2021 Multifamily RFP/2022 HTC Round 1 Technical Assistance (TA) Kickoff

March 3, 2021
Our Mission

The Core Purpose

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.
Questions and Answers

• Q&A Protocol
  • Click the raise your hand button of the GoToWebinar toolbar. This will allow us to call on you and unmute your line to ask your question
  • On the Questions tab of the GoToWebinar toolbar
Technical assistance provided by Minnesota Housing staff is only advisory and does not guarantee that a development will receive points under a particular category or be selected for funding.

While every effort is made to ensure the accuracy of the technical assistance, such assistance is subject to, and does not modify or override, the requirements of Minnesota Housing’s Qualified Allocation Plan, the Self-Scoring Worksheet, Multifamily Applications Instructions, Multifamily Underwriting Standards, or other documents related to applications for funding.

Applicants are encouraged to review the materials available on Minnesota Housing’s website and consult with legal counsel, and if applicable, a knowledgeable tax professional, to ensure compliance with all applicable application, submission, and project requirements.
Consolidated RFP Overview, Scoring Updates, and Training Timeline
2021 RFP/2022 HTC Round 1 Timeline

Wednesday, April 14
• Pre-application for Innovative Construction Techniques (ICT) due
• Multifamily Consolidated RFP published

Thursday, May 20
• Intent to Apply deadline – required for all eligible Multifamily applications
• Section 811 PRA program pre-application due

Thursday, July 15
• Multifamily application deadline, including site control, qualification forms, and financials

December 2021
• Minnesota Housing board meeting
## Multifamily Selection Framework

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Multifamily Selection Framework

1. Determine Eligibility
2. Sort by Eligible Primary Project Type
3. Sort by Eligible Primary Proposal Type
4. Selection Framework Applied
Communication During the RFP

Complete applications are critical for efficient processing

• We **will not** contact you for any scoring criteria

• Rarely, in limited cases and at Minnesota Housing’s sole discretion, we may contact you for clarification on certain items such as:
  
  • Feasibility questions critical to loan/award sizing
Reminders

Qualification Forms

• Must be current within 12 months of application

Site Control

• Current

• Fully executed

• Include the legal description of land

• Extend to the end of the calendar year
• Submit the correct proposal type for your project

• When applicable, submit the correct proposal type for your secondary application

• We encourage familiarity with deferred loan funding sources and project eligibility:
  • Workforce – HOME and EDHC
  • Permanent Support Housing – NHTF and HIB
  • Preservation – PARIF and HIB
  • Senior – HIB
• Flat application fee of $800; no other fees needed

• Project-based Vouchers (PBV)
  • Work with the appropriate Housing Authority VERY early in the process
  • Housing Authorities must follow federal regulations, which limit their ability to commit PBV to projects
Scoring Trainings

• Monday, April 12
• Monday, May 3

Scoring System/Scoring Wizard Training

• Thursday, April 15
• Monday, April 26
Critical Scoring Resources

• Multifamily Application Instructions

• Self-Scoring Worksheet

• Scoring Guide

• Technical Assistance – Requested through the new Technical Assistance Request Form
Overview of Preferences and Requirements

• Deeper rent targeting requirements
• Long-term affordability requirement for HTCs
• Innovative construction techniques preference
• Eventual Tenant Ownership (ETO) preference
Overview of Scoring Changes

Minimum Point Requirement

• 9% = 80 pts. / 4% = 40 pts.

Preferences

• Innovative Construction Techniques
• Eventual Tenant Ownership (tiebreaker)

Deeper Rent Targeting Requirement

• 2% of total units w/rents at 30% MTSP, and
• 3% of total units w/rents at or below the HAP payment standards
Overview of Scoring Changes

Large Family Housing

• Points for 4-bedroom units

Permanent Supportive Housing

• Section 811 PRA

• High priority homeless (HPH)

Seniors

• Now eligible for points
Overview of Scoring Changes

Serves Lowest Income

• Four new tiers; services not required

Long-Term Affordability

• Up to 50 years; deferred projects are now eligible

Rental Assistance – Further Restricting to 30% Incomes

• Commitment documentation requirements changed
Overview of Scoring Changes

Increasing Geographic Choice

- Eliminated Access to Higher Performing Schools and Economic Integration
- Created Need for More Affordable Housing
- Clarifications under Transit and Walkability categories, including minimum requirements for demand response and dial-a-ride services
Overview of Scoring Changes

