staff is hereby authorized to make the Low Income Housing Tax Credits reservation for the above developments in the amounts shown for calendar year 2017 of the Low Income Housing

Tax Credit program year, upon compliance with all of the requirements contained in the QAP and Manual;

2. THAT, staff is authorized to allocate the portions of the state of Minnesota's ceiling of Low Income Housing Tax Credits to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP and Manual, including a waiver to the $1,000,000 per development cap for Bottineau Ridge Phase II; and

3. THAT, notification letters concerning the above be forwarded to the approved applicants.

Adopted this 24th day of May 2017

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CHAIRMAN

Board Agenda Item: 7.C
Date: 5/24/2017

Item: Multifamily 2016 RFP Funding Modifications, Deferred Loans

Staff Contact(s):
Susan Thompson, 651.296.9838, susan.thompson@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests the board adoption of resolutions authorizing modifications to funding amounts for projects selected as part of the 2016 Consolidated Request for Proposals (RFP) process.

Fiscal Impact:
The requested modifications will make or increase funding awards from the following sources identified in the 2017 Affordable Housing Plan:

Economic Development & Housing Challenge Fund (EDHC)	$1,713,961
Multifamily Flexible Capital Account	$1,472,508
Preservation Affordable Rental Investment Fund (PARIF)	$ 691,362

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolutions

At the October 19, 2016 meeting, Minnesota Housing board members approved actions related to the Multifamily 2016 Consolidated Request for Proposals (RFP). Recommendations for funding from Minnesota Housing and funding partners for 25 developments for deferred, bridge, and permanent first mortgage loan financing, tax credits and rental assistance were approved.

Late in 2016, with perceived increased prospects for federal corporate tax reform, the market for Low Income Housing Tax Credits became uncertain. Tax reform proposals indicated the potential to reduce the corporate tax rate from 35% to 25%, 20% or even as low as 15%. As a result of this uncertainty, investors decreased their prices for housing tax credits, slowed their investments and in some cases stopped investing altogether while waiting to see the outcome. This resulted in a number of developments selected in the 2016 RFP suddenly experiencing funding gaps. This, in turn, slowed, and in some cases jeopardized, the ability of developments to move forward.

In an effort to have as many selected developments as possible close during 2017, Minnesota Housing staff reached out to developers in March 2017, inviting them to submit supplemental information to allow staff to assess project needs and potential gaps on a case-by-case basis. Staff also reached out to investors and syndicators, encouraging them to consider various options to maximize their tax credit pricing.

Minnesota Housing received supplementary information from 15 developments and is recommending additional funding for nine of those developments (two of which are proposed for Funding Partner resources). Of the nine recommended for additional funding, the following factors were identified:

Factors	Impact
Tax credit pricing reductions (per $1.00 of credit)	$ 0.04 - $ 0.13
Development syndication pricing gaps	$ 78,000 - $ 1,473,755
Total reduction of syndication proceeds	$ 4,000,000
Increase in project costs for reasons not related to tax credit pricing	$ 1,700,000
Additional non-Minnesota Housing/Funding Partner resources	$ 1,000,000

Staff proposed funding modifications:

Funding Type	Proposals	Total
Minnesota Housing Deferred Loan Capital	6	$ 3,877,831
Minnesota Housing Permanent First Mortgage Financing (not part of this action)	4	$ 1,031,000
Funding Partner Capital*	4	$ 626,000

*Includes $125,000 of gap, which is eliminated by a low interest, amortizing mortgage from Greater Minnesota Housing Fund.

For six of the nine developments, staff requests board approval for deferred funding modifications from Minnesota Housing as follows:

Project #	Project Name	Funding Source	Original Award	Modification (up to)	Adjusted Award (up to)
M17396	Agassiz Townhomes	EDHC	$ 0	$ 340,000	$ 340,000
M17443	Fox Pointe Townhomes	EDHC	$ 0	$ 333,186	$ 333,186
M17485	Great River Landing	Multifamily Flexible Capital Account	$ 0	$ 1,472,508	$ 1,472,508
M17432	Main Street Flats	EDHC	$ 1,345,000	$ 328,269	$ 1,673,269
M17489	Reprise: Robbinsdale and New Hope	PARIF	$ 0	$ 691,362	$ 691,362
M17507	White Pine Apartments	EDHC	$ 0	$ 712,506	$ 712,506
		TOTAL	$ 1,345,000	$ 3,877,831	$ 5,222,831

In addition to the six funding modifications detailed above, other funding strategies which do not require Board action at this time are being pursued. These include increased Agency amortizing mortgages and Funding Partner loans as described below.

The following increases to LMIR mortgages are anticipated, subject to finalization of the underwriting. Board action will be requested prior to loan closing for the following developments:

Project #	Project Name	Funding Source	Original Amount	Modification (up to)	Adjusted Amount (up to)
M17443	Fox Pointe Townhomes	LMIR 1st Mortgage	$ 0 (new)	$ 668,000	$ 668,000
M17432	Main Street Flats	LMIR 1st Mortgage	$ 1,880,000	$ 188,000	$ 2,068,000
M17428	Mysa House	LMIR 1st Mortgage	$ 630,000	$ 161,000	$ 791,000
M17507	White Pine Apartments	LMIR 1st Mortgage	$ 542,000	$ 14,000	$ 556,000
		TOTAL	$ 3,052,000	$ 1,031,000	$ 4,083,000

The following loans from Greater Minnesota Housing Fund are expected to be approved, subject to final approval:

Project #	Project Name	Funding Source	Original Award (up to)	Modification (up to)	Adjusted Award (up to)
M17396	Agassiz Townhomes	Deferred Loan	$ 0	$ 218,000	$ 218,000
M17428	Mysa House	Deferred Loan	$ 0	$ 135,000	$ 135,000
M17454	Solace Apartments	Deferred Loan	$ 0	$ 148,000	$ 148,000
M17455	Trailside Acres	1st Mortgage*	$ 0	$ 125,000	$ 125,000
		TOTAL	$ 0	$ 626,000	$ 626,000

*Funding gap of $125,000 will be eliminated by financing with a lower interest amortizing mortgage from Greater Minnesota Housing Fund. Amortizing loan amount will be approximately $1,205,000.

