MINNESOTA HOUSING

2026-2027 Qualified Allocation Plan Public Comments Round 2

September 2024

MINNESOTA HOUSING

2026-2027 QAP Public Comments
September 2024

Wilson, Tamara (MHFA)

From:	Jeff Urban <urban.jeffrey@gmail.com>
Sent:	Friday, September 20, 2024 9:31 AM
To:	#MHFA_HTC
Subject:	QAP Feedback

Some people who received this message don't often get email from urban.jeffrey@gmail.com. Learn why this is important

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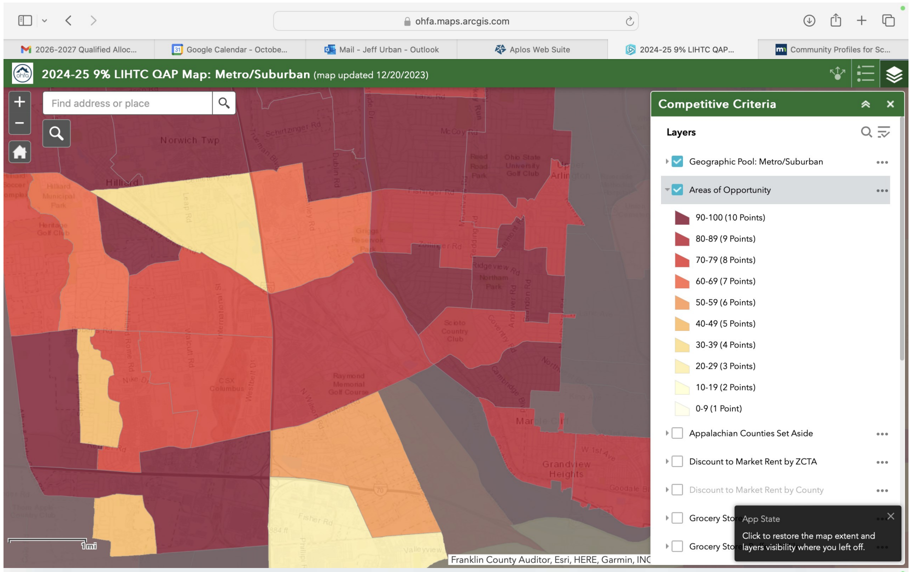
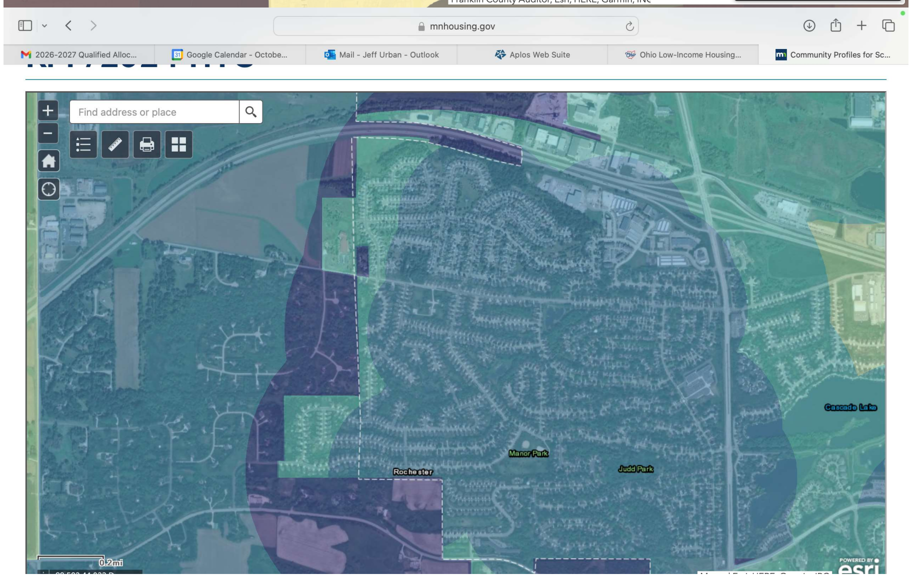
Hello!

My piece of feedback is in regards to the geographic scoring map. It seems like a move forward would be to take the current computer-generated map and have staff fill it in so it is more contiguous and "full." For instance, the Ohio state LIHTC program map is more clear and I'd say common sense.

See the attached differences.