Supporting Community and Economic Development

• **NEW**: Equitable Development

• **NEW**: Opportunity Zones

• **NEW**: Multifamily Award History

• **NEW**: Equitable Development

• **NEW**: BIPOCBE/WBE

  • **NEW**: Points for partnerships
Overview of Scoring Changes

Preservation

• Remove points for Partially Assisted Projects with Existing Federally Assisted Units within Economic Integration Census Tracts

Tier 2 and Critical Affordable Units

• No longer need to claim and be eligible for Serves Lowest Income Tenants/Rent Reduction criteria

• Now required to restrict at least 50% of the units to rents and incomes at or below 50% MTSP
Overview of Scoring Changes

Efficient Use of Scarce Resources

• Eliminated Cost Containment

Building Characteristics

• Points for projects that follow an alternative building performance pathway
Community Profiles

• Provide Minnesota Housing staff and partners a comprehensive tool to assist in the planning and funding process for affordable housing

• Places everyone on a level playing field and allows Minnesota Housing’s data-driven, decision-making process to be more transparent
Community Profiles

The Community Profiles provide Single Family and Multifamily applicants with a wide range of data and maps that can be used in their applications. It's also a great resource for people interested in state demographics and housing data. To develop the Community Profiles, Minnesota Housing collected data for nearly 30 indicator topics that capture critical housing market, economy, and workforce, and demographic characteristics for the state's 87 counties and 1335 census tracts.

- Community Profiles for Scoring 2021 RFP/2022 HTC
- Community Profiles for Scoring 2020 RFP/2021 HTC
- Community Profiles for Scoring 2019 RFP/2020 HTC

The Minnesota Housing Community Profiles on this page are for scoring applications for the RFP 2021 and HTC 2022 funding cycle.

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- Community Profiles for Scoring 2019 RFP/2020 HTC

The Minnesota Housing Community Profiles on this page are for scoring applications for the RFP 2019 and HTC 2020 funding cycle.
Community Profiles for Scoring in 2021 RFP/2022 HTC

The Minnesota Housing Community Profiles on this page are for scoring applications for the HTC 2022 and RFP 2021 funding cycle.

Geographic Scoring Maps

- Multifamily RFP Geographic Scoring Map

Questions? Contact Kody Thurnau.
Local Housing Incentives Account (LHIA)

- City/county must be the applicant
  - Grant agreement will be between city/county and Metropolitan Council (not developer)
- City must be a participant in the Livable Communities Act (LCA) program
  - County can be an applicant if project is located in an LCA participating city
- LHIA award requires a local match from applicant**
Local Housing Incentives Account (LHIA)

- Program priorities include:
  - Rental units affordable at 30% area median income (AMI) or below
  - Units with three or more bedrooms
  - Proposals that serve people experiencing long-term homelessness; and
  - Proposals that provide a housing type not currently available or serve a population not currently served in or near the project area

- LHIA awards announced after Minnesota Housing awards are announced
Minnesota Housing’s 9% HTC allocation

• 12 to 16 projects with 700 to 900 total units annually
• Generates an estimated over $100 million in private investment from the sale of the credits
• Projects with total development costs of $166 million

Suballocators

• Minneapolis
• St. Paul
• Dakota County
• Washington County
2022 HTC Distribution

- State of Minnesota
- Total administered by Minnesota Housing
  - Metro
  - Greater Minnesota – excludes the Rural Development (RD) set-aside of $375,000
  - Nonprofit set-aside
    - Metro
    - Greater Minnesota
Summary of 2022 HTC Policy Changes

• Combine the QAP and HTC Procedural Manual
• Qualified contract process
• Average income
• HPH prioritization process
• RD set-aside increase to $375,000
• Development limit increase to $1,350,000
• Other administrative changes
Questions?
New Web-Based Scoring Wizard Preview
New Web-Based Scoring System Preview

• Guides the user through the scoring process
• Allows for users to create multiple scenarios for comparing potential awarded points
• Reduces duplicative and non-applicable data entry, improving efficiency
• Auto calculates in real-time to reduce complexity and errors
• Provides easy access to scoring resources
• Allows for directly uploading of supporting documentation
Welcome to the Scoring Wizard!

