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## Instructions

The purpose of this Scoring guide is to provide additional clarity to the Housing Tax Credit (HTC) Self-scoring Worksheet and Deferred Loan Priority Checklist (SSW). This guide is intended to address commonly asked questions and clarify document submission requirements. Applicants must meet the requirements outlined in the Self-Scoring Worksheet and the HTC and Deferred Scoring Guide to be eligible for points. Applicants should also refer to the following documents for a detailed list of required documentation for each selection criterion:

- HTC Self-scoring Worksheet and Deferred Loan Priority Checklist
- Multifamily Application Instructions
- Qualified Allocation Plan QAP
- HTC Program Procedural Manual

## Geographic Scoring

The geographic based selection criteria are also mapped in the [Community Profiles](#) based on various applicable methodologies. The maps located in the Community Profiles and Methodology do not supersede the language in the Methodologies themselves or 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.

Minnesota Housing uses the primary address for a proposed project when scoring geographic criteria. This includes scoring for location efficiency (including Walk Score), workforce housing, economic integration, access to higher performing schools, and qualified census tracts (QCTs). Minnesota Housing recognizes, however, that property boundaries for a project may extend beyond the primary address. To account for this, if any segment of the property boundary intersects the given geographic scoring criteria in question, it is eligible to receive those points. In other words, the following applies:

- If the primary address provides the correct score, then no further documentation is needed.
- If the primary address does not score or receives a lower score than another part of the property, provide documentation that highlights the property boundary and its proximity to the scoring criteria.
  - For example, if the primary address receives two (2) points for access to public transportation but the northwest corner of the property is within a one-half (  $\frac{1}{2}$  ) mile of a light rail train (LRT) station – and documentation verifying this is provided with the application – then the project would receive the higher seven (7) points for having access to LRT.

## Unit Types

Pay attention to the unit types when completing calculations.

- Total units – all units in a project, including common units. Common units should be included in the numerator and denominator when the calculation is based on total units.
- Assisted units – HTC units for HTC applications and affordable units for deferred funding. Common units should be omitted from the numerator and denominator when the calculation is based on assisted units.

## Scattered Sites

Scattered site projects raise some application and scoring challenges. A scattered site project is defined as:

- buildings on different tracts of land that have similarly constructed units;
- have the same owner for federal income tax purposes;
- are financed pursuant to a common plan of financing; and,
- is 100 percent rent- and income-restricted.

In order to provide clarity, guidance is provided throughout this guide on how thresholds, strategic priorities, and selection criteria will apply to scattered site projects. The project should use a weighted average for selection criteria

using the number of units that meet the criteria. If a section does not include guidance, then the criteria applies to the entire project and clarification is not necessary. The applicant should claim criteria based upon the requirement stated in each respective threshold and selection criterion.

**Minimum Unit Requirements**

In the instance that the unit count and the percentage of units don't align with the SSW, Minnesota Housing will default to the number of units to determine the point tier.

## Required Documentation for Minimum Threshold Requirements

For applications submitted for Round 1 HTC, all applicants statewide must meet at least one minimum threshold. Refer to the Self-scoring Worksheet for more information, including the full list of minimum threshold options.

- A. For projects outside of the metropolitan area that 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. This could include:
  1. a market study that meets Minnesota Housing’s Market Study Guidelines;
  2. a housing study for the jurisdiction, a local council resolution; or,
  3. a threshold letter from an authorized city representative identifying a locally identified housing need that the project meets. See [HTC sample threshold letter](#).
  
- B. For projects that are not restricted to a particular age group and in which a percentage of the units are set aside and rented to persons:
  1. With a serious and persistent mental illness
  2. With a developmental disability
  3. Who have been assessed as drug dependent and are receiving or will receive care and treatment services provided by an approved treatment program
  4. With a brain injury
  5. With permanent physical disabilities that substantially limit major life activities, at least 50% of the units in the project will be accessible as provided under Minnesota Rules Chapter 1341, also known as the Minnesota Accessibility Code
    - **NOTE:** Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341.
    - **NOTE:** This is definition is not limited to persons with mobility impairment.

### Threshold Requirements for Scattered Sites:

- In the Metropolitan Area:
  - Threshold applies to the whole project.
  - Must have 51% of the total units to meet the threshold
- Outside the Metropolitan Area
  - Must have 51% of the total units to meet the threshold
- Supportive Housing
  - Must have 51% of the total units to meet the threshold
- Preserve Existing Subsidized Housing
  - Must have 51% of the total units to meet the threshold
- Rural Development
  - Must have 51% of the total units to meet the threshold

Remaining minimum thresholds will be verified when the full application is reviewed.