Thanks,
Jeff

--
Jeff Urban
Outreach Pastor
Bear Creek Church
Rochester, MN
507.261.0720
www.BearChurch.org

Go to the people, Live among them, Learn from them, Love them, Start with what they know, Build on what they have: But of the best leaders, When their task is done, The people will remark “We have done it ourselves.” — (Chinese Proverb, often quoted by www.CCDA founder, John Perkins)

Wilson, Tamara (MHFA)

From:	lindalee soderstrom <llsod.lindalee@gmail.com>
Sent:	Friday, September 20, 2024 4:57 PM
To:	#MHFA_HTC
Subject:	QAP 9/20/24-SODERSTROM llsod.lindalee@gmail.com

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TO MHFA QAP
FROM Linda Soderstrom
llsod.lindalee@gmail.com
RE MHFA QAP
PUBLIC COMMENT
SEPT 20, 2024

I will keep it brief here as I am newcomer to QAP - qualified application planning public commentary. I once lived at Crossroads at Penn IN RICHFIELD MN. I am a Section 8 voucher holder. I have been displaced three times since 2015, despite being a Section 8 housing choice voucher holder and that in and of itself was deleterious to my health. Landlords have flipped the properties and they have displaced hundreds if not thousands of people just in the places where I have myself lived in the last 8 years. I'm now 75 years of age and this is not how life should be for our elders or our soldiers; our school-age children or anyone else vulnerable, disabled or in permanent poverty.

If you don't begin to use a yardstick or instrument to measure whether all programs you are funding authentically engage with community of those surrounding the immediate area geographically and for those who need the actual housing planning to be built ~ then those entities should not receive any of your/ our funding.

Suffice to say that without truly authentic engagement in community and with those people directly impacted who need the actual housing there should be no funding allocated. You should not fund programs that are not fully authentically/ permanently ongoingly engaged with their communities and their resident representatives.

No one knows better than the people residing in the housing resident community who need the housing. For MHFA to treat others as smarter about what I/we need for my/ourself/ves is an insult you must stop perpetrating. This occurs when you do not engage deeply with adjacent communities, residents of the actual housing &/or PEOPLE WITH LIVED EXPERIENCE LIKE MYSELF.

Local area business people, elected officials, advocates and organizers in the general area as well as the recipients of the housing itself need to be at ONE same table with each other throughout the process from design to decision making,
Including continuous improvement as well as creative redesign when we find what's working, what's not. Needs of people who have once determined what's needed further for themselves on arrival and move in need to guide this growth and evolution.

Thank you for this opportunity to make comment.

Best,
Linda Soderstrom
507.523.2327
MICAH Speakers Bureau
We Are Your Neighbors
llsod.lindalee@gmail.com

Summer Jefferson
Multifamily Programs Manager
Minnesota Housing Finance Agency
400 Wabasha Street North, #400
St. Paul, MN 55102

MCCD
Metropolitan Consortium of Community Developers

September 19, 2024

Re: Comments Regarding the Revised Minnesota Housing 2026-2027 Qualified Allocation Plan (QAP)

Dear Ms. Jefferson,

The Metropolitan Consortium of Community Developers (MCCD) is an association of nonprofit organizations committed to expanding the wealth and resources of communities through affordable housing opportunities and economic development initiatives. MCCD's mission to collectively advance racial and economic justice by leveraging and stewarding resources can only be achieved by addressing the inequities that have shaped housing and economic development policies at every level of government. These policies and practices have prevented Black, Indigenous and People of Color (BIPOC) and other communities from achieving housing stability, accessing capital, and wealth building opportunities.

As we all know, the system that has shaped our affordable housing landscape in Minnesota and the entirety of the United State is no longer working. It is asking more of affordable housing providers than is realistic given the lack of financial resources available. Our members that build and operate multifamily affordable housing are incredibly over-stretched. Reserves have been exhausted, they do not enough staff to safely operate buildings, public funding for supportive services has never been enough, preservation and recapitalization funding is extremely limited and unpredictable, and skyrocketing insurance and security needs are forcing these incredible organizations to make the difficult decision to close or sell off properties. We are incredibly worried about what that means for the roughly 30,000 households that our members house.

MCCD appreciates that Minnesota Housing incorporated changes or provided clarity on some of the revisions we outlined in our June 27, 2024 comment letter. However, we are disappointed to see that no changes were made to the proposed 2026-2027 QAP that would strengthen the competitiveness of preservation projects that do not meet the permanent supportive housing threshold. **As in our previous letter, we want to reiterate that we recommend creating two separate scoring tracks so that preservation projects without permanent supportive housing units can be competitive for resources as well.** Projects could either select "Preservation" or "Permanent Supportive Housing" and then those projects would only compete for funding against other similar projects that are either in a stand-alone preservation or permanent supportive housing categories.

