

## 2020 Housing Tax Credit Self-Scoring Worksheet

**Housing Tax Credit projects submitted in a Competitive funding round<sup>1</sup>** *Updated May 2018*

**Project Name:**

**Property Number (D Number):**

**Project Number (M Number):**

**Primary Address:**

**City:**

### Instructions

#### 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. Request for tax credits 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 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.**

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<sup>1</sup> A Competitive funding round includes the Consolidated Request for Proposal (RFP), HTC Round 2, and available financing throughout the year including first mortgage products, bonds, and deferred funds in conjunction with 4% tax credits.

**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 will be required and incorporated into the Tax Credit Declaration of Land Use Restrictive Covenants (declaration) 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 tax credits from the state’s tax credit volume cap 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 and rental restrictions must apply for a period of at least 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 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) will not apply to the project for 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. A Declaration of Land Use Restrictive Covenants 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, 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 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 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 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.

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

Applicants using this Self-scoring Worksheet must demonstrate that the project meets at least one of the following priorities.

**Select all that apply.**

### A. Access to Fixed Transit:

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

### B. Greater Minnesota Workforce Housing:

- Projects in Greater Minnesota documenting both of the following:
  - Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:
    - That have experienced net job growth of 100 or more jobs,
    - With 15 percent or more of the workforce commuting 30 or more miles to work,  
or
    - With planned job expansion documented by a local employer
  - Employer Support in the form of a letter of support from an employer with 20 or more full time employees. The letter should discuss the difficulty of employees' to locate housing in the jurisdiction where the project is located and provide a description of employee wages and proposed rents in the project.

### C. Economic Integration:

- 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:

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

### E. Community Development Initiative:

- Projects that contribute to active implementation of a Community Development Initiative, as defined in the Community Development Initiative 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 Community Development Initiative 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).

**2020 HOUSING TAX CREDIT SELECTION CRITERIA**

**1. Greatest Need Tenant Targeting (5 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 owner agrees to market to families with minor children. Select all that apply:

- a.  At least 75% of the total assisted<sup>2</sup> units contain two or more bedrooms. **(5 points)**

Number of units with

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

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

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

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

Number of units with

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

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

**B. Permanent Supportive Housing for High Priority Homeless<sup>3</sup> (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 System<sup>4</sup> (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 \_\_\_\_\_

<sup>2</sup> Assisted is defined as tax credit units for HTC applications and affordable units for deferred funding.

<sup>3</sup> **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 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.

<sup>4</sup> Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing.

Number of Units Representing:

Youth with Children: \_\_\_\_\_  
Youth Singles: \_\_\_\_\_  
**Youth Total:** \_\_\_\_\_  
Single Adults: \_\_\_\_\_  
Families with Children: \_\_\_\_\_  
**Total High Priority Homeless:** \_\_\_\_\_

**2. Continuum of Care**

Proposals that are eligible for B. 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 at: **[insert link]**)

- 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)

**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 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 policy and procedure 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 should be appropriate for the needs of the target population, with a minimum of tenant service coordination averaging two hours per household per week as further 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.

A proposal that claims 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)**  
Number of units \_\_\_\_\_
  - b.  10% to 14.99% of units **(9 points)**  
Number of units \_\_\_\_\_
  - c.  5% to 9.99%, but no fewer than four units **(7 points)**  
Number of units \_\_\_\_\_

Permanent housing proposals are not restricted to persons of a particular age group. A percentage of the units are set aside and rented to persons with any of the following disabilities<sup>5</sup>:

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

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

**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.**

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

1. The applicant must submit the People with Disabilities 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 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:
  - 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.

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<sup>5</sup> **Specific performance requirement relief provisions are available for projects that meet 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 deferred loan documents recorded with the property.

- c. The applicant agrees that if units set aside for People with Disabilities are occupied by households without project-based 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 policy 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 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. Service funding sources
  - vi. How services will be provided to tenants
  - vii. How the service entity will communicate and coordinate with property management
  - viii. Plans for crisis intervention, eviction prevention and lease mitigation
- d. Units for individuals with disabilities must be provided in an integrated setting.

**2. Serves Lowest Income for Long Durations (2 to 48 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.

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 \_\_\_\_\_

**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)]. 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**

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 or loan closing. After the 10 year period has expired, if the units are not otherwise subject to more restrictive, 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.<sup>6</sup>

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

**B. Rental Assistance (2 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.

**NOTE: 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.**

- New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
- Site-based Housing Support<sup>6</sup> and awards of project-based McKinney Vento Continuum of Care funding, will be considered project-based rental assistance.