## Required Documentation for Strategic Priority Thresholds

If you are applying for HTC with or without deferred funding, complete the appropriate worksheet or checklist.

### A. Access to Fixed Transit

Applicants must select and be eligible for Selection Criteria 3(D)(1)(a)(i) to meet this threshold. See the selection criterion for requirements.

**Scattered Site:** Must have 51% of the total units to meet the threshold

### B. Greater Minnesota Workforce Housing

Provide a market study or third party data that meets Minnesota Housing's Market Study Guidelines, and evidence of employer support.

**Scattered Site:** Must have 51% of the total units to meet the threshold

### C. Economic Integration

Applicants must select and be eligible for one of the following Selection Criteria to meet this threshold:

- 3(A)(1)(b)(i) – First Tier
- 3(A)(1)(b)(ii) – Second Tier

The geographic location will be verified by Minnesota Housing staff. Supporting documentation is not required.

**Scattered Site:** Must have 51% of the total units to meet the threshold

### D. Tribal Governments, Tribal Corporate Entities or Tribally Designated Housing Entities

To meet this threshold, applicants must either:

- List the tribal government, tribal corporate entity or tribally designated entity as the owner/sponsor on the "Development Team" tab in the Multifamily Workbook, or
- Provide an organizational chart of the proposed ownership entity describing the tribe's participation and percentage of ownership.

### E. Community Development Initiative

Applicants must select and be eligible for Selection Criteria 4(A)(1) to meet this threshold. Submit supporting documentation under the Community Development Initiative checklist item under the HTC Self-Scoring Worksheet & Deferred Priority Checklist Supporting Documents application section.

**Scattered Site:** Must have 51% of the units to meet the threshold

### F. Preservation

Applicants must meet one of the following thresholds:

- 5(A)(1)Risk of Loss Due to Market Conversion
- 5(A)(2)Risk of Loss Due to Critical Physical Needs

- 5(A)(3)Risk of Loss Due to Ownership Capacity/Program Commitment

Additionally, applicants must be eligible for one of the following criteria to meet this threshold:

- 5(B)(1)Existing Federal Assistance – Tier 1 – project based rental assistance/operating subsidies
- 5(B)(2)Existing Federal Assistance – Tier 2
- 5(B)(3) Critical Affordable Units at Risk of Loss

Submit supporting documentation under the Preservation checklist item under the HTC Self-Scoring Worksheet & Deferred Priority Checklist Supporting Documents application section.

**Scattered Site:** Must have at least 51% of total units meet the Preservation threshold.

## **G. Supportive Housing**

The project must be eligible under one of the Selection Criterion:

- 1(B) Permanent Supportive Housing for High Priority Homeless (HPH)
- 1(C) People with Disabilities (PWD)

Submit supporting documentation to the following Portal Locations:

- For HPH – under the appropriate checklist items under the Supportive Housing for High Priority Homeless, HIB Homeless or Behavioral Health application section
- For PWD – under the appropriate checklist items under the People with Disabilities application section

**NOTE: HPH and PWD units must be marked in the workbook to be eligible for points.**

## **H. Tax-Exempt Bond Allocation**

Projects with an allocation of tax-exempt bonding authority are eligible for this priority.

## **I. Minimum Point Requirement**

Applicants must have a minimum score of 70 points to be eligible for this priority.

## Required Documentation for Selection Criteria

### 1(A) Large Family

Minnesota Housing will validate with the submitted Multifamily Workbook. Projects must round up to the nearest unit. The percentage is based off of the number of assisted units.

### 1(B) Permanent Supportive Housing for High Priority Homeless (HPH)

Applicants must include the supportive housing application materials, including all narratives, forms and submittals identified in Portal.

Minnesota Housing will validate all information with the submitted Multifamily Workbook. **The HPH units must be marked as HPH units on the rent and income grid in the Workbook, and the type of rental subsidy must be indicated.** If no subsidy is available, rent levels must be underwritten to the Supportive Housing units underwriting standards outlined in the Multifamily Underwriting Standards, and they must be financially feasible. Projects must round up to the nearest unit.

**NOTE: Rural Development (RD) projects may be prohibited from selecting particular rent and income restrictions and/or tenant household types. Please consult with RD and Minnesota Housing staff if you have this issue.**

### 1(C) People with Disabilities (PWD)

The application must include the People with Disabilities application materials, including all narratives, forms and submittals identified in Portal.

