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1 Includes all 4% and 9% HTC projects and agency bonds and deferred funds awarded through the Consolidated Request for Proposal (RFP), available financing throughout the year.
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Instructions

Strategic Priority:
A. All projects, must meet at least one of the HTC statutory strategic priorities or a strategic objective in Minnesota Housing’s Strategic Plan. Applicants must demonstrate how the project meets the plan in the Multifamily Rental Housing Narrative. Residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A the highest strategic priority for tax credits in accordance with Minn. Stat. 462A.222, subd. 3(d) and such projects need not meet a separate strategic priority.

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

☐ The project will have an Eventual Tenant Ownership component.

Preference for Innovative Construction Techniques
A. Minnesota Housing intends to pilot and test a small number of developments that use innovative construction techniques. The Innovative Construction Technique preference2 is available in the 2021 Consolidated RFP/2022 HTC Round 1 and in the 2022 Consolidated RFP/2023 HTC Round 1. Minnesota Housing will make a reasonable effort to select a minimum of one project that meets this preference criterion, based on competitive ranking applications, but reserves the right to select a lower-scoring proposal if deferred funding is applied for and the project meets this preference criteria3.

A project that uses an innovative construction technique to achieve, or has the potential to achieve, one or both of the following goals will be eligible to receive a selection review preference. The goals are:
- Reduce total development costs by at least 10%
- Reduce the time the project is under construction by at least 20%

☐ The project will have an Innovative Construction Technique component.

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2 Minnesota Housing will review and score all proposals submitted to the Consolidated RFP according to 2022-2023 HTC and Deferred Selection Criteria. As outlined in the RFP Application Instructions and the QAP, Minnesota Housing takes specified criteria into consideration when reviewing and selecting applications through the Consolidated RFP, in addition to project score (i.e., project feasibility, organization capacity, financial capacity, etc).

3 9% HTC proposals will continue to be ranked and reviewed for selection based on competitive score and requirements as outlined in Chapter 5, Project Selection, of the Qualified Allocation Plan. Deferred only proposals or deferred loan with 4% projects that meet this preference criterion will be reviewed and may be selected with a lower score than other deferred only or deferred with a 4% projects in accordance with the RFP Application Instructions.
To be eligible for the preference, the proposed project must meet all six of the following conditions.

1. The proposed technique will achieve one or both of the goals or it will pilot a technique that has the potential to achieve the goal(s) in the future after it is tested and implementation issues have been worked out. During a testing/piloting phase, not all projects using a technique will achieve the goal(s). There is often a learning curve.

2. Minnesota Housing does not typically see the technique in housing projects that it funds.

3. The technique is feasible, can be replicated in future projects, and has the potential to be brought to scale and used to meet different housing needs and in different settings. It has wide applicability.

4. The development team is required to write and publicly release a report after the project has been completed, outlining lesson learned. What worked well with the technique? What did not work well? How can future projects more effectively implement and use the construction technique, outlining promising practices?

5. The use of the technique is appropriate for the project and will not hinder its ability to provide quality housing on a timely basis that will last a long time and meet the needs of tenants. The technique makes sense for this development.

6. The project complies with Minnesota Housing’s design standards and guidance. Minnesota Housing may grant waivers if they will allow particularly promising techniques to be tested, and the waivers will not substantially impact the quality and durability of the housing and work.

Meeting all six conditions does not automatically grant a project the preference. It only makes the project eligible to be one of a small number of projects that may receive the preference.

To be considered for the preference, the following items must be submitted with the application:

1. A summary (no more than four pages) of how the project will meet each of the six conditions. With respect to the fourth condition (a report sharing lessons learned), the summary must outline the type and nature of the information that the applicant will provide if the project is funded.

2. Documentation of the potential cost and time savings:
   a. An overview that compares the total development costs and construction schedule for this project using the innovative technique versus traditional techniques. The proposed project is not required to achieve cost and time savings; but research has to show the potential. (See 2.b below)

   AND

   b. One or two studies that document research showing the proposed technique has the realistic potential to achieve the cost and/or time saving goals and be used broadly in multifamily residential construction.
3. A list of potential partners who have the capacity and capability to effectively participate in the project – for example, manufacturers of modular housing. The list should include a brief (one paragraph) description of the capacity and capability of each potential partner.

4. A list of the Minnesota Housing’s requirements, standards and policies with which the project using the innovative construction technique may conflict. The list should include those items that the project would likely seek a waiver.

If a project receives the preference and is selected and then decides to carry out the work without the innovative construction technique, Minnesota Housing reserves the right to cancel the selection. Considerations for not cancelling the selection will include: the proposed construction technique becomes no longer viable for reasons not under the developer’s control, the project would have scored high enough to be selected without the preference, there is a very strong need for the housing, and/or other factors that Minnesota Housing deems relevant.

The preference is only available through the Consolidated Request for Proposals (RFP) and Round 1 of the Low Income Housing Tax Credit process, and is not available for Round 2.

The following is a list of innovative construction techniques that could potentially receive the preference. It is not an exhaustive list, and being on the list does not a guarantee that the technique will receive the preference. It depends on the use of the technique and the specific situation and project.

