

Purpose: The purpose of this Housing Tax Credits (HTC) and Deferred Scoring Tips Quick Reference is to **highlight areas applicants should pay close attention to** when applying to Minnesota Housing and seeking points awarded under the selection criteria.

General Guidance

There are two primary scoring documents all applicants should review thoroughly, paying careful attention to the required documentation and terms:

- Housing Tax Credit (HTC) Self-scoring Worksheet (SSW)/Deferred Loan Priority Checklist (DLPC)
- The applicable year's HTC and Deferred Scoring Guide

Minnesota Housing developed the Scoring Tips Quick Reference to highlight scoring areas where careful attention is warranted to ensure applicants submit correct documentation. It is intended to address commonly asked questions, mistakes and to clarify document submission requirements, but it does not supersede or modify the requirements of the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist, the HTC and Deferred Scoring Guide, the RFP Instructions, the Qualified Allocation Plan (QAP), or the HTC Program Procedural Manual. Applicants should refer to these documents for a detailed list of required documentation for each selection criterion.

Contact TechnicalAssistanceRequest.MHFA@state.mn.us for more information.

Unit Dependencies

Some of the selection criteria in the Self-scoring Worksheet prohibit points being claimed for the same units in multiple categories. **Minnesota Housing will validate this by using the information you provide in the rent and income grid of your submitted Multifamily Workbook. Refer to the information in the HTC and Deferred Scoring Guide for additional information.** Examples of some of the categories that are impacted include:

- High Priority Homeless and People with Disabilities
- Serves Lowest Income and Rental Assistance
- Preservation and Rental Assistance

Pay close attention when structuring and scoring the project. **The unit distinctions must be evident in the rent and income grid of the Multifamily Workbook in order for points to be awarded.**

People with Disabilities

If an applicant intends to serve households with permanent physical disabilities, please review the SSW for information on additional design standard requirements.

Location Efficiency – Greater Minnesota

Applicants should pay special attention to the Location Efficiency requirements in Greater Minnesota.

Greater Minnesota – Urbanized Areas

Applicants in Greater Minnesota urbanized areas claiming points for planned or existing fixed route stops must submit detailed location and service information including the 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.

Greater Minnesota – Rural and Small Urban Areas

Applicants in Greater Minnesota rural and small urban areas claiming points for access to route deviation service or demand response/dial-a-ride should submit detailed supporting documentation.

- If claiming full points for a **planned stop or route deviation**, documentation must state detailed location and service information including the 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.
- If claiming full points for **dial-a-ride**, documentation must state that no more than two hour advance notice is required. Documentation that states prior day notice will be eligible for the next point tier.

Financial Readiness to Proceed/Leveraged Funds

All permanent capital contributions that meet the supporting documentation requirements should be counted in the Financial Readiness to Proceed/Leveraged Funds calculation. Minnesota Housing has created the [HTC Scoring Calculation Worksheet](#) to help applicants with scoring. Applicants are encouraged to complete the worksheet and submit it with their application.

Minnesota Housing will review all supporting documentation to determine if the sources can be counted. **All commitment documentation must, at a minimum, state the type of contribution (e.g., forgivable, grant, deferred loan), terms (e.g., term length, interest rates), the amount, and all other conditions for points to be awarded.** The documentation must be executed or approved by the lender or contributor. Minnesota Housing has provided sample commitment letters for a Tax Increment [Financing \(TIF\) Resolution](#), a [TIF letter](#), and letters for [deferred loans](#) or [grants](#).

General partner cash and deferred developer fees must also include a written and executed letter committing the funds to the specific project in order to count in the calculation. Refer to the 2020 HTC and 2019 Deferred Scoring Guide for additional requirements for Letters of Intent.

Other Contributions

This category only includes non-capital sources of funding. **If applicants are using in-kind donations such as land, materials or labor, documentation that supports the market value must be submitted in order for points to be awarded.** For example, documentation for land donations could include an appraisal, tax assessment information, or a broker opinion with comparable properties or other reasonable data.

Tax Increment Financing (TIF)

TIF funds can either count as a capital source in the form of a TIF loan or as Other Contributions in the form of an operating subsidy. In order to count in either calculation, **the TIF sources of financing must include all of the following three items for points to be awarded:**

1. An executed city resolution; and

2. A letter from the city; and
3. A TIF analysis

The most common analysis provided is a TIF run. The amount and terms of the TIF need to be stated in either the letter from the city or the executed city resolution. Minnesota Housing has sample letters for the resolution and the letter from the city. Refer to the Financial Readiness to Proceed/Leveraged Funds section for links to these documents.

Underwriting Standards

Minnesota Housing sizes the housing tax credit award and loan amounts based upon the agency's Underwriting Standards and current first mortgage rates. If it is determined during the feasibility review that a project is not structured according to Minnesota Housing's Underwriting Standards, it can have a significant impact on scoring and the overall ranking of the deal. Carefully review the underwriting standards, and size your sources and uses appropriately.

Methodology and Community Profiles

The following selection criteria are also mapped in Minnesota Housing's Community Profiles based on various applicable methodologies:

- Economic Integration
- Access to Higher Performing Schools
- Workforce Housing Communities
- Location Efficiency

The Community Profile maps do not supersede the language in the Housing Tax Credit (HTC) Self-scoring Worksheet and Deferred Loan Priority Checklist. Applicants should cross reference the Housing Tax Credit (HTC) Self-scoring Worksheet and Deferred Loan Priority Checklist prior to claiming points.

Some criteria will be verified by Minnesota Housing staff and will not require supporting documentation to be submitted in the Portal. Review the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist and Deferred Scoring Guide for more information.