Minnesota Housing will validate the number of PWD units and all other information with the submitted Multifamily Workbook. **The units must be marked as PWD on the rent and income grid in the Workbook, the income limit should be restricted to 30% MTSP, and the type of rental subsidy must be indicated.** If no subsidy is available, rent levels must be underwritten to the Supportive Housing units underwriting standards outlined in the Multifamily Underwriting Standards, and they must be financially feasible.

**NOTE: Rural Development (RD) projects may be prohibited from selecting particular rent and income restrictions and/or tenant household types. Please consult with RD and Minnesota Housing staff if you have this issue.**

### 2(A) Serves Lowest Income Tenants/Rent Reduction

The rent restriction will be required throughout the term of the LURA. Applicants seeking these points should reflect the rents for these units at or below the 50% MTSP rent limit in the rent and income grid of the Multifamily Workbook. MTSP rent limits are available on Minnesota Housing's [website](#). Projects must round up to the nearest unit and must be financially feasible. Minnesota Housing will validate the number of units and all other information with the submitted Multifamily Workbook when scoring.

**NOTE: Serves Lowest Income Tenants units cannot have rental assistance. Projects with rental assistance must claim points under Rental Assistance or preservation.**

### 2(B) Rental Assistance

Minnesota Housing will validate the number of rental assistance units and all other information with the submitted Multifamily Workbook. The units must be marked as rental assistance on the rent and income grid in the Workbook and

the type of rental subsidy must be indicated. Provide a fully executed binding commitment (i.e., binding Resolution or binding Letter of Approval from the governing body) for project-based rental assistance.

### **2(B)(1) Rental Assistance**

For the purposes of this category, project-based rental assistance is defined as a dedicated 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 percent of household income. The development agrees to continue renewals of existing project-based housing subsidy payment contract(s) for a minimum 10 years from the later of the last placed in service date for any building in the property or loan closing. Applicant agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period.

Minnesota Housing will consider an alternative rental structure where households may pay more than 30% of their household income when program goals align with the needs of low-income tenants ( i.e., Moving to Work and site-based Housing Support). For all other types of rental assistance programs with an alternative rent structure, the applicant must submit commitment documentation that includes details regarding the rent structure, tenant paid portion of household income, program structure, goals, and population served.

Note for projects with a Section 8 Housing Assistance Payments (HAP) contract or Rural Development Rental Assistance for more than 15 years: A development that has existing federal rental assistance meeting the definition of federal assistance under the Preservation scoring category is not eligible under Rental Assistance.

### **2(B)(2) and 2(B)(3) Further Restricts Rental Assistance**

Commitment documentation must include approval that deeper income restrictions are allowable. Minnesota may consider an exception for rental assistance with program requirements that restrict units to households whose income do not exceed 30% MTSP. The percentage is based on total units in the project, not the number of assisted units or the number of Rental Assistance units.

**NOTE: Rural Development (RD) projects may be prohibited from selecting particular rent and income restrictions and/or tenant household types. Please consult with RD and Minnesota Housing staff if you have this issue.**

## **2(C) Long-term Affordability**

The selection criterion is only applicable to HTC projects. Selection of this category will be a part of Exhibit D to the 42M preliminary determination letter, reservation, carryover, and LURA. No supporting documentation is required at the time of application.

## **3(A) Economic Integration**

Provide a rental breakdown of the development on the Housing Income tab in the Multifamily Workbook showing that at least 25 percent but not greater than 80 percent of the total units in the project are affordable. Applicants should round up to the nearest unit. Minnesota Housing will validate the number of units and all other information with the submitted Multifamily Workbook when scoring.

### **Item 3(A)(1)(b) Economic Integration**

If claiming the first or second tier, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff so supporting documentation is not required in the Portal. Refer to the [Economic Integration Methodology](#).

**Scattered Site:** For option 1a. each building must meet the criteria or must have 51% of the total units to qualify. For option 1b. at least 51% of the total units must qualify for the selection criteria qualify and then use a weighted average to determine eligibility.

### 3(B) Access to Higher Performing Schools

Provide a rental breakdown of the development on the Housing Income tab in the Multifamily Workbook showing that at least 25 percent of the total HTC units, with a minimum of 15 units, are two or more bedroom. Applicants should round up to the nearest unit. Minnesota Housing will validate the number of units and all other information with the submitted Multifamily Workbook when scoring.

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff so supporting documentation is not required in the Portal. Refer to the [Access to Higher Performing Schools Methodology](#).