- Modular construction
- An innovative use of panelized construction (not typically seen)
- Cross Laminated Timber (CLT)

The following are not innovative construction techniques as defined by this process:

- Strategies for reducing acquisition and soft costs, such as donated land, fee waivers, etc.
- Tiny homes or micro-units
- Higher density housing

**Minimum Point Requirements:**

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) administered HTCs from the state’s HTC volume cap must demonstrate the project is eligible for no fewer than 80 points, excluding projects funded through the Rural Development/Small Projects set-aside.

B. Request for HTCs in association with tax exempt volume limited bonds must demonstrate the project is eligible for no fewer than 40 points.

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 selection criteria expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. In addition to the Minnesota Housing Self-Scoring Worksheet, the applicant must submit documentation that clearly supports the points claimed. See the Scoring Guide and Multifamily Customer Portal for additional details. Minnesota Housing will determine the eligible points; points may not be awarded unless the required documentation is provided along with the application to justify the points claimed.

During the 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.

Adherence to HTC and Deferred Scoring Guide:
A. Applicants must meet the requirements outlined in the Minnesota Housing Self-Scoring Worksheet and the Scoring Guide to be eligible for points.

Documentation of Units:
A. Indicate the number of units for each selection criteria expected for your project. When calculating a percentage for a criterion all units must be rounded up to the next full unit. The number of units indicated may be required and incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants (LURA) and deferred loan documents with the exception of tenant targeting in the Permanent Supportive Housing for High Priority Homeless.

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

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 points are claimed/awarded that require specific design elements (e.g. Universal Design).

Declaration of Land Use Restrictive Covenants:
A. A Declaration of Land Use Restrictive Covenants (LURA) 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.

**Deeper Rent Targeting:**

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

A. Request for Minnesota Housing Finance Agency (Minnesota Housing) deferred financing or agency administered HTCs from the state’s total volume cap or in association with tax exempt volume limited bonds must include at least 2% of units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit. Projects that are 100% federally assisted are excluded.

The property owner must adopt a screening process that will serve the intended population. The tenant selection plan for the supportive housing units must be written to adhere to housing first principles, may not screen out individuals based on credit or housing history (including evictions), and must implement criminal background screening procedures that reduce barriers to obtaining housing. For current Tenant Selection Plan guidance, go to Minnesota Housing’s website under Supportive Housing Service Providers.

Number of Units _____

B. Request for Minnesota Housing Finance Agency (Minnesota Housing) deferred financing or agency administered HTCs from the state’s total volume cap or in association with tax exempt volume limited bonds must include at least 3% of units, with a minimum number of 1 unit, with rents restricted at or below the HAP payment standard. The units must be evenly distributed by bedroom type. Projects that are 100% federally assisted are excluded.

The property owner must adopt a screening process that will serve the intended population. The tenant selection plan for the supportive housing units must be written to adhere to housing first principles, may not screen out individuals based on credit or housing history (including evictions), and must implement criminal background screening procedures that reduce barriers to obtaining housing. For current Tenant Selection Plan guidance, go to Minnesota Housing’s website under Supportive Housing Service Providers.

0 Bedroom Units _____  
1 Bedroom Units _____  
2 Bedroom Units _____  
3 Bedroom Units _____  
4 Bedroom Units _____  
5 Bedroom Units _____  
**Total Number of Units**
Round 1 – Minimum Threshold Requirements

For 9% HTC applications submitted in HTC Round 1, all applicants statewide must meet one of the following threshold types. Please indicate the threshold item you meet:

A. In the Metropolitan Area⁴:

1. ☐ New construction or substantial rehabilitation in which, for the term of the extended use period (term of the LURA), at least 75% of the total HTC units are single room occupancy, efficiency, or one bedroom units with rents affordable to households whose income does not exceed 30% of the area median income (AMI).

2. ☐ New construction or 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 LURA), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms OR

3. ☐ Substantial 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 submitted with the application.

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

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

   2. With a developmental disability as defined in 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.

⁴ As set out in Minn. Stat. 473.121, subd. 2, Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.
NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.

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

D. Preserve Existing Subsidized Housing

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

E. Rural Development:

1. Projects financed by Rural Development, which meet statewide distribution goals.
1. Greatest Need Tenant Targeting

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

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

   a. □ At least 75% of the total assisted\(^5\) units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. (12 points)

      Number of units with
      2 Bedrooms _______ 
      3 Bedrooms _______ 
      4 Bedrooms _______ 
      5 Bedrooms _______

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

      Number of units with
      4 Bedrooms _______ 
      5 Bedrooms _______

B. Senior Housing (3 to 7 points):

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

   a. □ 100% of the total assisted units will be restricted and marketed to seniors 55 years or older. (3 points)

   b. Projects eligible under 1.a. above that agree to further restrict the units’ incomes to the county 30% MTSP income. Minnesota Housing may incorporate these restrictions into the LURA and Minnesota Housing loan documents

      i. □ 30% to 100% of the restricted units (4 points)
         Number of units _______

      ii. □ 20% to 30.99% of the restricted units (3 points)
         Number of units _______

      iii. □ 10% to 19.99% of the restricted units (2 points)

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\(^5\) Assisted is defined as HTC units for HTC applications and affordable units for deferred funding.
iv. ☐ 5% to 9.99% of the restricted units (1 point)

Number of units ______

NOTE: If the project is eligible for Housing Infrastructure Bonds, an election under 1.b. above will also restrict unit incomes to the HIB Senior household income limit as determined by the HIB statute and Minnesota Housing.