Ultimately, our goal is to see continued to support and funding for permanent supportive housing projects (both preservation and new development), but also funding awarded for preservation projects that don't fit into the permanent supportive housing category. **Please reconsider adjusting the way preservation projects are scored so that we can have a chance at saving thousands of deeply affordable housing units, both with and without permanent supportive housing.**

We want to thank you again for the informational presentation on June 20, 2024, co-hosted by MCCD and Minnesota Housing Partnership (MHP). Nonprofit affordable housing developers are mission-based organizations that have been supporting Minnesota's affordable housing market for decades, and they want to be around for decades to come. We hope that Minnesota Housing will take this opportunity to make changes to strengthen the QAP. We look forward to our continued partnership with the agency throughout the coming year and if you have any questions regarding our recommendations, please reach out.

Thank you,

Kari Johnson

Kari Johnson
Director of State Policy & Field Building
Metropolitan Consortium of Community Developers

Enclosed: MCCD June 27, 2024 Public Comment Letter

Cc: Senator Lindsey Port, Chair, Senate Housing Committee
Representative Michale Howard, Chair, House Housing Committee

Summer Jefferson
Multifamily Programs Manager
Minnesota Housing Finance Agency
400 Wabasha Street North, #400
St. Paul, MN 55102

MCCD
Metropolitan Consortium of Community Developers

June 27, 2024

Re: Comments Regarding the Proposed Minnesota Housing 2026-2027 Qualified Allocation Plan (QAP)

Dear Ms. Jefferson,

The Metropolitan Consortium of Community Developers (MCCD) is an association of 50 nonprofit organizations committed to expanding the wealth and resources of communities through affordable housing opportunities and economic development initiatives. MCCD's mission to collectively advance racial and economic justice by leveraging and stewarding resources can only be achieved by addressing the inequities that have shaped housing and economic development policies at every level of government. These policies and practices have prevented Black, Indigenous and People of Color (BIPOC) and other communities from achieving housing stability, accessing capital, and wealth building opportunities.

As you consider changes to the proposed 2026-2027 QAP, MCCD and our members appreciate the opportunity to provide Minnesota Housing with feedback. We want to thank you and your colleagues for the informational presentation on June 20, 2024, co-hosted by MCCD and Minnesota Housing Partnership (MHP). Since that meeting, MCCD has received comments and had conversations with members to help inform our response.

Recommended Changes or Additions:

- **Preservation –** Discussions with our members and other key stakeholders have led us to recommend potentially creating two tracks so that preservation projects without permanent supportive housing units can be competitive for resources as well. Projects could either select "Preservation" or "Permanent Supportive Housing".
- **Underwriting Standards** – As a consortium, we consistently hear from our members that the current underwriting standards are not adaptive enough to meet the growing pressures non-profit affordable housing developers are facing. We encourage Minnesota Housing to allow for some flexibility in underwriting as the market is constantly fluctuating due to external pressures.
- **Efficient Use of Scarce Resources** – MCCD has been supportive of this measure for many years, however, the goal should never be to have a "race to the bottom" mindset, which just sets projects up for financial failure or using cheaper materials that do not last, adding to maintenance costs. We recommend that the goal of this category be adjusted to incorporate a more realistic view of what "efficient" means.
- **BIPOC/Women Owned Businesses** - We strongly encourage you to expand eligible development team members to include consultants. Many BIPOC and Women owned consulting businesses are in their field of work because it is an opportunity to have more flexibility in the work they do and increased wealth building opportunities.
- **Innovative Construction Techniques** – MCCD has been supportive of the addition of points for this category in the past, but as laid out in the proposed 2026-2027 QAP, the category is too vague and subjective as to what qualifies other than modular housing. While we are supportive of modular housing the goal of this category was to spur innovation and cultivate new ideas, not limit innovation to just one idea.

Supportive Changes:

- **Senior Housing –** MCCD and our members support adding a tiered point system so that projects with age restricted units will still receive points. This change will allow projects that primarily serve seniors to also serve other populations and still receive points.