**Scattered Site:** The project must have at least 51% of the total units to qualify and then use a weighted average to determine eligibility.

### 3(C) Workforce Housing Communities

Provide evidence that the proposed development is located in or near a city or township that meets one of the following:

#### 3(C)(1)(a) Top Job Centers

If claiming this criterion, you must select the criterion but the geographic location will be verified by Minnesota Housing staff, so supporting documentation is not required in the Portal. Refer to the [Workforce Housing Methodology](#).

#### 3(C)(1)(b) Employer Growth

Applicant must provide a letter signed by an authorized representative of a local employer documenting that at least 100 net, new jobs for permanent full- or part-time employees have been added during the previous five years.

#### 3(C)(1)(c) Long Commute

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff, so supporting documentation is not required in the Portal. Refer to the [Workforce Housing Methodology](#).

Communities identified in this methodology have at least 2,000 jobs. If you are located in a community with fewer than 2,000 jobs and believe it meets the criteria for long commute communities, visit OnTheMap (<https://onthemap.ces.census.gov/>). Search for your community and complete a Distance/Direction report on **All Jobs** and submit with your application.

**NOTE: In each case above, communities are buffered by 10 miles in greater Minnesota and five miles in the Twin Cities metro to account for modest commutes.**

**Scattered Site:** Must have at least 51% of the total units to qualify and then use a weighted average to determine score.

### 3(D) Location Efficiency

#### 3(D)(1) Twin Cities Metropolitan Area

**Scattered Site:** The project should use a weighted average for eligibility based upon the total number of units that meet each category

#### 3(D)(1)(a) Access to Transit

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff **unless** the applicant is claiming a planned stop. Refer to the [Location Efficiency Methodology](#).

### **3(D)(1)(b) Walkability**

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff. Applicants do not need to be eligible under 3(D)(1)(a) to be eligible. No supporting documentation is required.

**NOTE:** If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to [mhfa-request@walkscore.com](mailto:mhfa-request@walkscore.com). Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If an address cannot be found in the Walk Score tool, use closest intersection within ¼ mile of the proposed location.

### **3(D)(2) Greater Minnesota**

**Scattered Site:** The project should use a weighted average for eligibility based upon total number of units that meet each category.

### **3(D)(2) Access to Transit**

- **3(D)(2)(a) Urbanized Areas**

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff **unless** the applicant is claiming a planned stop. Refer to the [Location Efficiency Methodology](#).

- **3(D)(2)(b)(i) Rural and Small Urban Areas**

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff **unless** the applicant is claiming a planned stop.

Documentation for demand response/dial-a-ride service must be submitted.

Refer to the [Location Efficiency Methodology](#).

### **(3)(D)(2)(b)(ii) Walkability**

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff. Applicants do not need to be eligible under 3(D)(2)(a) or 3(D)(2)(b) to be eligible here. No supporting documentation is required.

**NOTE:** If applicants would like to request revisions of a location's Walk Score, they may contact Walk Score directly with details of the request to [mhfa-request@walkscore.com](mailto:mhfa-request@walkscore.com). Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If an address cannot be found in the Walk Score tool, use closest intersection within ¼ mile of the proposed location.

## **4(A) Community Development Initiative**

Applicant must complete the [Community Development Initiative Narrative](#) and submit documentation demonstrating how the initiative meets the requirements. **Submit a full copy of all plans that you are referencing.**

Refer to the HTC Self-scoring worksheet for more details on documentation and narrative requirements, as well as additional requirements for projects in a Qualified Census Tract (QCT).

**Scattered Site:** The project must have at least 51% of the total units to qualify and then use a weighted average to determine eligibility.

#### 4(B) Eventual Tenant Ownership (ETO)

This selection criterion is only applicable to HTC projects. Provide a draft or preliminary transition plan consistent with the requirements of the [Eventual Tenant Ownership \(ETO\) Guide](#). The final conversion plan must be approved by Minnesota Housing prior to commencing the conversion. A plan template can be found in the guide.

#### 4(C) Rural/Tribal

If claiming this criterion, you must select the criterion, but the geographic location will be verified by Minnesota Housing staff, so supporting documentation is not required in the Portal. Refer to the [Rural/Tribal Designated Areas Methodology](#).

**Scattered Site:** The building or buildings (project) must have at least 51 percent of total units meet/qualify for this criterion, and then use a weighted average to determine eligibility.