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

C. Permanent Supportive Housing for High Priority Homeless (HPH)6 (7 to 22 points):

1. A minimum of 5% of the total units, but no fewer than four units are set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by the Coordinated Entry System7 (HPH Units) and targeted to the populations indicated below. Select one and complete the unit count below:

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

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

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

   Number of units representing:
   
   Youth with Children: ______
   Youth Singles: ______
   **Youth Total:** ______
   Single Adults: ______
   Families with Children: ______
   **Total High Priority Homeless:** ______

2. Continuum of Care

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6 Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing High Priority Homeless selection criterion for “HPH Units”. Reference Chapter 6.A. of the HTC QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents 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. Alternative referral and prioritization options for special populations or supportive housing models are available with approval from Minnesota Housing. Reference the relief provisions in Chapter 6. A. of the HTC QAP for additional details.
Proposals that are eligible for C.1. above can claim 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)

a. ☐ 5% of units or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One (2 points)
   Number of units ________
   Priority Type: ________
   (Families with children, youth singles, youth with children or single adults)

**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 Application Checklist in the Multifamily Customer Portal.
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. The applicant agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the greater of 30% of the household’s monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.
4. Supportive Housing Threshold Criteria:
   a. Supportive Services: On-site service coordination and tenant engagement must be made available to supportive housing residents. The level and type of services offered must be appropriate for the needs of the target population, with a minimum of tenant service coordination and staffing level as defined in the supportive housing narrative.
   b. Experienced service provider, or partnering with an 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 with a viable plan for securing the remaining resources, as approved by Minnesota Housing. 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.

e. Tenant Screening: The property owner must adopt a screening process that will serve the intended population. The tenant selection plan for the supportive housing units must be written to adhere to housing first principles, may not screen out individuals based on credit or housing history (including evictions), and must implement criminal background screening procedures that reduce barriers to obtaining housing. For current Tenant Selection Plan guidance, go to Minnesota Housing’s website under Supportive Housing Service Providers.

A proposal that claims this category and is selected to receive HTCs will be required to comply with the reporting requirements for Permanent Supportive Housing for High Priority Homeless, as defined by Minnesota Housing. The LURA, including a specific Rider to the LURA and Minnesota Housing loan documents, may contain performance requirements related to these permanent supportive housing units for High Priority Homeless and may be recorded with the property.

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

Select one:

1. **Tier 1**: Permanent housing proposals that are not restricted to persons of a particular age group and in which a minimum of 5% of the total units, but no fewer than four units, are set aside and rented to persons with a disability as defined below. Select the number of units set aside for people with disabilities:

   a. □ 15% to 25% of units, but no fewer than six units *(10 points)*
      Number of units ______

   b. □ 10% to 14.99% of units, but no fewer than five units *(9 points)*
      Number of units ______

   c. □ 5% to 9.99%, but no fewer than four units *(7 points)*
      Number of units ______

   OR

2. **Tier 2**: People with Disabilities (PWD) units that will use 811 Project Rental Assistance (PRA):
   Permanent housing proposals that are not restricted to persons of a particular age group and in which a minimum of 5% of the total units, but no fewer than five units, are set aside and rented to persons with a disability as defined below. Select the number of units set aside for people with disabilities that will use 811 PRA:

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8 Tier 2 point availability is contingent upon Minnesota Housing receiving an award of 811 Project Rental Assistance from HUD.

9 Eligibility for 811 PRA will be determined in a Pre-Application Review Process prior to the application submission. Minnesota Housing will further evaluate the feasibility of the 811 PRA units during the formal application review process and reserves the right to not award the PWD points for 811 PRA units.
a. □ 15% to 25% of units, but no fewer than ten units (13 points)  
   Number of units _____

b. □ 10% to 14.99% of units, but no fewer than seven units (11 points)  
   Number of units _____

c. □ 5% to 9.99%, but no fewer than five units (9 points)  
   Number of units _____

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

NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.