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<sup>6</sup> Formerly known as Group Residential Housing.

- 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 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. and, if applicable, select g.

- a.  100% of the total units for project-based rental assistance **(15 points)**  
Number of units \_\_\_\_\_
- b.  Between 51.1% to 99.9% of the total units **(12 points)**  
Number of units \_\_\_\_\_
- c.  20.1% but under to 51% of the total units **(9 points)**  
Number of units \_\_\_\_\_
- d.  10.1% to 20% of the total units, with a minimum of four units **(6 points)**  
Number of units \_\_\_\_\_
- e.  5% to 10% of the total units, with a minimum of four units **(3 points)**  
Number of units \_\_\_\_\_
- f.  Less than 5% of units, a minimum of four units **(2 points)**  
Number of units \_\_\_\_\_

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- g.  For selection components a-f above, if, in addition, the development agrees to provide the project-based rental assistance for a **minimum 10 years** after the last placed in service date for any building in the property or loan closing. 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<sup>7</sup>. **(4 points)**

2. 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

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<sup>7</sup> Specific performance requirement relief provisions are available for projects claiming the Rental Assistance selection criterion for Continued Renewal Rental Assisted unit "CRRRA 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 deferred loan documents recorded with the property.

income limit for a 10 year period. **Rental Assistance Commitment documentation should indicate that deeper income restrictions on project based units is allowable.**<sup>8</sup>Select one:

- a.  75.1% to 100% of the total units **(7 points)**  
Number of units \_\_\_\_\_
- b.  50.1% to 75% of the total units **(6 points)**  
Number of units \_\_\_\_\_
- c.  25.1% to 50% of the total units **(5 points)**  
Number of units \_\_\_\_\_
- d.  15.1% to 25% of the total units **(4 points)**  
Number of units \_\_\_\_\_
- e.  5% to 15%, of the total units but no fewer than four units **(3 points)**  
Number of units \_\_\_\_\_

**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). Eligibility and agreeing to a minimum number of assisted units does not release owners from their obligations under the Minnesota Human Rights Act and Section 42 prohibiting refusal to lease to the holder of a voucher of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

**C. Long Term Affordability (3 to 9 points):**

1. 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, where applicable, agrees to extend the long-term affordability of the project by

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<sup>8</sup> 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 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 deferred loan documents recorded with the property.

extending the term of the declaration beyond 30 years (beginning on 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 term of declaration and waive the right to Qualified Contract for a minimum of 40 years. **(9 points)**
- b.  Extend the term of the declaration and waive the right to Qualified Contract for a minimum of 35 years. **(8 points)**
- c.  Waive the right to Qualified Contract for a minimum of 30 years. (4% projects only) **(7 points)**
- d.  Waive the right to Qualified Contract for a minimum of 25 years. (4% projects only) **(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 in the project as qualified HTC assisted low-income units (does not include full-time manager or other common space units) **(2 points)**

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

- b. Promotes economic integration for projects that are located in higher income communities that are 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 and walkability.
  - 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<sup>9</sup> 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<sup>10</sup> 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)**
  - 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](http://www.walkscore.com) **(2 points)**
    - ii.  Located in an area with a Walk Score between 50 and 69 according to [www.walkscore.com](http://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)<sup>11</sup> 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)<sup>12</sup>:

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<sup>9</sup> 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.

<sup>10</sup> 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.

<sup>11</sup> Greater Minnesota Transit Investment Plan: <http://www.dot.state.mn.us/transitinvestment>

<sup>12</sup> 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.

- 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<sup>13</sup> 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](http://www.walkscore.com) **(2 points)**;
  - 2.  Located in an area with a Walk Score between 50 and 69 according to [www.walkscore.com](http://www.walkscore.com) **(1 point)**
  
- 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<sup>14</sup> 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<sup>15</sup> 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)**

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<sup>13</sup> 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.

<sup>14</sup> 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>

<sup>15</sup> 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

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](http://www.walkscore.com) **(2 points)**
  2.  Located in an area with a Walk Score between 35 – 49 according to [www.walkscore.com](http://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]**

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

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

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

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

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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.

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. Note that comprehensive and land use plans are not by themselves considered evidence of a Community Development Initiative.