#### 4(D) Qualified Census Tract (QCT)/Community Revitalization and Tribal Equivalent Areas

Provide evidence of the proposal's location in a QCT (refer to the [Location Efficiency Methodology](#) or the [QCT Tribal Equivalent Areas Methodology](#)).

Provide supporting materials for a Community Development Initiative under the Community Development Initiative Selection Criterion checklist item. This documentation does not need to be resubmitted in this checklist item.

**Scattered Site:** The building or buildings (project) must have at least 51 percent of total units meet/qualify for this criterion, and then use a weighted average to determine eligibility.

#### 4(E) Minority-owned/Women-owned Business Enterprise (MBE/WBE)

Provide a signed and dated certification statement or ownership documentation showing that the project sponsor, executive director of a non-profit, general contractor, architect, or management agent is a minority-owned or women-owned business enterprise as defined in the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist. The statement should be from the corresponding entity and explain how and why they meet the criteria. **Board composition does not count.** Creation of a new joint venture is allowed as long as the percentage of ownership for the entire structure is in line with the definition in the Self-scoring Worksheet and Deferred Loan Priority Checklist.

Applicants are allowed to subcontract work, but the MBE/WBE business must be the responsible party and primary entity of record.

### 5 Preservation

#### 5(A) Thresholds

##### 5(A)(1) Risk of Loss Due to Market Conversion

- Provide evidence of the ability to convert to market within five years by submitting:
  - Current financing documents, including Section 8 Housing Assistance Payment (HAP) contracts, Rural Development Mortgages, Declarations, Regulatory Agreements, Use Agreements, or Land Use Restriction Agreements (LURAs) that describe the expiration of relevant contract terms or use-restrictions; **AND/OR**
  - Current financing documents and contracts that show the owner's ability to pre-pay or opt-out, including required approvals and/or penalties. For HTC projects eligible to exercise the option to file for a Qualified Contract, submit the Declaration of Land Use Restrictive Covenants ; **AND**

- If a property has existing Minnesota Housing financing, document the date of expiration of the Minimum Rent Subsidy Period (MRSP).
- Provide evidence of the vacancy rate by submitting a market study or other third party data.
- Document the potential for market conversion with one or more of the following:
  - 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**
  - A Section 8 Rent Comparability Study acceptable to Minnesota Housing staff and reviewers that 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 that the property has a comparable location, amenities and condition to convert to market rate.
- Provide evidence that 15 or more years have passed since the award of the existing federal assistance and the HTC placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming points under Critical Affordable Units. The evidence must include rent and/or income restrictions.

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

#### **5(A)(2) Risk of Loss Due to Critical Physical Needs**

- Document critical physical needs by a third party assessment, which includes the following:
  - A Property Needs Assessment (PNA)/Capital Needs Assessment (CNA) and 20 Year Capital Needs Expenditure (20YCE);
- Evidence that the repair and replacement of major components will support at least 15 years of operations
- Complete the Three Year Critical Needs Model Evidence that the scope of work for the critical needs exceeds the project's available reserves by at least \$5,000 per unit. Review the most recent Minnesota Housing Multifamily Rental Housing Design/Construction Standards, particularly Chapters 3 and 10.
- Include physical inspection reports from REAC/HUD or Rural Development completed in the last three years.
- Document current project reserves with audited financial statements and current updates.
- Provide evidence that 15 or more years have passed since the award of the existing federal assistance and the HTC placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming points under Critical Affordable Units. The evidence must include rent and/or income restrictions.

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

#### **5(A)(3) Risk of Loss Due to Ownership Capacity/Program Commitment**

- Provide evidence of applicable events:
  - Bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, ongoing 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. Document that ownership will be transferred to an unrelated party; **OR**

- 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**
  - The property has been or will be acquired from an unrelated party within three years of the application date as a result of a PARIF Right of First Refusal being exercised; **OR**
  - 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 re-amortize the mortgage. Document maturity date and date of acquisition. **NOTE:** Must apply within five years of maturity date and within three years of acquisition.
- Provide evidence that 15 or more years have passed since the award of the existing federal assistance and the HTC placed in service date (if applicable) for projects claiming points under Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming points under Critical Affordable Units. The evidence must include rent and/or income restrictions.

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

## **5(B) Criteria**

### **5(B)(1) Existing Federal Assistance– Tier 1 – project based rental assistance/operating subsidies**

Provide written evidence of the project having existing project-based rental assistance and/or operating subsidies under the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture-Rural Development (USDA), Native American Housing Assistance and Self-determination Act of 1996 (NAHASDA) or other program that is not scheduled to sunset or expire. Properties that have converted their type of funding through the Rental Assistance Demonstration Program, Component 2 (RAD 2) and RAD for Project Rental Assistance Contracts (PRAC) are eligible. Include documentation of the percentage of units that have project-based federal assistance.