- **People with Disabilities –** MCCD supports reducing the minimum number of units required for points for PWD Tier 2. This change will allow smaller projects to include HUD Section 811 units.
- **Preservation –**
    - MCCD supports reducing the threshold for addressing a property's physical needs from $5,000 per unit above available reserves to $0. This will allow more projects at risk of loss to qualify for funding.
    - We also support expanding eligibility to include tax credit projects that were previously restricted to 60% AMI.
- **Access to More Affordable Housing Options –**
    - MCCD supports reducing the maximum points from 10 to 6 as it will allow projects to better compete for funding regardless of their Census tract level.
    - We also support adding a third tier to ensure that all cities, regardless of size, will receive some points.
- **Financial Readiness –**
    - MCCD supports expanding contingency language to account for typical conditions that funders require for selected projects. Previous language was overly restrictive, making it difficult for cities to comply.
    - We also support decreasing the points for the highest pointing tier to align better with other points in the criteria. This will allow project development teams to make more realistic commitments.
- **Enhanced Sustainability –** Finally, MCCD supports increasing the points for Tiers 1-4 in the Enhanced Sustainability Selection Criterion to emphasize the importance of long-term environmental sustainability.

Thank you again for providing this opportunity to share insights and ideas on behalf of our members. Non-profit affordable housing developers are mission-based organizations that have been supporting Minnesota's affordable housing market for decades, and plan to be around for decades to come building and preserving thousands of affordable housing units. We hope that Minnesota Housing will take this opportunity to make changes to strengthen the QAP. We look forward to our continued partnership with the agency throughout the coming year and if you have any questions regarding our recommendations, please reach out.

Thank you,

Kari Johnson

Kari Johnson
Director of State Policy & Field Building
Metropolitan Consortium of Community Developers

Cc: Senator Lindsey Port, Chair, Senate Housing Committee
Representative Michale Howard, Chair, House Housing Committee

July 19, 2024

Tamara Wilson
Minnesota Housing
400 Wabasha Street North, Suite 400
Saint Paul, MN 55102

Re: Minnesota Housing's 2026-27 Qualified Allocation Plan Second Draft

Dear Ms. Wilson,

Thank you to Minnesota Housing for your continued engagement with stakeholders on the 2026-27 Qualified Allocation Plan (QAP). Midwest Building Decarbonization Coalition (Midwest BDC) and participants in our Affordable Housing working group have reviewed the second draft of the QAP released on September 12, 2024. We are encouraged that the following elements addressing our priorities concerning energy burden and equitable decarbonization remained from the first draft:

- Recognizing the challenges that all Minnesota communities face from a changing climate by incorporating Climate Resilience into the design standards for projects receiving Low-Income Housing Tax Credits (LIHTC)
- Increasing the points associated with Tiers 1-4 of the Enhanced Sustainability selection criteria.

We were, however, disappointed that additional recommendations we submitted in July do not appear to have been taken up in the second draft. While we understand that updating the QAP is a complicated process that reflects the needs and concerns of a variety of stakeholders, we would like to reiterate two of our previous recommendations most critical to strengthening the 2026-27 and future QAPs:

1. Require all new construction projects to be electrification-ready at a minimum and award more points for electrification of heating/cooling, hot water, and cooking.
2. Align minimum requirements and provide additional points in a manner that encourages developers to combine LIHTC with other federal tax credits for energy-efficient new construction.

1. Require all new construction projects to be electrification-ready at a minimum and consider awarding more points for electrification of heating/cooling, hot water, and cooking.

As outlined in our previous comments, incorporating all-electric heating, water heating, and cooking can be up to four times more cost-effective during new construction than making the switch from fossil fuel appliances as a retrofit or future end-of-life replacement. This is primarily due to costs (estimated to range from $1,000 to $5,000 in single-family homes) associated with upgrading panels and outlets that were not sized or located with electric heating and water heating appliances in mind.[1] However, for projects that still opt to design around natural gas as their initial primary heating fuel, implementing "electric-ready" measures such as:

- panels sized for future heat pumps
- 240V outlets for future heat pump water heaters
- solar-ready conduits

can typically be included during initial construction for minimal upfront cost increases (and at fractions of the cost of performing future electric system retrofits).[2] Electric-ready units would have the added benefit of making participation in heat pump focused incentive programs, such as the forthcoming Home Electrification and Appliance Rebates created through the Inflation Reduction Act [3] or new offerings from the state's utilities as a result of the ECO act much more accessible to the future tenants and property owners.