Of the remaining six developments that submitted information, two have found alternate funding solutions and the remaining four developments will continue to be evaluated by staff in collaboration with the developer to finalize the structuring, underwriting and financing on a case-by-case basis. While other outside sources will also be pursued, it is possible that funding modifications for some of these transactions will be considered by Minnesota Housing staff as the developments move forward to closing. Any modifications requiring Board approval would be presented to the Board at a later time.

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING SELECTION AND MORTGAGE LOAN COMMITMENT MODIFICATIONS

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) at its October 19, 2016 meeting previously authorized commitments by its Resolution 16-043; and

WHEREAS, uncertainty in the housing tax credit market has resulted in a number of developments selected in the 2016 RFP suddenly experiencing funding gaps, which jeopardized the ability of developments to move forward;

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby increases the funding commitment by $368,267 for the project and up to the amount set forth in the following table:

Project #	Project Name	Program	Adjusted Award
M17432	Main Street Flats	EDHC	$ 1,673,269
Total Adjusted Award:			$ 1,673,269

1. All other provisions of Resolution 16-043 remain unchanged.

Adopted this 24th day of May 2017

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CHAIRMAN

Agenda Item: 7.C
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING SELECTION AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC) AND PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)

WHEREAS, uncertainty in the housing tax credit market has resulted in a number of developments selected in the 2016 RFP suddenly experiencing funding gaps, which jeopardized the ability of developments to move forward; and

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) received supplementary information regarding construction and permanent financing for multifamily rental housing developments serving people and families of low- and moderate-income for the several developments.

WHEREAS, Minnesota Housing staff has reviewed supplementary information provided by developers and determined that awards to the developments are in compliance under Minnesota Housing rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the loans will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Minnesota Housing staff to enter into loan agreements, and to close said loans from Minnesota Housing resources and funds and in the amounts set forth in the following table and the conditions set forth below:

Project #	Project Name	Loan Program	Awarded Amount
M17485	Great River Landing	Multifamily Flexible Capital Account	$ 1,472,508
M17396	Agassiz Townhomes	EDHC	$ 340,000
M17443	Fox Pointe Townhomes	EDHC	$ 333,186
M17489	Reprise: Robbinsdale and New Hope	PARIF	$ 691,362
M17507	White Pine Apartments	EDHC	$ 712,506
Total Awarded Amount:			$ 3,517,562

1. Minnesota Housing staff shall review and approve the Mortgagor or Grantee; and

2. The issuance of a mortgage loan commitment for all EDHC and PARIF loans in form and substance acceptable to Minnesota Housing staff and the closing of the loans shall occur no later than 20 months from October 19, 2016; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from October 19, 2016 and construction of the development shall be completed within 18 months from the date of End Loan Commitment; and

3. The sponsor, the builder, the architect, the mortgagor, and any other parties that Minnesota Housing staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development, and to the operation of the development.

4. Each PARIF Mortgagor will enter into an agreement with Minnesota Housing that complies with subd. 8b of Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program Minnesota Laws 2015, First Special Session, Chapter 1, article 1, section 3, subdivision 7).

Adopted this 24th day of May 2017

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CHAIRMAN

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Board Agenda Item: 7.D
Date: 5/24/2017

Item: Selection/Commitment, Bridges Rental Assistance Program

Staff Contact(s):
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us
Elaine Vollbrecht, 651.296.9953, elaine.vollbrecht@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval to authorize up to $9,093,000 for the Bridges program. This action will authorize Minnesota Housing to enter into Bridges grant agreements with 22 administrators, with terms from July 1, 2017 through June 30, 2019, to serve an estimated 693 households each month.

Fiscal Impact:
The Bridges Rental Assistance Program (Bridges program) is a state appropriated resource, and Minnesota Housing staff anticipates continued legislative support of the program's base level of funding of $8,176,000 for the FY18-19 biennium. Awards in the attached Resolution are contingent upon the 2017 legislature approving the Bridges program state appropriations for FY2018-2019. Additionally, uncommitted existing Bridges program funds will be used to supplement the anticipated Bridges program state appropriations.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolution

The Bridges program promotes the integration of people with serious mental illnesses into their communities by ensuring that persons with a Bridges rental subsidy are also provided access to supportive mental health services. The program plays a key role in the agency's contribution to the goals of Minnesota's Olmstead Implementation Plan as well as those identified in Minnesota's Plan to Prevent and End Homelessness.

The Bridges program is cooperatively administered, monitored and evaluated by Minnesota Housing and the Department of Human Services Mental Health Division (DHS-MHD). This collaboration is essential to the effective operation of the program, as is the collaboration of housing and mental health agencies at the regional, county and tribal levels. Bridges grantees are required to work with their local Adult Mental Health Initiative (AMHI), Local Mental Health Authority (LMHA), and/or their Tribal Mental Health Agency (TMHA) in order to implement the program.

Funds available under the Bridges program provide temporary rental subsidy payments and, in some instances, security deposits or rental housing application fees for individuals with a serious mental illness who meet the program eligibility criteria. The program requires participants to register for a permanent rental subsidy, primarily Housing Choice Vouchers (Section 8), when the waiting lists are open.

On February 6, 2017, Minnesota Housing announced a competitive Request for Proposals (RFP) for housing agencies partnering with an AMHI, LMHA or a TMHA, with a priority for current grantees or applicants who propose to provide coverage to a currently unserved area. Minnesota Housing received 22 proposals; 14 serving Greater Minnesota and eight serving the metro area, for a total request of $10,600,000 to provide housing assistance for 752 households each month. All proposals were submitted by current Bridges grantees, including six grantees that were funded with the base increase from the 2017 legislative session.

Minnesota Housing and DHS-MHD staff reviewed the funding requests and participated in the selection committee meeting. The proposals were assessed based on need, program policies and processes, partnerships, current performance and the grantee's ability to provide outreach and linkages to housing for the intended population. The selection committee also discussed the housing and mental health collaborative partnerships and the access to mental health services provided to Bridges participants through this program.

Overall, the applications demonstrated strong commitments to serving the highest need households who are exiting mental health treatment facilities and who do not have housing options or who are experiencing homelessness. Grantees demonstrated that their administrative practices, such as flexible communication methods and outreach, are designed to assist the intended population, which is often vulnerable and may experience more challenges with processes. Several grantees have changed policies, such as reducing criminal history barriers to accessing their rental assistance programs as a means to better serve this population. Collaborations between housing agencies and their local mental health partners appear to have strengthened over the past biennium, a sentiment that was supported by staff from DHS-AMH.