Welcome to the Scoring Wizard!
(1) Select an existing scoresheet to view, edit or delete;
(2) Scroll down to create a new scoresheet for this project. A maximum of four scoresheets can be created for a project.

Select an Existing Scoresheet

Create a new scoresheet for this project by clicking the appropriate button below

Test Scenario
Create a test scenario. You may convert to a final version at any time prior to the scoring deadline.

Final Version
Create a final scoresheet version. Only one final version can be created per project.
New Web-Based Scoring System Preview
New Web-Based Scoring System Preview

Project Sample 2020 RFP/2021 HTC R1 Review

- **Greatest Need Tenant Targeting**: Points Claimed: 12
  - Points Available to Claim: 12

- **Serves Lowest Income for Long Durations**: Points Claimed: 34
  - Points Available to Claim: 34
Housing Infrastructure Bonds (HIB) Updates
Housing Infrastructure Bonds

Proposed 2021 Bonding Bill - $100 Million

Multifamily eligible uses:

• Permanent supportive housing
• Homeless
  • Behavioral health, if homeless
• Senior independent living
• Preservation

Proposed new eligible use:

• New Construction – Affordable to households at or below 50% income, with priority to serving the lowest incomes
Competitive Application Submissions

• Projects categorized according to project type and ranked by score

• The Selection Framework discussed earlier is then applied. For HIBs, this includes:
  • Selection priorities
  • Statutory preferences and requirements
    • Senior – statutory preference for serving seniors at or below 30% incomes
  • Geographic balance
  • Feasibility
Potential Funding Structures

• HIB with Volume Cap (4% w/ Deferred)
  • HIB loan funded with volume limited bonds qualifying the project for 4% HTCs
  • Preferred structure when syndication proceeds make up significant portion of capital sources

• Deferred-Only
  • Structure allows maximization of HIB resources, offsetting volume cap limitations
  • Potential for all HIB projects with a nonprofit or governmental entity as the sponsor to be evaluated under this structure

• Loan may be repayable or forgivable
Importance of the Bond Test Analysis

• Required to be submitted at application for all HIB eligible projects

• Special attention should be paid to “good costs/bad costs” tests
  • Critical to help ensure there are enough non-bond funded sources to cover “bad costs”

• Impact of deferred-only structure for nonprofits and governmental entities

• Technical assistance is strongly encouraged
Senior Eligibility Requirements

- All units in project must serve seniors age 55+
- Submit a completed Senior Housing Narrative

Senior Selection Priorities

- A project’s ability to serve households with a gross annual income that does not exceed 30% of the metropolitan area median, not adjusted for household size
- Providing access to services to residents and demonstrate the ability to increase physical supports and support services as residents age and experience increasing levels of disability
- Minimum Threshold: At least a part-time tenant service coordinator

*New Points for Senior Households in 2022-2023 QAP
Permanent Supportive Housing

• All units in a project must provide permanent supportive housing for homeless households

Preservation

• All units in a project must have existing federal assistance

• Project must meet a risk of loss under the Preservation scoring criterion
Supportive Housing
Supportive Housing Updates

- High priority homeless (HPH)
  - Threshold criteria and documentation
  - Additional points for 50 – 100% permanent supportive housing (PSH)
- Continuum of Care (CoC) confirmation – contact early in process
  - CoC Priority Household Type for points – changes annually
- County or tribal human services – contact early in process for:
  - Confirmation letter
  - Housing Support commitment – use our form; signed by county
  - Units for people with disabilities (PWD) – work with the county to determine the population, referral process, services, and Housing Support
- HIB for supportive housing – homeless eligibility all units
Supportive Housing Updates