A higher point allocation than the two-point award reflected on page 30 of the Overlay would further incentivize the immediate electrification of heating and cooling, further reducing the future transition costs passed down to tenants. Massachusetts and Connecticut each provide three additional points for electrification of heating, cooling, and hot water, and we suggest Minnesota can match or exceed that (for high-efficiency heat pump-based designs), mirroring the increased weight given to other enhanced sustainability measures this year.

2. **Align minimum requirements and provide additional points in a manner that encourages developers to combine LIHTC with other federal tax credits for energy-efficient new construction.**

The Inflation Reduction Act (IRA) has introduced significant tax credits (45L) for projects that meet above-code energy standards, such as Zero Energy Ready Homes and Energy Star Multifamily New Homes National Program. These incentives aim to promote the construction of energy-efficient buildings.

Here's a breakdown of the tax credits.[4]

1. Energy Star Multifamily New Homes National Program:
    - Without prevailing wage: $500 per dwelling unit.
    - With prevailing wage: $2,500 per dwelling unit.
2. Zero Energy Ready Homes:
    - Without prevailing wage: $1,000 per dwelling unit.
    - With prevailing wage: $5,000 per dwelling unit.

A notable feature of these tax credits is that they can increase substantially if the projects adhere to the IRA-defined 'prevailing wage' standards.[5] The implementation of these enhanced tax credits encourages builders to not only meet high energy efficiency standards but also ensure fair labor practices by adhering to prevailing wage requirements. We recommend that you align these federal funding opportunities by adding an additional credit category to the

[1] PNNL-32183.pdf
[2] BuildingDecarbCostStudy.pdf (newbuildings.org)
[3] Home Electrification and Appliance Rebates | Department of Energy
[4] https://uscode.house.gov/view.xhtml?req=(title:26%20section:45L%20edition:prelim)
[5] See Section 2.01 (2) of the IRS Prevailing Wage and Apprenticeship Initial Guidance Under Section 45(b)(6)(B)(ii) for more details, https://www.govinfo.gov/content/pkg/FR-2022-11-30/pdf/2022-26108.pdf

Supporting Community and Economic Development section that credits projects that follow fair labor practices as defined by the IRA.

Additionally, projects receiving 45L tax credits are required to meet the National Requirements for the Energy Star Single Family New Homes and Energy Star Multifamily New Construction Program. As currently written, the draft QAP only requires meeting the most recent version of the regional requirements, meaning projects may not be eligible for IRA 45L tax credits. To further align with available federal funding, we suggest that the QAP require the following updates, as defined in the 45L tax credit statute.

1. Energy Star Multifamily New Homes National Program:
    a. The dwelling unit meets the most recent Energy Star Multifamily New Construction National Program Requirements
    b. The dwelling unit meets the most recent Energy Star Multifamily New Construction Regional Program Requirements applicable to the location of such dwelling unit
2. Energy Star Single Family New Homes National Program:
    a. Before January 1, 2025, the Dwelling Unit meets the Energy Star Single-Family New Homes National Program Requirements 3.1
    b. After December 31, 2024, the Dwelling Unit meets the Dwelling unit meets the Energy Star Single-Family New Homes National Program Requirements 3.2

Thank you for your continued consideration,

Jacob Serfling
Director, Policy and Projects
Midwest Building Decarbonization Coalition

Tamara Wilson
Minnesota Housing Finance Agency
400 Wabasha Street North, #400
St. Paul, MN 55102

September 19, 2024

Dear Ms. Wilson:

On behalf of the Minnesota Housing Stability Coalition, we are writing to again underscore the concerns that members of our coalition have with the proposed 2026 – 2027 QAP, recently published for the Second Public Comment Period. We submitted a comment letter on July 1, 2024 during the First Public Comment Period with our coalition's recommended changes. However, we do not see those comments reflected in the proposed changes published this month. **We renew our request for Minnesota Housing to amend the way it allocates points for PSH units so that affordable housing developments without dedicated supportive housing units can also compete.**

As a reminder, the Minnesota Housing Stability Coalition formed in the fall of 2023 to address the significant threats to the stability of low-income residents, individual rent-restricted properties, and entire affordable housing portfolios that resulted from the historic rise in inflation, dramatic increases in interest rates, elevated operating and security costs, and reductions in rent collection since the COVID-19 pandemic. We held two large in-person convenings in the fall followed by twelve smaller work group meetings over the course of three months that culminated in a set of recommendations for the 2024 legislative session; more than 70 people from 36 organizations statewide contributed to these recommendations. We represent many of the state's nonprofit affordable housing providers – from those managing tens of thousands of units in the metro area to smaller organizations with many fewer units in both the metro and Greater Minnesota. We met weekly during the 2024 legislative session and have spent this past summer preparing for next session.