Cass County HRA, who was awarded Bridges funding for the first time in December 2015, failed to submit all of the required RFP information and is currently underperforming certain administrative duties. Cass County HRA will be required to immediately submit the missing application components. Pending a successful application resubmission, staff recommends offering a conditional award amount that is reflective of the grantee's current performance and the application's competitiveness. Additionally, the second year of funding (July 2018-June 2019) for Cass County HRA will be contingent upon satisfactory review of tenant files, payment requests, policies and procedures and their collaborative partnership with the appropriate mental health entity.

The funding recommendations include committing $9,093,000 to 22 applicants, contingent upon the state legislature providing anticipated appropriations for FY2018-2019.

Applicant	REQUESTED		RECOMMENDED	
	Grant Amount	**Households Served**	**Grant Amount**	**Households Served**
Blue Earth County EDA	$ 146,580	14	$ 146,000	14
Brainerd HRA	$ 222,000	18	$ 222,000	18
Carver County Community Development Agency	$ 247,298	15	$ 193,000	13
Cass County Housing & Redevelopment Authority	$ 72,200	10	$ 70,000	10
Cloquet Housing & Redevelopment Authority	$ 197,304	15	$ 139,000	12
Dakota County Community Development Agency	$ 795,428	51	$ 767,000	51
Douglas County HRA	$ 91,074	11	$ 94,000	11
Housing & Redevelopment Authority of Bemidji	$ 201,822	23	$ 155,000	15
HRA of Duluth, MN	$ 478,000	40	$ 458,000	40
Kandiyohi County HRA	$ 191,576	20	$ 156,000	16
Mental Health Resources, Dakota	$ 312,816	20	$ 300,000	20
Mental Health Resources, Hennepin	$ 295,091	25	$ 270,000	20
Mental Health Resources, Ramsey	$ 350,258	25	$ 325,000	25
Metropolitan Council Housing and Redevelopment Authority	$ 3,490,320	222	$ 3,198,000	215
Moorhead Public Housing Agency	$ 283,671	31	$ 285,000	30
Mora Housing & Redevelopment Authority	$ 435,073	35	$ 310,000	25
Owatonna HRA	$ 679,250	55	$ 512,000	52
Red Wing Housing and Redevelopment Authority	$ 247,425	20	$ 146,000	12
Scott County Community Development Agency	$ 233,550	14	$ 159,000	10
St. Cloud HRA	$ 1,035,888	45	$ 699,000	45
Tri-Valley Opportunity Council Inc.	$ 198,000	15	$ 102,000	10
Washington County CDA	$ 427,220	28	$ 387,000	29
TOTALS	**$ 10,631,844**	**752**	**$ 9,093,000**	**693**

Agenda Item: 7.D
Resolution

MINNESOTA HOUSING FINANCE AGENCY

400 Sibley Street, Suite 300
St. Paul, MN 55101

Resolution No. MHFA 17-XXX

RESOLUTION APPROVING SELECTION/COMMITMENT BRIDGES PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rental assistance for people with serious mental illnesses.

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that they are in compliance under Minnesota Housing rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Minnesota Housing staff to enter into grant agreements using state and Minnesota Housing resources as set forth below, contingent upon the 2017 legislature approving the Bridges program state appropriations and subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. Minnesota Housing staff shall review and approve the recommended grantees and the total recommended funding amounts, as indicated below;

Administrator	Grant Amount
Blue Earth County EDA	$ 146,000
Brainerd HRA	$ 222,000
Carver County Community Development Agency	$ 193,000
Cass County Housing & Redevelopment Authority	$ 70,000
Cloquet Housing & Redevelopment Authority	$ 139,000
Dakota County Community Development Agency	$ 767,000
Douglas County HRA	$ 94,000
Housing & Redevelopment Authority of Bemidji	$ 155,200
HRA of Duluth, MN	$ 458,400
Kandiyohi County HRA	$ 156,000
Mental Health Resources, Dakota	$ 300,000
Mental Health Resources, Hennepin	$ 270,000
Mental Health Resources, Ramsey	$ 325,000
Metropolitan Council Housing and Redevelopment Authority	$ 3,198,400
Moorhead Public Housing Agency	$ 285,000

Mora Housing & Redevelopment Authority	$	309,600
Owatonna HRA	$	512,000
Red Wing Housing and Redevelopment Authority	$	145,500
Scott County Community Development Agency	$	159,000
St. Cloud HRA	$	698,600
Tri-Valley Opportunity Council Inc	$	101,800
Washington County CDA	$	386,800
TOTALS	**$**	**9,092,300**

2. The issuance of grant agreements in form and substance acceptable to Minnesota Housing staff and the closing of the individual grant agreements shall occur no later than six months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall execute all such documents relating to said grant agreement, and to the security therefore, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of May, 2017

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CHAIRMAN

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Minnesota Housing Finance Agency

Board Agenda Item: 7.E
Date: 5/24/2017

Item: Selection/Commitment, Family Homeless Prevention and Assistance Program (FHPAP)

Staff Contact(s):

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Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:

Staff requests adoption of the attached resolution authorizing commitments of $17,130,330 in Family Homeless Prevention and Assistance Program (FHPAP) funds. This action will allow Minnesota Housing to execute contracts, for the period from July 1, 2017 through June 30, 2019, with 20 grantees to provide support services and direct assistance throughout the state of Minnesota.

Fiscal Impact:

The FHPAP funds are state appropriations. Awards in the attached resolution are contingent upon the 2017 legislature approving the FHPAP program state appropriations for the 2018-2019 biennium. Additionally, uncommitted existing FHPAP program funds will be used to supplement the anticipated new appropriations.

Meeting Agency Priorities:

☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Funding Chart
- Resolution

Background

The 1993 Minnesota Legislature established the Family Homeless Prevention and Assistance Program (FHPAP) to assist families who were homeless or at imminent risk of homelessness. The program goals are to prevent homelessness, minimize periods of homelessness and eliminate repeat episodes of homelessness.

The 1995 Minnesota Legislature expanded eligibility for the FHPAP program to include single adults and youth. Tribal nations became eligible applicants in 2016. Minnesota statute outlines the program requirements, including that each grantee establish an advisory committee to ensure that project design, implementation and evaluation is reflective of local need. The advisory committee requires membership from homeless advocate organizations, providers, homeless or formerly homeless persons, and a state staff person from the Minnesota Interagency Council on Homelessness (MICH). Other members may include law enforcement, service providers, faith based organizations, counties and landlords.