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

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

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

1. The applicant must submit the People with Disabilities narratives and any other forms and submittals identified in Application Checklist in the Multifamily Customer Portal.
2. The applicant must submit a signed Service Agreement. Applicant 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 as evidenced in the People with Disabilities Narrative and Service Agreement:

10 Specific performance requirement relief provisions are available for projects that meet the People with Disabilities Selection Criterion for “PWD Units.” Reference Section 6.A. of the HTC QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.
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. The applicant agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household’s monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

c. Service Agreement: The property owner must have an agreement with the county or tribal human services office specifying:
   i. How outreach will be provided to the target population
   ii. How eligible applicants will be referred to the property management agent
   iii. How services will be provided to tenants
   iv. How the service entity will communicate and coordinate with property management

d. Units for individuals with disabilities must be provided in an integrated setting.

e. Tenant Screening: The property owner must adopt a screening process that will serve the intended population. The tenant selection plan for the supportive housing units must be written to adhere to housing first principles, may not screen out individuals based on credit or housing history (including evictions), and must implement criminal background screening procedures that reduce barriers to obtaining housing. For current Tenant Selection Plan guidance, go to Minnesota Housing’s website under Supportive Housing Service Providers.

2. Serves Lowest Income for Long Durations

A. Serves Lowest Income Tenants/Rent Reduction (8 to 20 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 the duration of the LURA. MTSP rent limits are available on Minnesota Housing’s website.

   The applicant agrees to maintain the deeper rent structuring for which selection points are requested.

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

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

b. □ At least 50% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit (8 points)
   Number of units ________

c. □ Projects that are eligible for 1.a. or 1.b. above and agree to further restrict units to the county 30% MTSP rent limit. The property owner must adopt a screening process that will serve the intended population. The tenant selection plan for the supportive housing units must be written to adhere to housing first principles, may not screen out individuals based on credit or housing history (including evictions), and must implement criminal background screening procedures that reduce barriers to obtaining housing. For current Tenant Selection Plan guidance, go to Minnesota Housing’s website under Supportive Housing Service Providers.

   i. □ 30% to 40% of the restricted units (7 points)
      Number of units ________

   ii. □ 20% to 29.99% of the restricted units (6 points)
       Number of units ________

   iii. □ 10% to 19.99% of the restricted units (5 points)
        Number of units ________

   iii. □ 5% to 9.99% of the restricted units (4 points)
        Number of units ________

   NOTE: Serves Lowest Income selection criterion cannot be claimed for units that have Rental Assistance.

Minnesota Housing may incorporate these restrictions into the LURA 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)]. 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).

B. Rental Assistance (6 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 category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden, and provides for the tenant paid portion of rent to be no greater than 30% of household income.

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

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

For 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-f. In addition, by selecting an option, the development agrees to continue renewals of existing project-based housing subsidy payment contract(s) for a minimum 10 years from the later of the last placed in service date for any building in the property or loan closing. Applicant agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period.

a. □ 100% of the total units for project-based rental assistance (19 points)
   Number of units ______

b. □ Between 51.1% to 99.9% of the total units (16 points)
   Number of units ______

c. □ 20.1% to 51% of the total units (13 points)
   Number of units ______

d. □ 10.1% to 20% of the total units, with a minimum of four units (10 points)
   Number of units ______

e. □ 5% to 10% of the total units, with a minimum of four units (7 points)

11 Formerly known as Group Residential Housing.
12 Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for “RA Units.” Reference Chapter 6.A. of the HTC QAP additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.
Number of units _______

f. ☐ Less than 5% of units, a minimum of four units (6 points)
   Number of units _______

2. **Further Restricting Rental Assistance**

Projects that are eligible under B. 1. a - f above and have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period. **Rental Assistance Commitment documentation must indicate that deeper income restrictions on project based units are allowable.**

Select one:

a. ☐ 75.1% to 100% of the total units (7 points)
   Number of units _______

a. ☐ 50.1% to 75% of the total units (6 points)
   Number of units _______

b. ☐ 25.1% to 50% of the total units (5 points)
   Number of units _______

c. ☐ 15.1% to 25% of the total units (4 points)
   Number of units _______

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

**NOTE:** Serves Lowest Income selection criterion cannot be claimed for units that qualify for or are claiming the Rental Assistance criterion.

**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 HTCs.

Rent for assisted units must be at or below Fair Market Rents (or appropriate payment standard for the project area). Eligibility and agreeing to a minimum number of assisted units does not release owners

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13 Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for Further Restricted Rental Assisted Units (“FRRRA Units”). Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

14 Site-based Housing Support is excluded from this requirement.
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 (8 to 9 points):

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

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

Select one:

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

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

3. Increasing Geographic Choice

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

1. Projects located in communities with a need for more affordable housing options because either there is a low share of affordable rental housing compared to all housing options in a community or a large share of renters are cost burdened by their rent. Select one:

   a. Tier 1 Tracts or Cities, and Reservations: Those in the 80th percentile or higher in the highest share of cost burdened renters or in the lowest share of affordable rental housing relative to the community type. Tribal Reservations and communities are also considered Tier 1 for having a need for more affordable housing options. (10 points)

   b. Tier 2 Tracts or Cities: Those in the 60th-79th percentile in the highest share of cost burdened renters or in the lowest share of affordable housing relative to the community type. (8 points)

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

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their
workforce commuting long distances, as outlined in the Workforce Housing Communities Methodology). 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.