• Section 811 Project-based Rental Assistance (PRA) available for people with disabilities (PWD) units:
  • PWD Tier Two category
  • Limit on number of units and total PSH units
  • Pre-application for Section 811 PRA required
  • Eligibility notification
  • Section 811 PRA PWD narrative – Work with Minnesota Department of Human Services (DHS) to complete
  • Selection is contingent on project selection for capital funding and Minnesota Housing signed agreement with HUD
Underwriting
Underwriting Updates

How to receive technical assistance for your application:

- Go to: [www.mnhousing.gov/sites/multifamily/applicationresources](http://www.mnhousing.gov/sites/multifamily/applicationresources)
- Complete the Technical Assistance Request Form
- Requests will be directed to the appropriate staff. Possible topics include:
  - General inquiry about Agency programs and financing
  - Architecture/design standards/construction innovation
  - Providing supportive housing to high priority homeless
  - Providing supportive housing to people with disabilities
  - Management and operating expenses
  - Scoring
  - Application submissions
  - Financial structure
  - Agency underwriting
  - Portal
  - Other
Steps to Sizing Awards

1. Operating budget review – rents and expenses
2. Maximize the amortizing debt
   • Higher of proposed or Agency mortgage sizing
3. Development budget review
4. Size HTCs
5. Size deferred funding

Tutorial and handout on our website:
   Application Resources page > Training Tutorials section
Underwriting Updates

Rent and Income Restriction Guidance- Updated for 2021

• New thresholds for 30% MTSP units and units within Section 8 (HAP) payment standards

• High priority homeless (HPH)

• People with disabilities (PWD)

• Section 811 PRA units

• Senior units at 30% MTSP

• Units with rental assistance

• Serves Lowest Income/Rent Reduction

A tutorial and handout are in development and will be on our website soon:

Application Resources page > Training Tutorials section
Questions?
Other Agency Requirements and Information
Enhanced Sustainability – MF Selection Scoring points

- Tier 1: 1 point for 2x the optional criteria points (70 or 80)
- Tier 2: 2 points for 3x the optional criteria points (105 or 120)
- Tier 3: 3 points for Alternative Building Performance Pathways
  - MN SB 2030 Standards (new construction)
  - 2020 EGCC Certification Plus (new construction)
  - Performance Pathway (rehab)
- Tier 4: 4 points for Tier 1 + Tier 3
- Tier 5: 5 points for Tier 2 + Tier 3
Applications claiming Universal Design RFP Selection Points

• Indicate on Self-Scoring Worksheet

• Include at application the Universal Design Worksheet
Universal Design (UD) RFP Selection Scoring Points

• Type A accessible units are safe harbor for UD requirements and inherently meet UD

• Plan review at application looks at demonstrated feasibility of meeting minimum essential UD requirements
Innovative Construction Techniques (ICT) Selection Preference

- Minnesota Housing intends to select at least one development that will use ICT to:
  - Reduce total construction costs by at least 10%; and/or
  - Reduce the time a project is under construction by at least 20%

- ICT schedule:
  - Pre-application release of ICT: February 11, 2021
  - Pre-applications due April 14, 2021
  - Notification of formal application consideration: May 12, 2021
2020 Enterprise Green Communities Criteria (EGCC)

- Released in early 2020; replaces 2015 version

2021 MN Overlay to the 2020 EGCC

- Technical Advisory Group (TAG)
  - February 2020 – November 2020
  - Working draft was released December 2020
  - Final version of the MN Overlay will be released April 2021
2021 MN Overlay Major Changes

• 30 of the 90 criteria have been overlaid
• Optional points minimum threshold increases:
  • From 30 to 35 for rehabilitation projects
  • From 35 to 40 for new construction

Enterprise Green Communities Plus Certification

• New certification level for projects approaching zero energy or achieving zero energy
• Aligns with Enhanced Sustainability selection points Tier 3
• Certification or Plus Certification is not required by Minnesota Housing
2021 MN Overlay Major Changes

• No smoking

• Energy and water data collection

• Optional points boost (increase of 6 Optional criteria points)

• New MN created for electric vehicles

• Universal Design optional criteria points
Choice Limiting Action

- Applicable funding sources
  - HOME, NHTF, LMIR Risk-share first mortgage

- Includes
  - Any physical activity including acquisition, rehabilitation, and construction; and
  - Contracting for or committing to any of these actions