If applicable, document the project’s location in an Economic Integration census tract.

### **5(B)(2) Existing Federal Assistance – Tier 2**

Provide the following:

- Evidence of 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 the Rental Assistance Demonstration Program, Component 1 (RAD 1), existing HTC units, Rural Development funded units without rental assistance, and existing federal assistance (202, 236, etc.) **AND**
- Document eligibility under the Serves Lowest Income Tenants/Rent Reduction selection criterion. Note: Meeting the Serves Lowest Income criteria is not required for RAD 1 developments that have 50% or more of their units covered by a project based Section 8 rental assistance contract.

### **5(B)(3)Critical Affordable Units at Risk of Loss**

Provide the following:

- Evidence of a current recorded deed restriction limiting rent or income restrictions at or below the great of 80% of statewide area median income or area median income under another non-federal program, including state, local or intermediary funds.

- Document eligibility under the Serves Lowest Income Tenants/Rent Reduction selection criterion. Note: Meeting the Serves Lowest Income criteria is not required for RAD 1 developments that have 50% or more of their units covered by a project based Section 8 rental assistance contract.

**Scattered Site:** To meet the threshold, the building or buildings that satisfy the threshold must have at least 51 percent of total units in order to meet the Preservation threshold. For critical affordable units at risk of loss, use a weighted average to determine eligibility.

## 6(A) Financial Readiness to Proceed/Leveraged Funds

Provide evidence of all applicable forms of proposed, secured and existing capital funding under this submission requirement. Applicants who have secured funding commitments for one or more permanent capital funding sources at the time of application must count the source in this calculation. The calculation will be based on the information provided with the source documentation, not on numbers listed in the Multifamily Workbook. Make sure the workbook accurately reflects the commitment documentation.

We recommend that applicants complete the [Scoring Calculation Worksheet](#) and submit it with the HTC Worksheet and Deferred Checklist Detail Sheet in the Portal.

### Tax Increment Financing (TIF)

Tax Increment Financing (TIF): Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include a city council resolution indicating its intention to provide TIF assistance. The anticipated amount must be included in the resolution or a letter from the city.

- See the [HTC sample TIF Resolution](#)
- See the [HTC sample TIF Letter](#)

## 6(B) Other Contributions

Provide written documentation from the contributor justifying the amount and the terms of the contribution. 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 a memorandum of understanding (MOU).

### Tax Increment Financing (TIF) for Operating Subsidy

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

### Tax Abatement

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

**NOTE:** New funding awards or commitments from Minnesota Housing Funding Partners, the federal government, a local unit of government, an area employer, or private religious or charitable organization are not eligible for this criterion.

## 6(C) Intermediary Costs

Intermediary costs are third-party service costs related to the development of the project. Provide intermediary costs on the Development Cost tab of the Multifamily Workbook. Soft costs incorporated into the “other” line will count as additional intermediary costs. The agency may request additional documentation for abnormally large costs incorporated into an excludable cost.

The following costs are excluded:

- Park Dedication Fees
- Surveys
- Soil Borings
- Payment and Performance Bond Premium
- Sewer-Water Access Charge
- Furnishing and Equipment
- Hazard and Liability Insurance.

## 6(D) Cost Containment

Deferred and HTC projects are eligible for these points. Select these points if you believe you have contained your costs using the methodologies. Applicants may claim these points, and Minnesota Housing will make any necessary point adjustments, following review of costs for all applications in the funding round. Refer to the [Cost Containment Methodology](#).

## 7(A) Universal Design

The owner certifies that the architectural documents will reflect universal design to be eligible for this category. For elevator buildings, 100% of the assisted units must meet the definition. For non-elevator buildings, at least 10% of the assisted units must meet the definition.

**Scattered Site/Multiple Buildings:** Projects with both building types must meet both definitions in order to be eligible.

## 7(B) Smoke-free Buildings

Provide a written smoke-free policy, including procedures for 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 they must be included in the written policy.

## 7(C) Minnesota Overlay to the Enterprise Green Communities Criteria

Applicants who claim points for this criterion must include all mandatory and additional Enterprise Green Communities Criteria on the Multifamily Intended Methods Worksheet to be eligible for points.

## 8 Unacceptable Practices

For HTC projects only. Minnesota Housing will impose an HTC penalty for unacceptable practices.