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

1. For projects in the Metropolitan Area, indicate if the project is located in an efficient community for transportation and transit.

a. Access to Transit: To claim access to transit in the Metropolitan Area, a project must be (Select one):

   i. ☐ Located within one half mile of a planned\(^{15}\) or existing LRT, BRT, or commuter rail station, or Metro Transit’s Hi-Frequency Network (7 points);

   ii. ☐ Located within one quarter mile of a high service public transportation fixed route stop\(^{16}\) or located within one half mile of an express bus route stop or located within one half mile of a park and ride lot (4 points)

   iii. ☐ Served by demand response/dial-a-ride with prior day notice\(^{17}\). (2 points);

b. Walkability: To claim walkability in Minneapolis and Saint Paul, a project must be (Select one):

   i. ☐ Located in an area with a Walk Score of 80 or more according to www.walkscore.com (2 points)

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\(^{15}\) Includes planned stations eligible for Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Grants (https://metrocouncil.org/Communities/Services/Livable-Communities-Grants/LCA/2020-LCA-TOD-application-guide.aspx). Does not include Express Bus Stations eligible for LCDA TOD Grants.

\(^{16}\) High service fixed route stop is defined as those with service from 6 am to 7 pm and has a frequency of approximately every half hour during that time.

\(^{17}\) Excludes Metro Transit’s Transit Link Service. Transit service must be available Monday through Friday for a minimum of 8 hours per day.
ii. Located in an area with a Walk Score between 60 and 79 according to www.walkscore.com (1 point)

c. Walkability: To claim walkability in suburban communities, a project must be (Select one):

i. Located in an area with a Walk Score of 60 or more according to www.walkscore.com (2 points)

ii. Located in an area with a Walk Score between 50 and 59 according to www.walkscore.com (1 point)

If applicants would like to request revisions of a location’s Walk Score, they should e-mail Walk Score directly with details of the request to E-mail: 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.

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) as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

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

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

1. Located within one quarter mile of a planned 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 OR Located less than one half mile of an express bus route stop or park and ride lot (4 points);

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

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

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19 For a Greater Minnesota existing or planned to be eligible, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The existing or planned stop of route must be available M-F and provide service every 60 minutes for a minimum of 8 hours per day with the exception of the commuter rail transit stations serviced by Metro Transit.
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 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 a Greater Minnesota rural and small urban area must be (select one):

1. □ Located within one half mile of an existing or planned designated stop that has service every 60 minutes OR within one half mile of a commuter rail station OR served by demand response/dial-a-ride with same day service available OR within ½ mile of a commuter rail station. (7 points)

2. □ 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 a Greater Minnesota rural and small urban area must be (Select one):

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

2. □ Located in an area with a Walk Score between 30 – 49 according to www.walkscore.com (1 point)

<table>
<thead>
<tr>
<th>4. Supporting Community and Economic Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Community Development Initiative (3 points):</td>
</tr>
</tbody>
</table>

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20 For a Greater Minnesota existing or 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 existing or planned stop must be available Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day, with the exception of the commuter rail transit stations serviced by Metro Transit.

21 Includes the Elk River and Big Lake Stations serviced by Metro Transit’s Northstar Commuter Rail.
1. Project contributes to active implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders. The initiative can be created by, and involve engagement from, a wide variety of public and private local community development partners such as cities, counties, employers, private foundations, public housing authorities, or other community stakeholders. The plan must contain more components than the project itself. Documentation must be provided that addresses four requirements for the Community Development Initiative:

   a. Targeted Geographic Area and Map
   b. Current implementation plan with goals or outcomes specific to the need identified by the initiative
   c. Affordable housing as a key strategy of the initiative
   d. A list of stakeholders, including their role in active implementation of the initiative

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

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

<table>
<thead>
<tr>
<th>REQUIRED</th>
<th>DESCRIPTION OF REQUIREMENT</th>
<th>REQUIRED DOCUMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Targeted Geographic Area + Map</td>
<td>A Targeted Geographic Area and map of the area. The Targeted Geographic Area boundaries must be larger than the proposed rental project site, yet within a measurable impact area. For larger geographic areas, the Targeted Area must be small enough that one municipality or county (or a small conglomerate of municipalities or counties) can exercise jurisdiction over it.</td>
<td>Yes</td>
</tr>
<tr>
<td>2. Current implementation plan with goals or outcomes specific to the need identified by the initiative</td>
<td>Include milestones or steps of the plan that have been: 1. Completed 2. Underway 3. Planned</td>
<td>Yes</td>
</tr>
<tr>
<td>3. Affordable housing as a key strategy</td>
<td>Affordable housing is identified as a key strategy of the initiative.</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Stakeholder List and Role</td>
<td>Provide a list of local stakeholders involved and a description of their role in the active implementation of the initiative.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
REQUIRED FOR PROJECTS IN A QCT

| 1. Public or Private Investment (non-housing) | Demonstrated strategy for obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities, or services that could include, but is not limited to:  
- Commercial/retail development  
- Economic development  
- Education-related initiatives/development  
- Environmental clean-up  
- Public works/infrastructure  
- Parks, green space and recreation  
- Transit-oriented development or transit initiatives | Required if the project is in a QCT |

B. Equitable Development (3 Points)

☐ To receive equitable development points, there must be evidence that Community(ies) Most Impacted (CMI)\textsuperscript{22} by housing disparities have a role in the project proposal and qualifying stakeholder group(s). Proposals will not receive points in this category if the only role of CMI is to be the recipient of the housing or services. Proposals must demonstrate that the proposal addresses a housing disparity experienced by the involved CMI.\textsuperscript{23} Applicants must meet all five threshold criteria to be eligible for points, including submitting all required documentation.