In the metro area, counties are eligible to apply for funding. In greater Minnesota, it may be a county, group of contiguous counties, nonprofit organizations with board approval of counties in their service area and tribal nations. The majority of grantees also utilize subgrantees that are best able to meet the homeless needs identified such as youth providers, mental health providers and outreach providers.

Currently, Minnesota Housing provides funds to 20 grantees across the state. FHPAP funds are used for support services and direct assistance to prevent homelessness or rehouse homeless households as quickly as possible. Services include case management and housing location assistance. Direct assistance includes short-term rent assistance, security deposits, utility assistance and transportation assistance to improve housing stability.

Data for each household is entered into the Homeless Management Information System (HMIS). The 18-month report, from July 1, 2015- December 31, 2016, is the most recent report available for the current biennium. The data from HMIS indicates 9,100 households have been served of the total 14,000 projected.

The number of households served has decreased over the past two biennia due to the program expanding to include a rapid rehousing strategy. The U.S. Department of Housing and Urban Development (HUD) has identified rapid rehousing as a promising practice to reduce homelessness. Rapid rehousing provides three key components, including short-term rental assistance, housing location services and case management to assist households with higher needs to find and maintain housing. Minnesota Housing has supported the shift to serving fewer households in order to target funds to households with higher needs.

HMIS also tracks the percent of households stably housed at exit to determine if the program is successful. The table below demonstrates that the stably housed percentage has remained steady over time, with a slight improvement for this biennium. This may be an indicator that adding the rapid rehousing component has had a positive impact on client outcomes despite serving households with higher needs.

Percent of FHPAP Households Stably Housed At Exit

18 month report	% Stably Housed at Exit
2016-17	80%
2014-15	77%
2012-13	78%
2010-11	78%

Staff will continue to utilize data to monitor the program in the next biennium. Staff also anticipates the possibility of better data and reporting as a result of having a new HMIS administrator and new software that has been released for the HMIS system to improve the ability to generate meaningful reports.

The Multifamily Division of Minnesota Housing issues the FHPAP Request for Proposals (RFP) biennially. The agency released the RFP on February 13, 2017 with an application deadline of March 29, 2017. Twenty proposals were received in response to the RFP, including a new proposal from United Community Action Partnership, which represents a merger between two prior grant administrators, Heartland and Western in the southwest part of the state, as well as a new proposal from the Minnesota Tribal Collaborative.

In the past, tribal nations have not been eligible grantees. However, both Red Lake and White Earth have had experience as sub grantees. In support of the Governor's Executive Order to Strengthen Tribal Relationships with State Government Agencies, Minnesota Housing requested a change in statute to allow tribal nations to apply. The Minnesota Tribal Collaborative is a partnership between five tribal nations including White Earth, Leech Lake, Red Lake, Mille Lacs and Bois Forte. The Minnesota Tribal Collaborative has successfully applied for other state funding, and the collaborative works together to address and end homelessness in the tribal nations. This is their first application for FHPAP funds acting as the grant administrator, and White Earth is acting as the lead applicant.

Six of the 20 proposals were from the Twin Cities metropolitan area (encompassing all seven counties) and fourteen proposals were from greater Minnesota. The total amount requested was $24,550,045. The anticipated funding amount for FHPAP is $17,130,330 which includes a small amount of carryover funding. The quality of the application was worth up to 65 points, and the performance/capacity score was worth up to 35 points.

Applications were reviewed by state staff including staff from the Department of Human Services (DHS) Office of Economic Opportunity, the DHS Community Living and Supports, the DHS Office of Indian Policy, the Department of Education, the Department of Corrections and Minnesota Housing. Staff met April 17, 2017 to discuss proposals. Staff also evaluated each applicant's prior performance and communication. Because the Minnesota Tribal Collaborative had no previous grant administrator history with the program, staff reviewed information from the application regarding performance and capacity, sections that are completed only by new applicants.

Application	
Planning	20 points
Project Design	25 points
Monitoring and Evaluation	15 points
Budget	5 points
Program Capacity and Performance (Review of prior performance and communication conducted by Minnesota Housing staff and the Minnesota Interagency Council on Homelessness representative)	
History of performance from previous and current grant period. Communication with Minnesota Housing, MICH representative and advisory committee.	35 points

Funding awards are based on classifying each applicant on two dimensions: "high performer" versus "low performer" and previous funding being "above need" versus previous funding being "below need."

High Performers versus Low Performers. Applicants are classified into two categories (high performer or low performer) based on the initial score in the RFP process. This score includes both the application and the prior performance. The points for each are demonstrated in the table below.

Scores from applicants are ranked and ordered from highest to lowest, and half of the applicants with the highest scores in the metro area will be categorized as "high performers," and the other half will be categorized as "low performers." The same process is used for greater Minnesota applications. If there is a tie with the middle scores, both applicants will be considered "high performers." If the number of applications is an odd number, the middle applicant will be classified as a "high performer."

Previous Funding Above Need versus Previous Funding Below Need. Each applicant's share of the current statewide need is compared with its share of funding from the previous biennium.

- An applicant's share of the current statewide need is based on its service area's share of Minnesotans who are (1) in poverty, (2) unemployed, and (3) severely cost burdened (paying 50% or more of their income for rent), with each factor equally weighted. Each applicant's share of the previous biennium's FHPAP award is also calculated.
- Each applicant's previous funding is then classified as "above need" or "below need."
- "Above need" applicants will have received a larger percentage of the last biennium's funding than their current share of the statewide need. "Below need" applicants will have received a smaller percentage of the last biennium's funding than their current share of the statewide need.
- Although the applicant may be categorized as "above need," this does not mean that FHPAP funds alone have fulfilled the homeless need for the applicant's service area.