While many of our concerns from our July 1 letter remain, we want to reiterate, in particular, our request to change the policy that awards higher points for inclusion of PSH units across all types of developments, thereby making it nearly impossible under current funding levels for any project that does not include PSH units to win a funding award. To the contrary, the Proposed Changes Resulting from Public Comments indicates an ***increased*** blanket prioritization for PSH units by creating an entirely new criterion for "Other Homeless" in order to "incentivize primarily supportive housing projects to increase the total number of homeless units." Practically speaking, "incentivize" really means "require" due to the amount of funding available.

Nonprofit housing providers are severely strained right now. Requiring (by virtue of funding limitations) PSH units to be included in all funded projects is a currently unfunded mandate that puts the entire housing development – and all its other residents, in particular – at risk.

We strongly urge Minnesota Housing to create two tracks: one for preservation of affordable housing projects irrespective of the number of PSH units and the other that continues to prioritize permanent supportive housing in its point structure. A two-track approach will allow us to protect the critical affordable housing assets currently serving our community, while continuing to take a "housing first" approach that prevents and ends homelessness and provides individuals in PSH units with the services they need and deserve to remain stably housed. Over the years, our shared commitment has resulted in thousands of Minnesotans securing and sustaining permanent housing. We look forward to continuing that partnership at the level that funds allow.

We also want to thank you for the updates you made to Selection Category 2: Serves Lowest Income for Long Durations. We appreciate that your changes reflect the extreme financial challenges our nonprofit providers are confronting due to critical physical needs in their properties. We support these changes.

Thank you for the opportunity to share our views with you.

Sincerely,

Andrea Brennan
Elena Gardner
Ellen Sahli

Co-Convenors
Minnesota Housing Stability Coalition

Wilson, Tamara (MHFA)

From: Taryn Edens <TEdens@rochestermn.gov>
Sent: Monday, September 16, 2024 12:49 PM
To: #MHFA_HTC
Subject: 2026-2027 QAP Second Public Comment

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In reviewing the proposed QAP, we have the following comments:

1. Our Proposal: Do not penalize geographic scoring location if the site is located in a Transit Oriented Development zone (or something similar). To consider this, include language in the QAP and self-scoring worksheet to additionally prioritize projects located in a Transit Oriented Development zone (or something similar):

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, community investments are made or planned to support multi-modal transportation such as a transit oriented district, or a large share of renters are cost burdened by their rent. Select one:

    a. Tier 1 Tracts or Cities, and Tribal Reservations: Those in the 80th percentile or higher in the highest share of cost burdened renters, in locations designated to support multi-modal transportation such as a transit oriented district, or in the lowest share of affordable rental housing relative to the community type. Tribal reservations are also considered Tier 1 for having a need for more affordable housing options (10 points)

    b. Tier 2 Tracts or Cities: Those in the 50th to 79th percentile in the highest share of cost burdened renters, in locations designated to support multi-modal transportation such as a transit oriented district, or in the lowest share of affordable housing relative to the community type (8 points)

An area that could also be considered Transit Oriented without being zoned as such include areas determined to have:

- Allowance of mixed housing, recreation, and retail opportunities.
- Provide safe and convenient multi-modal transportation options entering downtown
- Pedestrian-focused to increase neighborhood quality of life
- Public investment which prioritizes sidewalk improvements, lighting, trees and greenery, and other basic amenities to set the stage for additional public, private, and nonprofit investment.

- Street design changes to make the street more welcoming and safer for pedestrians and bicyclists, such as narrower traffic lanes that slow traffic, spice for bike lanes and on-street parking, and improved street crossings.

2. Need for more affordable housing options - change for Greater Minnesota large urban communities (Duluth, Rochester, St. Cloud, Moorhead) evaluated among all Greater MN Communities, whereas 7-County Metro remains Census tract based. Would advocate for all communities over a certain population continue to remain Census tract based to truly consider places with the highest populations and housing needs, regardless of proximity to our metro area.