1. Threshold Criteria

   a. Qualifying Stakeholder Group: A qualifying stakeholder group must have meaningful representation of CMI as documented in the narrative response.

   b. Identify the CMI targeted by this project
      Select all that apply:
      i. ☐ Lowest Income (e.g. <= 30% of area median income (AMI))
      ii. ☐ People of Color
      iii. ☐ Indigenous People
      iv. ☐ LGBTQ People
      v. ☐ People Experiencing Homelessness
      vi. ☐ People with Disabilities
      vii. ☐ Immigrants
      viii. ☐ Large Families

\textsuperscript{22} Communities Most Impacted include the following: Lowest Income (e.g. <= 30% of area median income (AMI)); People of Color; Indigenous Individuals; LGBTQ; People Experiencing Homelessness; People with Disabilities; Immigrants; Large Families; Seniors; Families with children.

\textsuperscript{23} Housing Disparity means disproportionate representation of housing cost burden, homeownership, poverty, and homelessness by the CMI.
ix.  □ Seniors
x.  □ Families with children

c. Provide data demonstrating the housing disparity experienced by the CMI and how this project will address that disparity.

d. Identify and submit a narrative explaining how the project addresses or responds to the input provided by CMI and how the project will reduce housing disparities. These must be in addition to the mandatory minimum requirements of the QAP, and in addition to the minimum requirements for which points are taken in other selection criteria. Applicants may select more than one.

   i.  □ Design
   ii. □ Services
   iii. □ Community Benefits: An agreement between the developer and local community to provide a benefit as identified by communities most impacted in the local community. (examples include local hiring, community services, training, shared green space, etc.)
   iv. □ Other (describe in the narrative)

e. Project was started by the CMI or developer partnered with CMI to develop project proposal as documented in the narrative section.

C. Rural/Tribal (4 points):

Projects located in Rural/Tribal Designated Areas outside of the Metropolitan Area, and areas in and around Duluth, Rochester and St. Cloud.

1. □ The proposed housing is located in a census tract eligible as a Rural/Tribal Designated Area outside of the Metropolitan Area. (4 points)

D. QCT/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones (3 points):

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

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 Community Development Initiative selection criteria.

E. Multifamily Award History (4 points):

1. □ Points will be awarded for communities that have not received an award or allocation of funding from Minnesota Housing for a source of funding offered through the Multifamily Consolidated RFP/HTC Round 1, HTC Round 2, in any pipeline funding round if the funding source is available in the RFP/HTC Round 1, or for projects receiving an allocation of bonding
authority from MMB with and an award of 4% Minnesota Housing HTCs for the last five years. Projects that received LMIR-only financing through the Available Financing Round are excluded. Refer to the Multifamily Award History Methodology for more information. (4 points)

F. People of Color and Indigenous-owned/Women-owned Business Enterprise (POCIBE/WBE) (1 to 7 points):

1. Ownership
   a. ☐ Two or more of the following entities are POCIBE/WBE, as certified by the owner or executive director: the project sponsor, executive director or equivalent of a non-profit, executive director or equivalent of a governmental entity, general contractor, architect, or management agent. (6 points)
   
   OR

   b. ☐ The project sponsor, executive director or equivalent of a non-profit, executive director or equivalent of a governmental entity, general contractor, architect, or management agent is a POCIBE/WBE, as certified by the specified owner or executive. (4 points)

   2. Partnership

   ☐ The project sponsor, general contractor, architect or management agent partners with a POCIBE/WBE entity with the goal of building the entity’s capacity to develop, manage, construct, design or own affordable housing in the future. Examples include: (a) POCIBE/WBE entity performing as a joint venture partner with the general contractor to perform some defined portion of the general contractor role, (b) POCIBE/WBE entity entering into a joint venture or subcontracting with the architect to perform some defined portion of the design or supervision work. (1 point)

   Provide an agreement executed between the partnering entity(ies) that defines specific duties and roles and explicitly states the goal of building the POCIBE/WBE’s capacity to develop, manage, construct, design or own affordable housing in the future.

5. Preservation

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

1. ☐ Risk of Loss Due to Market Conversion
   a. Expiration of contract/use-restrictions

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24 A POCIBE/WBE is a tribe or tribally-designated housing entity, tribal corporate 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.
i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; OR

ii. Existing HTC 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 approved by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has 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 HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units.

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

2. ☐ Risk of Loss Due to Critical Physical Needs

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

   b. 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;

   NOTE: Minnesota Housing will conduct an inspection of the development and must agree with applicant on scope of work, severity levels and cost estimates.