The following table demonstrates likely funding scenarios for each applicant falling into a particular category:

A. High Performer, Above Need • In funding years where there is no increase in FHPAP funding, the grantee may receive a decrease. • In funding years where there is an increase in FHPAP funding, the grantee is likely to receive the amount that was awarded in the prior biennium but may also receive an increase if sufficient resources are available. • May receive an increase in FHPAP funding if application is particularly innovative.	**B. High Performer, Below Need** • In funding years where there is no increase in FHPAP funding, the grantee is likely to receive at least the amount that was awarded in the prior biennium. • In funding years where there is an increase in FHPAP funding, the grantee is likely to receive an increase. • A larger increase in FHPAP funding may occur if the application is particularly innovative. • If there is an overall reduction in FHPAP funding, these applicants will be the highest priority for minimizing any funding reductions.
C. Low Performer, Above Need • In funding years where there is no increase in FHPAP funding, the grantee is likely to receive a decrease in funding. • In funding years where there is an increase in FHPAP funding, the grantee may receive a decrease or maintain the amount awarded from the prior biennium. A plan to provide the grantee with technical assistance may be considered as part of the award. • Award is likely to be conditional.	**D. Low Performer, Below Need** • The grantee is likely to receive neither an increase nor a decrease in FHPAP funding. • These applicants may be a high priority for technical assistance. • FHPAP funding will likely decrease if overall program funding decreases. • FHPAP funding may increase only if there is a large increase in overall program funding. • Award is likely to be conditional. • Applicants significantly below need may be awarded FHPAP funding even if they are a low performer.

Funding recommendations included increases for high performers below need and decreases for low performers above need. There were also small reductions for applicants that serve the same geographic area as the tribal nations, as well as reductions for those applicants whose total score fell below 50 points. In addition, a small increase in funding is being recommended for one applicant who was funded during the last biennium significantly below the need.

Applicants who scored below 50 or who have been identified to have capacity or performance issues will receive a conditional award and be required to develop a work plan to improve performance. One applicant that had a score below 50 points was Washington County. As a result of file monitoring by staff, Minnesota Housing determined Washington County had noncompliance issues with three of its prior grant agreements. The noncompliance issues regarding one of the grant agreements have been resolved, and the parties are attempting to resolve other outstanding issues. Therefore, in addition to conditional funding for performance, staff proposes that funding for the second year for Washington County be contingent upon having all outstanding issues resolved.

Staff also proposes to maintain practice of the funding distribution where 55 percent of the funds are allocated for the Twin Cities seven-county metropolitan area and 45 percent of the funds are allocated to the balance of the state. Funds have been distributed on this basis since 1997. The needs indicators determined that the 55/45 split remains a fair distribution.

Staff recommends approval of the resolution to approve selection and commitment of the FHPAP funds. Funds will provide needed services and assistance for Minnesota households who are homeless or imminently at risk of homelessness to find or maintain stable housing.

Funding Chart

Applicant	2016-17 Award	Counties or Tribal Nations in Applicant Service Area	2018-19 Requested Funding	2018-19 Proposed Award
Anoka County	$ 550,000	Anoka	$ 850,000	$ 550,000
Carver County	$ 372,550	Carver and Scott	$ 600,000	$ 416,848
Dakota County	$ 303,576	Dakota	$ 1,017,168	$ 491,360
Hennepin County	$ 4,222,305	Hennepin	$ 4,464,478	$ 4,356,617
Ramsey County	$ 3,494,759	Ramsey	$ 4,000,000	$ 3,304,759
Washington County	$ 324,848	Washington	$ 498,894	$ 299,848
Subtotal	**$ 9,268,038**		**$11,430,540**	**$ 9,419,432**
			Percent of Grantee Total-Metro	**55%**
Bi-County Community Action Programs, Inc.	$ 413,060	Beltrami and Cass	$ 380,906	$ 349,560
Blue Earth County (Region 9)	$ 597,850	Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca and Watonwan	$ 713,892	$ 688,850
Kootasca Community Action, Inc.	$ 465,935	Cook, Itasca , Koochiching, and Lake	$ 500,000	$ 414,875
Lakes & Pines Community Action Council, Inc.	$ 696,109	Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine	$ 1,303,725	$ 592,569
Lakes & Prairies Community Action Council, Inc.	$ 596,894	Clay and Wilkin	$ 1,784,520	$ 596,894
Lutheran Social Services	$ 303,762	Benton, Sherburne, Stearns, and Wright	$ 1,290,672	$ 336,962

Lutheran Social Services	$ 860,904	Todd, Crow Wing, and Morrison	$ 1,599,737	$ 860,904
Mahube-Otwa Community Action Partnership, Inc.	$ 685,071	Becker, Mahnomen, Hubbard, Otter Tail, and Wadena	$ 720,000	$ 652,871
Minnesota Tribal Collaborative	Not Applicable	Red Lake Nation, Mille Lacs Band, Leech Lake Band, White Earth Nation, and Bois Forte Band.	$ 609,757	$ 309,122
Applicant	**2016-17 Award**	**Counties or Tribal Nations in Applicant Service Area**	**2018-19 Requested Funding**	**2018-19 Proposed Award**
St. Louis County	$ 689,188	St. Louis	$ 848,968	$ 731,214
Three Rivers Community Action Agency	$ 776,118	Dodge, Freeborn, Fillmore, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona	$ 1,077,801	$ 776,118
Tri Valley Opportunity Council	$ 386,102	Polk, Marshall, Norman, Pennington, Red Lake, Clearwater, Kittson, Roseau and Lake of the Woods	$ 448,446	$ 349,562
United Community Action Partnership	$ 912,131	Lincoln, Lyon, Jackson, Cottonwood, Redwood, Pipestone, Murray, Rock, Nobles, Kandiohi, McLeod, Meeker, and Renville, Yellow Medicine, Swift, Chippewa, Lac Qui Park, and Big Stone	$ 1,154,841	$ 852,131
West Central Minnesota Community Action	$ 172,866	Grant, Pope, Stevens, Traverse and Douglas	$ 686,240	$ 199,266
Subtotal	**$ 7,555,990**		**$13,119,505**	**$ 7,710,898**
			Percent of Grantee Total-Greater MN	**45%**
TOTAL	**$16,824.028**		**$24,550,045**	**$17,130,330**

FHPAP anticipated Legislative Amount	*$17,038,000*
Carryover 2016-17	*$ 92,330*
Total	*$17,130,330*

Board Agenda Item: 7.E
Attachment: Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, MN 55101

RESOLUTION NO. MHFA 17-XXXX
RESOLUTION APPROVING SELECTION/COMMITMENT FAMILY HOMELESSNESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP)

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) will execute new contracts with 20 grantees to provide support services and direct assistance across the entire state to prevent and end homelessness from July 1, 2017, through June 30, 2019.