<b>REQUIRED</b>	<b>DESCRIPTION OF REQUIREMENT</b>	<b>REQUIRED DOCUMENTATION</b>
1. Targeted Geographic Area + Map	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.	Yes
2. Current implementation plan with goals or outcomes specific to the need identified by the initiative	Include milestones or steps of the plan that have been: <ol style="list-style-type: none"> <li>1. Completed</li> <li>2. Underway</li> <li>3. Planned</li> </ol>	Yes
3. Affordable housing as a key strategy	Affordable housing is identified as a key strategy of the initiative.	Yes
4. Stakeholder List and Role	Provide a list of local stakeholders involved and a description of their role in the active implementation of the initiative.	Yes
<b>REQUIRED FOR PROJECTS IN A QCT</b>		
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: <ul style="list-style-type: none"> <li>• Commercial/retail development</li> <li>• Economic development</li> <li>• Education-related initiatives/development</li> <li>• Environmental clean-up</li> <li>• Public works/infrastructure</li> <li>• Parks, green space and recreation</li> <li>• Transit-oriented development or transit initiatives</li> </ul>	Required if the project is in a QCT

**EXCEL HELP TEXT:**

Select Community Development Initiative under Strategic Priorities to enable checkboxes for Community Development Initiative.

**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 15<sup>th</sup> 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):**

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]**

**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 Community Development Initiative 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<sup>16</sup>, as certified by the owner. **(3 points)**

**5. Preservation (5 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 by the required Pre-application due date (30 days, or such later date as may be established by Minnesota Housing) prior to the application deadline for HTC Round 1 or Round 2**, as detailed in the Multifamily Customer Portal. 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 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 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

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<sup>16</sup> A MBE/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.

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 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 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 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 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 tax credit placed in service date (if applicable) for projects 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 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 either Existing Federal Assistance or Critical Affordable Units at Risk of Loss below.

**B. Criteria:**

**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), 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) 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)**  
Number of units \_\_\_\_\_
- ii.  75.01% - 99.99% of units are federally assisted **(22 points)**  
Number of units \_\_\_\_\_
- iii.  50.01 - 75% of units are federally assisted **(15 points)**  
Number of units \_\_\_\_\_
- iv.  25.01% - 50% of units are federally assisted **(10 points)**  
Number of units \_\_\_\_\_

- v.  Less than 25% of units are federally assisted **(5 points)**  
Number of units \_\_\_\_\_

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)**  
Number of units \_\_\_\_\_
- ii.  25.01 - 75% of units are federally assisted **(20 points)**  
Number of units \_\_\_\_\_
- iii.  Less than 25% of units are federally assisted **(10 points)**  
Number of units \_\_\_\_\_

**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. Unless the project is a RAD 1 conversion with 50% of more of the units covered by a section 8 rental assistance contract. **(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 (0 to 38 points)**

**A. Financial Readiness to Proceed/Leveraged Funds (0 to 16 points):**

1. Applicants who have secured funding commitments for one or more **permanent capital 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. **All capital funding sources must be counted in this criterion.**

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<sup>17</sup>) \$ \_\_\_\_\_ **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<sup>18</sup> **(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

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<sup>17</sup> 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.

<sup>18</sup> Projects that have both a numerator and denominator equal to zero are eligible to claim 70 % or more of funding secured, awarded or committed.

- 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: 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 of approval from the funder clearly demonstrating that the approval is for the re-syndication/receipt of new deferred or tax credit award, 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 (0 to 10 points):**

1. For projects that receive non-capital 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. 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 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: 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 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.
- Tax Increment Financing (TIF) (calculate the net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term of the TIF loan). 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.
- Tax abatement (calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for 30 years).

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

**C. Intermediary Costs (0 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 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 priority (subject to the methodology described in Cost Containment Methodology.

Applicants may claim this criterion and Minnesota Housing will review costs for all applications to confirm eligibility 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 this criterion. Only proposals that claim cost containment and are awarded through the process described above will be eligible for cost containment.**

**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. The penalty will be assessed to an application submitted to the same funding round (Competitive or 4% Only) for which the points were initially awarded. 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.

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

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 projects, deck and patio spaces must have a step-less transition meeting door threshold requirements above, with decking gaps no greater than ¼". A step-less transition and door threshold meeting requirements as promulgated by Minnesota Accessibility Code for Type A units is also permitted.
- 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):**

1.  The projects will institute and maintain a written policy<sup>19\*</sup> 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)**

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<sup>19</sup> 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.

**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:

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By (Signature):

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Of (Name of Legal Entity):

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Its (Title) (Managing General Partner):

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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.