- Caution
  - Undertaking of any of these actions prior to completion of the environmental review will cause your project to lose federal funding
Examples of Choice Limiting Actions

• Signing contracts
  • Architect contracts, general contractor contracts, attorney contracts, purchase contracts
• Spending money
  • Purchase of supplies and materials
• Construction or rehabilitation beyond normal, routine property maintenance

Questions

• If you are in doubt about what you can or cannot do:
  • Contact your assigned federal programs team member and check **BEFORE** taking any action
Timeline

• Soon after the project is selected, your federal programs team member will begin the environmental review process:

  • Phase I
  • Noise Analysis Questionnaire
  • Figure 19 (if applicable)
Federal Updates: Subsidy Layering Review

For projects receiving project-based Section 8 vouchers combined with other Agency funding (LMIR and/or deferred funding), Minnesota Housing is able to complete the HUD Section 102 SLR:

- Workbook numbers must be final
- Contact jennifer.wille@state.mn.us for further consideration

**NOTE:** Tax credit only projects with no other Agency financing are not eligible for consideration.
BIPOC/Women Business Enterprise (BIPOCBE/WBE)

• Refers to hiring goals
  • Applies to all Minnesota Housing financed projects except for tax credit only projects

Minnesota Housing’s Participation Goals

• BIPOCBE goals:
  • Twin Cities Metro: 13% of the total amount of all contracts
  • Greater Minnesota: 4% of the total amount of all contracts

• WBE goals:
  • Entire state: 6% of the total amount of all contracts
Tracked on the Contract Compliance Activity Report

- Filled out *after* contracts have been awarded
- Includes *all* bidders, not just those awarded; do not list bids solicited but not received
- **Must** be submitted as an Excel document
Federal Updates: Section 3

Additional information reported through Contractor Compliance Activity Report – for federal projects only (HOME and NHTF):

• At least 30% of aggregate new hires are Section 3 residents

• At least 10% of the total dollar amount of all Section 3 covered contracts for building trade work is awarded to Section 3 business concerns

• At least 3% of the total dollar amount of all other Section 3 covered contracts is awarded to Section 3 business concerns
Form 203B Qualifications of Sponsor and/or Guarantor

• Due at Application on July 15 at noon
• Submit via Multifamily Secure Upload Tool
• Submit early, if possible
• Clarified information being requested from government entities and tribal nations
• Questions? Contact:

   Chuck Commerford, chuck.commerford@state.mn.us; 651.296.9826
Asset Management
Asset Management reviews three components of the application:

• Rents

• Maintenance and operating (M&O) expenses

• Vacancy rates
Asset Management

Tools to Determine Comparable Rents and Vacancy Rates

- Agency portfolio
  - Includes over 350 properties statewide
- Property Online Reporting Tool (PORT)
- CoStar
- Marquette Apartment Trends
  - Quarterly Report
- Market Study
Maintenance and Operating Expense Analysis

- Agency portfolio
  - Includes over 350 properties statewide
- New Construction Comparable Property Form
- Request technical assistance (TA) for a preliminary estimate on M&O expenses
Market Study

• Required for all housing tax credit (HTC) applications

• Used to determine achievable rents at multifamily tax subsidy project (MTSP) and market levels

• Average income – check to see if the market study supports higher rents if proposing rents greater than 60% MTSP

• Only use the market analyst that are approved from our vendor list
Fair Housing
• Fair Housing Considerations
  • State and Federal Requirements
  • Outreach to certain populations
  • Tenant Selection Plans

• Our legal team would be happy to work with your legal counsel
Tenant Selection Plan
Tenant Selection Plan (TSP) Guidelines

• TSP Guidelines revised December 2020
  • Adds tenant screening criteria for all housing units and additional criteria for supportive housing units

• Required for all Consolidated RFP projects this round

• Applicable funding sources

• Existing properties – general considerations apply, and new screening criteria are recommended best practices

• TSP review checklist and help text for 2020 selections
Questions?
Wrap Up

• Recap

• Logistics
Break for Lunch
Return at 1:15 for Breakout Sessions