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that they are in compliance under Minnesota Housing rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

Applicant	2018-19 Award
Anoka County	$ 550,000
Bi-County Community Action Programs, Inc.	$ 349,560
Blue Earth County (Region 9)	$ 688,850
Carver County	$ 416,848
Dakota County	$ 491,360
Hennepin County	$ 4,356,617
Kootasca Community Action, Inc.	$ 414,875
Lakes & Pines Community Action Council, Inc.	$ 592,569
Lakes & Prairies Community Action Council, Inc.	$ 596,894
Lutheran Social Services	$ 336,962
Lutheran Social Services	$ 860,904
Mahube-Otwa Community Action Partnership, Inc.	$ 652,871
Minnesota Tribal Collaborative	$ 309,122
Ramsey County	$ 3,304,759
St. Louis County	$ 731,214

Applicant	2018-19 Award
Three Rivers Community Action Agency	$ 776,118
Tri Valley Opportunity Council	$ 349,562
United Community Action Partnership	$ 852,131
Washington County	$ 299,848
West Central Minnesota Community Action	$ 199,266
TOTAL	**$ 17,130,330**

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Minnesota Housing staff to enter into grant agreements using state and Minnesota Housing resources as set forth on the attachment, contingent upon the 2017 legislature approving the FHPAP program state appropriations and subject to changes allowable under Minnesota Housing and board policies;

1. Minnesota Housing staff shall review and approve the recommended grantees for up to the total recommended amount for the grant period of July 1, 2017 through June 30, 2019;

2. The issuance of grant agreements in form and substance acceptable to Minnesota Housing staff and the closing of the individual grant agreements shall occur no later than twelve months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall execute all such documents relating to said grant agreement and to the security therefore, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of May 2017

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CHAIRMAN

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Item: Authorization to forgive certain indebtedness of the Family Housing Fund to Minnesota Housing

Staff Contact(s):
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Tal Anderson, 651.296.2198, tal.anderson@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff is requesting the authority to forgive an outstanding balance of approximately $3.4 million of a loan to Family Housing Fund, subject to satisfactory completion of certain conditions.

Fiscal Impact:
Because the outstanding balance of the loan to the Family Housing Fund has already been 100% reserved against, there will be no net fiscal impact to the financial statements of the Agency due to its proposed forgiveness.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Request Details
- Resolution

Background:
Shortly after the start of the foreclosure crisis, the Agency extended two $5 million loans to the Family Housing Fund (FHF) to assist the Greater Metropolitan Housing Corporation (GMHC) to acquire properties that became vacant during the crisis. The purpose of the loans was to help stem the tide of foreclosures and vacant properties that was devastating communities, especially in North Minneapolis. In 2008, the number of foreclosures in North Minneapolis peaked at 1,284 in a single year, and the number of vacant homes in North Minneapolis stood near 500 units every year from 2008 to 2011. Although there were still more than 300 vacant single family homes in North Minneapolis in 2015, property values have been recovering – from only $43,000 for the average home in Near North in 2011 to $125,200 in 2015 – and there were only about 200 foreclosures in 2015.

FHF also raised capital from other lenders to form the Northside Home Fund to provide similar capital for other developers. Minnesota Housing has also provided significant funding from the single family Impact Fund through the City of Minneapolis, GMHC and other developers to provide gap financing for both new construction and acquisition/rehabilitation projects on the North Side. These dollars were matched by significant investments of federal dollars under the Neighborhood Stabilization Program (NSP) and the Community Development Block Grant (CDBG) program. Even with all of these resources, the time and cost of acquiring and holding properties until they could be successfully rehabilitated and sold exceeded the expectations of FHF, GMHC and the City of Minneapolis.

Minnesota Housing staff has been closely monitoring this loan as well as other transactions involving GMHC over the past two years as GMHC has experienced significant financial difficulty resulting largely from this difficult work with vacant and foreclosed properties. The City of Minneapolis purchased numerous vacant properties from GMHC to reduce their holding costs and liability. As result of this and other efforts, GMHC has repaid FHF, and FHF has repaid Minnesota Housing approximately $6.6 million of the original $10 million loan amounts.

There remains principal (approximately $3.4 million) on the one outstanding loan to FHF that matures on May 23, 2017. Anticipating that GMHC may not have the resources to fully repay their loan to FHF, Minnesota Housing staff have been involved, with FHF and other stakeholders, in working with GMHC Board and its staff to develop a viable “work-out” plan.

In addition to the outstanding loan to FHF, Minnesota Housing also has an outstanding $2 million loan directly to GMHC for its multifamily pre-development lending program. This loan matured on September 30, 2016 and has not yet been repaid. The proposed work out plan provides Minnesota Housing and other existing multi-family pre-development capital providers to GMHC (Wells Fargo, US Bank, TCF, BMO and Northeast State Bank) with the best chance of repayment while also providing some relief to GMHC while they embark on a process to reorient their business operations and chart a course towards a sustainable financial future. The work-out plan affects both GMHC’s single and multifamily predevelopment and development activities.

The actions contemplated and recommended in this report are the culmination of those discussions.

Request Details:
Staff requests authorization to forgive the outstanding principal balance of approximately $3.4 million of the loan to FHF, subject to the following conditions:

- The FHF board similarly authorizes FHF to forgive its related single family loan of like amount to GMHC;
- GMHC makes a $1 million principal repayment to the Agency on its outstanding multifamily pre-development loan;
- GMHC commits to incorporating existing and recycled capital from the Community Development Financial Institution (CDFI) fund, as well as existing MHFA grant funding, as available, into the repayment flow for all lenders in their multifamily predevelopment pool;
- GMHC commits to enhanced reporting, monitoring and oversight on the multifamily predevelopment activities;
- GMHC develops and implements an acceptable managerial support, development and/or succession plan;
- GMHC receives the endorsement of all other lenders to the multifamily pre-development pool for this plan; and
- GMHC agrees that, as part of the re-orientation of its single family acquisition and development business, it will not directly apply for any Agency funding under the 2017 or 2018 Single Family Impact Fund RFP.

Pursuant to its existing contractual arrangements, GMHC will remain an administrator of certain Agency programs (e.g., Fix-Up or Rehab Loan programs), and would not be prohibited from serving as the processing organization for other local governmental jurisdictions that have or may receive Agency funding.