3. ☐ Risk of Loss Due to Ownership Capacity/Program Commitment
a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units; AND

b. 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.

B. Criteria:

1. Existing Federal Assistance – Tier I – project based rental assistance/operating subsidies (15 to 40 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), and RAD for Project Rental Assistance Contracts (PRAC) 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) must count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.
a. Existing Federally Assisted Units:
   
i. □ 100% of units are federally assisted (40 points)
      Number of units _______

   ii. □ 75.01% - 99.99% of units are federally assisted (32 points)
       Number of units _______

   iii. □ 50.01 - 75% of units are federally assisted (25 points)
        Number of units _______

   iv. □ 25.01% - 50% of units are federally assisted (20 points)
        Number of units _______

   v. □ Less than 25% of units are federally assisted (15 points)
      Number of units _______

   OR

2. Existing Federal Assistance—Tier 2 (15 points)
   
a. □ Any housing which is federally assisted 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. Federal assistance includes: existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), HTC units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph B. above (e.g., 202, 236). Applicants who claim points under this category agree to restrict at least 50% of the units to rents and incomes at or below 50% MTSP.

   OR

3. Critical Affordable Units at Risk of Loss (15 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 under another non-federal program, including state, local or intermediary funds. Applicants who claim points under this category agree to restrict at least 50% of the units to rents and incomes at or below 50% MTSP.

   OR

6. Efficient Use of Scarce Resources and Leverage

A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 points):
   
1. Applicants who have secured funding commitments for one or more permanent capital funding sources at the time of application must count the source in this calculation. Funding from Minnesota Housing and Funding Partners (i.e., Greater Minnesota Housing Fund, Metropolitan
Council Local Housing Incentive Account) can only be included in the calculation if it was committed in a previous funding cycle/round.

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

**Total eligible funding secured, awarded or committed** (excluding amortizing first mortgage and any anticipated proceeds from the current HTC request. If applicable, the portion of the first mortgage supported by Tax Increment Financing (TIF) amount can be included as a commitment) $ \frac{\text{Total eligible funding secured, awarded or committed}}{\text{Total Development Cost}} \text{ equals Percentage of Permanent Capital Funding Sources Committed} \% \text{ (round to nearest tenth):}

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

For scoring purposes, the documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount and be executed or approved by the lender or contributor. Documentation containing words synonymous with “consider” or “may,” (as in “may award”) regarding the commitment will not be acceptable.

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

- Syndication proceeds due to previously allocated or awarded HTCs: Syndication proceeds from HTCs allocated or awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is an executed syndicator agreement or executed Letter of Intent from the syndicator that is acceptable to Minnesota Housing. The executed Letter of Intent must:
  - Be current within 15 days of submission of the application
- Monetary grants/donations
- The portion of the amortizing first mortgage supported by tax abatement and/or payments in lieu of taxes (PILOT)
- Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include a city
council resolution indicating its intention to provide TIF assistance. The anticipated amount must be included in the resolution or a letter from the city.

- Deferred loans
- Grants from nonprofit charitable organizations converted to deferred loans. An award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a 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 along with a syndicator/investor Letter of Intent.
- Funder commitments to modify existing debt including: approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of an HTC allocation or award. At the time of application, written documentation of approval from the funder clearly demonstrating that the approval is for the re-syndication/receipt of new deferred or HTC allocation or award, justifying the amount and the terms of the contribution must be provided.
- General Partner commitments can count as long as satisfactory documentation is provided. Examples include:
  - GP cash and seller loans
  - Deferred developer fee: The applicant must provide the required commitment documentation and provide evidence of repayment within 10 years by the projected cash flow or an amount approved by the syndicator/investor in the LOI.
  - Purchased reserves: Provide satisfactory documentation to determine that the reserves are available, will be purchased with the property and a commitment that they will be used as a permanent capital source. The documentation could include purchase agreement, financial statements, with a commitment letter from the applicant.
  - Energy or Sales Tax Rebate: Provide satisfactory documentation that the energy rebate will funded at closing with general partner cash or a general partner loan.

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

B. Other Contributions (2 to 10 points):

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

   Total “Other” non-capital funding contributions and sources $______ divided by Total Development Cost $______ equals Other Contributions (rounded to the nearest tenth):

   a. ☐ 10.1% and above (10 points)
   b. ☐ 8.1 to 10.0% (8 points)
   c. ☐ 6.1 to 8.0% (6 points)
d. □ 3.5 to 6.0% (4 points)

e. □ 1.0 to 3.4% (2 points)

NOTE: This calculation is based on the Total Development Costs. Applicants should not use any exclusions.

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

For scoring purposes, the documentation must state the amount and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with “consider” or “may” (as in “may award”) regarding the contribution will not be acceptable.

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

• Land donation or write-down of the development site. Documentation used to determine the market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties, or other data deemed acceptable by Minnesota Housing.

• In-kind work and materials that benefit the project are donated at a lower or no cost.

• Local government reduction, donation or waiver of project specific costs, assessments or fees (e.g., SAC/WAC, Park Dedication Fees)

• Reservation land not subject to local property taxes. Documentation must include the amount and term (up to term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term.