Sincerely,

ROCHESTER
COMMUNITY
DEVELOPMENT

Taryn Edens

Pronouns: she/her/hers

Manager of Housing & Neighborhood Services

City of Rochester, Minnesota

TRAVOIS™

310 W. 19th Terrace
Kansas City, MO 64108

September 20, 2024

Commissioner Jennifer Ho
Minnesota Housing Finance Agency
400 Wabasha Street North
St. Paul, MN 55101-1998

Commissioner Ho:

We appreciate the opportunity to comment on MHFA's second draft 2026-2027 Qualified Allocation Plan and associated application documents. Over the past 27 years, Travois has had the privilege of working with five Minnesota Tribes and Tribally Designed Housing Entities on 32 Low-Income Housing Tax Credit Projects. On behalf of Travois, please accept the following comments on the proposed 2026-2027 changes.

Large Family Housing

We would love to see Minnesota Housing simplify this category. The wording in the 2024-2025 HTC and Deferred Funding Selection Criteria is confusing. We suggest either:

> **Option A (similar point structure):** *Projects will receive 12 points if (1) no more than 25% of total assisted units are SRO or one-bedroom units and (2) at least 33% of the total assisted units contain at least three bedrooms. Projects will receive an additional three points if at least 10% of the total assisted units have four or more bedrooms.*
>
> **Option B (even simpler with the same intent):** *Projects will receive 12 points if 33% or more of the total assisted units are three bedrooms or larger. Projects will receive an additional three points if at least 10% of the total assisted units have four or more bedrooms.*

Permanent Supportive Housing for People Experiencing Homelessness and People with Disabilities

Travois would appreciate MHFA's consideration of scoring smaller projects differently in these two categories. The minimum points for both HPH PWD is 5% however, there is an additional minimum restricting the unit total. For example, 5% of a 28-unit project is 2 units but in order to score the points, the applicant would have to commit no fewer than 4 units which is 14% of the total project.

We are seeing this scoring strategy disproportionally affect the smaller projects Tribes and Tribal entities typically can pursue due to their already limited funds. A large 70-unit project could commit 4 units (5% of the total project) and receive the same number of points.

We propose MHFA remove the number of minimum units in the scoring language and only utilize the percentage-based calculation for smaller projects (less than or equal to 30 units).

Rental Assistance, Furthering Rental Assistance, Serves Lowest Income Tenants/Rent Reduction

We would also love to see Minnesota Housing simplify these categories. The combination of these categories, particularly how they are very interconnected with each other and HPH/PWD commitments, creates a maze for applicants to navigate. We ask MHFA to put on their "developer hat" and consider balancing all of these requirements:

- HPH and PWD must have 30% AMI / 30% incomes and have rental assistance.
- Projects can't get rental assistance points and 50% AMI rent restriction points on the same units.
- To maximize points, applicants must split their units in a specific way between rental assistance and 50% AMI rents.
- MHFA has added even more layers with the "Furthering Rental Assistance" category and the "Serves Lowest Incomes Rent Reduction" (30% rents) category that need to be contemplated to be competitive.

All these factors together create a complex system where one change can have a domino effect on a project's commitments. We propose the following:

> *Rental Assistance:*
> *B.1 – Maintain a simple tiered Rental Assistance scoring category awarding more points to projects where the greatest portion of their units receive rental assistance (i.e. subsidy or equivalent policies that ensure that tenants never pay more than 30% of their adjusted gross income on rent).*
> *B.2 – Eliminate the Furthering Restricting Rental Assistance.*
>
> *Serves Lowest Income/Rent Reductions:*
> *C.1 & 2 – Eliminate Rent Restrictions points. Create a simple tiered Income Restriction scoring category awarding points to projects with average incomes at certain levels (50% AMI average = X points, 55% average = X points, etc.). All units should match income and rent restrictions. We work in many states and rent restrictions separate from income restrictions are extremely rare.*
>
> *If MHFA chooses to keep the Serves Lowest Income/Rent Reduction category the same as is, we highly recommend eliminating the prohibition of the Serves Lowest Income points on units with Rental Assistance.*

Travois fully supports the latest MHFA 2026-2027 QAP that recognizes NAHASDA funds and Tribal rental assistance as eligible rental assistance under this scoring category.