If approved, and upon successful completion of the conditions listed above, staff will forgive the outstanding loan amount to FHF, and will return to Board with a request to extend the maturity date of the $2 million multifamily predevelopment loan (which would then have an outstanding principal balance of $1 million).

Agenda Item: 7.F
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street - Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA – 17-xxx

RESOLUTION TO AUTHORIZE FORGIVENESS OF A LOAN TO THE FAMILY HOUSING FUND

WHEREAS, the Minnesota Housing Finance Agency (Agency) has previously adopted Resolution No. MHFA 16-050 extending the maturity date of a $5 million Foreclosure Remediation loan to the Family Housing Fund (FHF) to May 23, 2017; and

WHEREAS, FHF had, in turn, made a $5 million loan to the Greater Metropolitan Housing Corporation (GMHC); and

WHEREAS, due to a variety of circumstances, GMHC has experienced significant financial difficulty over the last two years and staff have been involved, with many other stakeholders, in working with GMHC to develop a viable "work-out" plan that provides existing pre-development capital providers to GMHC with the best chance of repayment while also providing some relief to GMHC while it embarks on a process to reorient its business operations and chart a course towards a sustainable financial future.

NOW THEREFORE, BE IT RESOLVED:

THAT the board hereby authorizes staff to forgive the repayment of the outstanding principal balance of $3,363,460.23 on the above referenced loan, subject to the following conditions:

- The FHF board similarly authorizes FHF to forgive its related loan of like-amount to GMHC;
- GMHC makes a $1 million principal repayment to the Agency on its outstanding $2 million multi-family pre-development loan;
- GMHC commits to incorporating existing and recycled capital from the Community Development Financial Institution (CDFI) funds, as well as MHFA grant funding, each as available, into the repayment flow for all lenders in their multi-family predevelopment pool;
- GMHC commits to enhanced reporting, monitoring and oversight for all lenders to the multi-family predevelopment pool;
- GMHC develops and implements an acceptable managerial support, development and/or succession plan;
- GMHC receives the endorsement of all other lenders to the multi-family predevelopment pool for this plan; and
- GHMC agrees that, as part of the re-orientation of its single family acquisition and development business, it will not directly apply for any Agency funding under the 2017 or 2018 Single Family Impact Fund RFP.

Adopted this 24th day of May 2017.

____
CHAIR

Board Agenda Item: 8.A
Date: 5/24/2017

Item: Summary of 2017 Legislative Session

Staff Contact(s):
Katie Topinka, 651.296.3706, katie.topinka@state.mn.us
Ryan Baumtrog, 651.296.8920, ryan.baumtrog@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
The 2017 legislative session will conclude on Monday, May 22. Staff will provide a summary of legislative actions at the board meeting.

Fiscal Impact:
To be shared at the meeting.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- To be provided at the meeting

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Board Agenda Item: 9.A
Date: 5/24/2017

Item: 2017 Affordable Housing Plan and 2016-19 Strategic Plan: Second Quarter Progress Report

Staff Contact(s):
John Patterson, 651.296.0763, john.patterson@state.mn.us

Request Type:

☐ Approval
  ☐ Motion
  ☐ Resolution

☒ No Action Needed
  ☒ Discussion
  ☐ Information

Summary of Request:
Staff has attached for your review the second quarter progress report for the 2017 Affordable Housing Plan and the 2016-19 Strategic Plan.

Fiscal Impact:
None.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- 2017 Affordable Housing Plan and 2016-19 Strategic Plan: Second Quarter Progress Report

2017 Affordable Housing Plan and 2016-19 Strategic Plan
Second Quarter Progress Report
(October 1, 2016 – September 30, 2017)
May 17, 2017

Overview

Implementation of the 2017 AHP has started strong with production and program activity generally occurring as expected. Overall trends have not changed since the first quarter report. Key highlights include:

- Home mortgage lending continues to be on track to commit about $600 million. To support this mortgage lending, demand for down-payment and closing cost loans have been very strong. If current trends continue, additional funds may be needed for these support loans.

- The number of homes assisted under the Impact Fund RFP was higher than expected.

- The multifamily RFP resulted in a higher share of new construction units being selected for funding than we have seen in earlier years, which is appropriate given the low rental vacancies rates across the state. Because new construction requires more funding per unit than rehabilitation, our overall rental unit production will likely be less than originally forecasted. In addition, after last fall's RFP selections, we left some funds available for pipeline lending; however, we now plan to use some of those funds to cover a portion of the new funding gaps for recently selected projects that the recent reduction in tax credit pricing created. The federal discussion of lowering the corporate tax rates is leading to lower tax credit prices.

Tables 1 through 3 present key program activity through the second quarter and are followed by notes that provide details and discussion for each line item in the tables.

Table 1: Production (Units with Funding Commitments), Programmatic, and Financial Measures

Quarter 2 of 2017 AHP (50% through AHP)

	Original AHP Forecast	Actual For Year	Portion of AHP Forecast Completed
Single Family Production – Homes			
1. Home First Mortgages (Net Commitments)	3,750	1,533	41%
2. Other Opportunities*	237	249	105%
3. Owner-Occupied Home Improvement/Rehabilitation	1,248	547	44%
4. Total	5,235	2,329	44%
Homebuyer Education, Counseling and Training - Households			
5. Homebuyer Education*	14,643	6,922	47%
Multifamily Production – Rental Units			
6. New Rental Construction	895	697	78%
7. Rental Rehabilitation	1,071	719	67%
8. Asset Management	100	0	0%
9. Total	2,066	1,416	69%
Rental Assistance and Operating Subsidies - Households			
10. State Funded Rental Assistance*	2,872	2,419	84%
11. Operating Subsidies*	1,486	742	50%
12. Section 8 and 236 Contracts	30,727	30,704	100%
13. Total	35,085	33,865	97%
Homeless Prevention			
14. Family Homeless Prevention and Assistance Program (FHPAP)* & Housing Opportunities for Persons with AIDS (HOPWA)	7,374	3,755	51%
Build Sustainable Housing			
15. Percentage of New Construction or Rehabilitation Units that Meet Standard of Green Communities Certification or B3:			
a. Single Family	50%	52%	**
b. Multifamily	95%	94%	**
Increase Homeownership for Households of Color			
16. Percentage of First-Time Homebuyer Mortgages Going to Households of Color or Hispanic Ethnicity	35%	31%	**
Earn Revenue to Sustain Agency and Fund Pool 3			
17. Revenues in Excess of Expenses – State Fiscal Year 2017****	***	TBD	**
18. Annualized Return on Net Assets (%) – State Fiscal Year 2017****	***	TBD	**

* Funds for Habitat for Humanity, homebuyer education, state funded rent assistance, operating subsidies, and FHPAP are committed by the Board in July-September, at the end of an AHP. Thus, funds committed under the 2016 AHP (in July-September 2016) fund program activity in 2017 (October 1, 2016 to September 30, 2017). To reflect 2017 program activity for these programs, this table shows the households supported in 2017 with 2016 AHP funds. For all other programs, the table shows the households and housing units supported by funds provided in the 2017 AHP.