• Reservation land with long-term low cost leases

• Funder commitments to modify existing debt including: debt forgiveness; 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 an HTC allocation or award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.

• Tax Increment Financing (TIF) for properties that cannot support an amortizing first mortgage. Calculate the net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the TIF. Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include a city council resolution indicating its intention to provide TIF assistance. The anticipated amount must be included in the resolution or a letter from the city. The documentation should include the TIF analysis from the city or its consultant.

• Tax abatement and payments in lieu of taxes for properties that cannot support an amortizing first mortgage. Documentation must include the amount and term (up to the term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the abatement (up to the term of the Minnesota Housing deferred loan or LURA).
C. Intermediary Costs (1 to 6 points):

1. Intermediary costs are third-party service costs related to the project development. Excluded costs are Park Dedication Fees, Surveys, Soil Borings, Payment and Performance Bond Premium, Sewer-Water Access Charge, Furnishing and Equipment, and Hazard and Liability Insurance.

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

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

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

7. Building Characteristics

A. Universal Design (3 points):

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

Select one:

a. ☐ An elevator building with 100% of assisted units meeting the definition of a Universal Design Unit (3 points); OR Number of units ______

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

A list of the required Minimum Essential Universal Design and Optional Features Features can be found in the Universal Design Worksheet.
B. Smoke Free Buildings (1 point):

1. ☐ The Project will institute and maintain a written policy\textsuperscript{25} 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 may be required to maintain the smoke-free policy for the term of the LURA. \textbf{(1 point)}

C. Enhanced Sustainability (1 to 5 points):

The Project will incorporate additional sustainability criteria into its design. \textbf{Applicant must complete the “How Will Criteria Be Implemented” column within the Intended Methods Worksheet and clearly explain how each Mandatory Criteria, selected Optional Point criteria, and enhanced sustainability feature will be implemented.}

Applicants can select Tier 1, Tier 2, Tier 3; or a combination of Tiers 1 and 3 or Tiers 2 and 3; for a maximum of five points.

1. ☐ \textbf{Tier 1:} Project will include at least two times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined below and as indicated in the Multifamily Intended Methods Worksheet \textbf{(1 point)}

2. ☐ \textbf{Tier 2:} Project will include at least three times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined above and as indicated in the Multifamily Intended Methods Worksheet \textbf{(2 points)}

3. ☐ \textbf{Tier 3:} Project will conform to at least one of the alternative building performance pathways as indicated in the Multifamily Intended Methods worksheet \textbf{(3 points)}

\textbf{To be eligible for Tier 3, the project must meet one of the following pathways and comply with the corresponding tier requirements:}

1. Pathway 1\textsuperscript{26} - Project meets SB 2030 standards
2. Pathway 2\textsuperscript{27} - (applicable to new construction only) – Project meets 2020 Enterprise Green Communities Certification Plus Standards
3. Pathway 3\textsuperscript{28} - (applicable to rehab projects only)

\textsuperscript{25} The written policy must be submitted with the application and must include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by the owner but must be included in the written policy.

\textsuperscript{26} Follow Sustainable Building 2030 (SB 2030) Energy Standards. Compliance with SB 2030 Standard is achieved by a combination of on-site renewable energy generation and energy efficiency. Projects required to meet the 2020-2024 Standard must meet both an energy and carbon standard, implement renewables based upon a hierarchical approach and use the same standard for renovations as new construction. We are currently working with representatives from University of Minnesota - Center for Sustainable Building Research to further develop an SB 2030 Standard specifically suited for moderate rehabilitation, which may be available in year 2021.

\textsuperscript{27} Follow 2020 Enterprise Green Communities Criteria – Criterion 5.2b or 5.4 requirements. Actual enrollment of project with Enterprise is not required.

\textsuperscript{28} Follow 2020 Enterprise Green Communities Criterion 5.1b as amended via Minnesota Overlay. Please note: Prescriptive pathway for rehabilitation projects as described in Minnesota Overlay is not an option available to this pathway. Subject to
a. Baseline pathway (zero points) project conforms to 2020 Enterprise Green Communities Criteria - Criterion 5.1b “prescriptive pathway,” which is equal to the current MN Overlay

b. To receive selection points, the project follows an Energy Rater Index (ERI) Pathway by achieving one of the following Home Energy Rating System (HERS) Index thresholds:
   i. A HERS Score of 80 or less for properties built on or after 1980
   ii. A HERS Score of 100 or less for properties built before 1980
   iii. A post-rehab HERS Index score at least 15 percent less than pre-rehab HERS Index.

approval by Minnesota Housing, if the scope of work requires systems or improvements that do not allow a 10 year payback, said efficiency level(s) may be waived.
8. Unacceptable Practices (-4 to -25 points)

Minnesota Housing may impose penalty points for unacceptable practices as identified in the QAP.

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<th>Total Points</th>
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<td>TOTAL DEVELOPER CLAIMED POINTS:</td>
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<td>TOTAL MINNESOTA HOUSING AWARDED POINTS:</td>
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