Increasing Geographic Choice, Need for More Affordable Housing Options

We ask Minnesota Housing to adjust the Tier 1 language to include both Tribal Reservations and Tribal Communities. Tribal members in Minnesota live both on and off Tribal Reservations, and many live outside of the reservation boundaries for employment and familial connections. Tribal leaders have a responsibility to serve their members both on and off the reservation, and many outline those responsibilities for certain off-reservation, Tribal Communities as part of an Indian Housing Plan or Tribal Economy Plans. We recommend that MHFA accept a self-certification from the Tribe that the project is on the Tribal Reservation or in a Tribal Community. If the leader of a sovereign, tribal nation certifies that a proposed project meets this definition, MHFA should accept this as sufficient evidence.

Equitable Development
Travois fully supports the proposed edit that this requirement automatically be met by Tribally sponsored projects.

Rural/Tribal
Travois fully supports the new four-tiered pointing structure with the highest points available for smaller rural communities.

Workforce Housing Communities
We propose that Minnesota Housing create a new, top-tier category within the Workforce Housing Communities category for LIHTC projects sponsored and funded by a large, local employer (over 500 employees). For most tribal LIHTC projects, the Tribe, TDHE, or tribal corporate entity is a major employer in the area investing in the creation of affordable housing for their workforce. They are funding the soft, deferred loan to the project, funding all project infrastructure via an equity contribution (Other Contributions), funding ongoing Rental Assistance, and guaranteeing operations via the Housing Assistance Payment Agreement. We believe this wraparound support by a major employer is a premier example of workforce housing in Minnesota.

Energy Rebate Analysis
It appears that this is only required if a project is using these funds as part of the Financial Leveraging category. Can MHFA confirm?

Market Study
Travois supports the recent change to delay the market study requirement until post-award.

Intended Methods Workbook
Each year, we hear feedback from project architects about the complexity of the Intended Methods Workbook with the Minnesota Overlay. The Intended Methods Workbook, Enterprise Green Communities website, and the MN overlay are hundreds of pages of content. Can MHFA explore ways to simplify all the green commitments? If the Intended Methods Workbook remains, could all of the mandatory requirements be incorporated into the Design Standards document to reduce the length of the Intended Methods Workbook?

Additionally, we would like to see the MN overlay remove any density requirements for rural/Tribal communities. Most Tribal developers develop single-family homes in extremely rural areas with the intent of converting to homeownership at the end of the compliance period. The typical lot size is one to two acres in these areas.

Preliminary Architectural Requirements
We heard feedback from project architects that they would recommend removing Building Sections from the required documents in the preliminary designs for application. It is highly unusual to require them at the application stage compared to other states we work in.

Thank you for the opportunity to provide comments on the 2026-2027 second draft QAP documents. If you have any questions regarding the suggestions above, please do not hesitate to contact me directly.

Sincerely,

Abigail Day

Abby Day
Project Manager, Travois

To: Minnesota Housing (htc.mhfa@state.mn.us)

Re: 2026-2027 Minnesota QAP Public Comment – Enhanced Sustainability

From: US Department of Energy's Zero Energy Ready Home Program

On behalf of the U.S. Department of Energy's Zero Energy Ready Home (ZERH) program, the leading federal program for residential energy efficiency, we congratulate Minnesota Housing on the forward-looking energy efficiency criteria outlined in its QAP's Self-Scoring Worksheet. We appreciate the references to several above-code efficiency programs, including ZERH (Tier 3), in the Enhanced Sustainability section.

By offering incentive points for ZERH in the currently enacted 2024-2025 QAP and the drafted 2026-2027 QAP, Minnesota is opening the gateway to additional funding sources associated with ZERH that can be incorporated into an affordable project's capital stack. Under the Inflation Reduction Act, ZERH projects can earn $5,000 per certified dwelling unit with the 45L tax credit, and additional incentives and financing options are available for many of the energy efficient technologies the program includes. These incentives and tax credits can be paired with Low-Income Housing Tax Credits to decrease the cost of construction at a time when development costs are historically high.

The ZERH program publishes many free resources online, including training and technical support for builders and developers to help them successfully earn ZERH certification. Our team is eager to support affordable projects working towards ZERH certification and would be happy to collaborate with Minnesota Housing to provide guidance and resources to developers who choose to earn ZERH certification as part of their strategy.

The long-term benefits for residents of ZERH-certified buildings are substantial, and we appreciate Minnesota Housing's commitment to expanding affordable housing and sustainability with the incorporation of the ZERH program in its QAP structure and the respective weight it is given.

Sincerely,

Jaime Van Mourik, Zero Energy Ready Home Program Director • www.buildings.energy.gov/zero