** Not Applicable.

*** Minnesota Housing does not forecast return on net assets.

**** Sustainable Core only

Table 2: Distribution of Resources
Quarter 2 of 2017 AHP (50% through AHP)

	AHP Forecast	Actual for Year
19. Percentage of Originally Budgeted Funds that are Committed Under the AHP	>95% by end of the year	47%

Table 3: Management of Loan Assets
Quarter 2 of 2017 AHP (50% through AHP)

	AHP Forecast/ Benchmark	Actual
20. Share of Home Mortgages Purchased in Previous 24 Months that are 30+ Days Past Due or In Foreclosure (3/31/17)	2.88%*	2.56%**
22. Percentage of Multifamily Developments with Amortizing Loan on Watch List	Under 10%	8.0%
23. Percentage of Outstanding Multifamily Loan Balances on Watch List	Under 10%	4.0%

* This is a benchmark, rather than a forecast, and it is based on the performance of other housing finance agencies from across the country that have their mortgages serviced by US Bank.
**The information presented is based on MBS loans purchased in the previous 24 months. As such, the information is not directly relevant to the security of any bonds of the Agency and should not be relied upon for that purpose. The Agency publishes separate disclosure reports for each of its bond resolutions.

Discussion of Items in the Table

- **Line 1:** Home mortgage lending is right on track. While we have only reached 41% of our goal 50% of the way through the year, we still have the prime home-buying season ahead. Our current production forecast is right around our $600 million production goal.

- **Line 2:** With the Board already making its Impact Fund selections under the 2017 AHP, we have already reached our goal for other homeownership opportunities. The number of households assisted will increase a little over the rest of the year as Habitat for Humanity families receive assistance.

- **Line 3:** Overall, production for owner-occupied home improvement and rehabilitation is generally on track. Lending under the Fix-Up Fund is slower than expected.

- **Line 4:** Overall, home buying and improvement activities are performing as expected.

- **Line 5:** Just like home mortgages, homebuyer education will pick up with the upcoming home buying season.

- **Line 6**: Rental new construction is at 78% of the year-end forecast. The Multifamily Consolidated RFP has already occurred. Production may increase with developments funded on a pipeline basis; however, the availability of gap financing for pipeline projects will be more limited than it would have otherwise been because we are proposing to use some of these funds to offset declining tax credit pricing on projects already selected.

- **Line 7:** With production at 67% of the year-end forecast, activity is lower than expected. We have already completed the Multifamily Consolidated RFP for the year. Similar to the 2016 AHP, we awarded a higher share of the RFP funding to new construction (rather than to rehabilitation) than we have in earlier years, which is appropriate given the low rental vacancy rates across the state. Just like new construction, pipeline production may be more limited than it would have otherwise been because we are proposing to use a portion our remaining gap funding to offset declining tax credit pricing on projects already selected.

- **Line 8:** There was no new production under Asset Management. We have reoriented this program to focus on shorter-term and immediate needs of the properties in our portfolio, and we are directing properties to the RFP funding process for longer-term and permanent needs. By targeting the program on shorter-term and immediate needs, forecasting the amount and timing of program demand is more uncertain.

- **Line 9:** Overall, rental production will likely fall short of the original forecast.

- **Line 10:** Production for rental assistance is on track - serving 84% of the forecasted households. With normal turnover in voucher holders, the number of households assisted will increase over the next two quarters.

- **Line 11:** Operating subsidies are right on track at 50% of the year-end forecast.

- **Line 12:** The administration of Section 8 contracts is performing as expected. This is a very stable program with consistent funding and households served.

- **Line 13:** Overall, rent assistance and operating subsidy production (federal and state) is performing as expected.

- **Line 14:** Homeless prevention activity is at 51% of the annual goal halfway through the year.

- **Line 15:** The majority of Minnesota Housing’s production meets sustainable design criteria.

  On the single-family side, all of the homes receiving funds under the Community Homeownership Impact Fund for new construction or acquisition-rehabilitation meet the standard. However, the Fix-Up home improvement program is market driven, and borrowers are not required to follow sustainable design criteria in their home improvement efforts. Thus, the single-family percentage is below 100%.

Typically, the multifamily percentage is close to 100%. In a given year, a few projects may have circumstances that make them exempt from the sustainable design criteria.

- **Line 16:** The Agency continues to effectively serve communities of color or Hispanic ethnicity through homeownership. The Agency estimates that just over 25% of renter households that are income eligible for Minnesota Housing first mortgages are of color or Hispanic ethnicity. While we are a little below the stretch goal of 35% lending to households of color or Hispanic ethnicity. The achievement of 31% indicates that the Agency is effectively reaching these households.

- **Lines 17 and 18:** We are still determining our revenues in excess of our expenses through the first nine months of State Fiscal Year 2017.

- **Line 19:** After the second quarter, we have committed 47% of the funds originally budgeted in the 2017 AHP. While we have already reserved funds under the Agency's primary RFP programs, it is worth keeping in mind that our two largest programs from a funding perspective (Home Mortgages and Section 8) operate on a pipeline basis distributing funds throughout the year.

- **Lines 20-21:** Our 30+ day delinquency rate for loans purchased in the last 24 months (including loans in foreclosure) was 2.56% in March 2017, which is better than our "peer" benchmark of 2.88%. This data comes from US Bank, which services MBS loans for us and many other housing finance agencies.

- **Line 22-23**: The Agency is meeting its goal for minimizing the number and share of loans on its multifamily watch list.

Changes to 2017 AHP Funding Levels

After the second quarter of the 2017 AHP, the Board has not amended the 2017 AHP. As funding changes are made over the next two quarters, we will provide in future reports a table listing each program and the funding changes.