ATTACHMENT B

MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD
LOW INCOME HOUSING TAX CREDIT PROCEDURAL MANUAL - 2013

[THERE ARE NO CHANGES - ARTICLE I TO ARTICLE III (A) – (H)]

J. Qualified Census Tracts and Difficult Development Areas

Federal law permits, but does not require, the Board to reserve a greater amount of credits than the legislated maximum credit percentage for projects in areas that meet the following criteria:

1. Qualified census tracts designated by HUD in which 50 percent of the population has an income of less than 60 percent of the area median where such areas do not comprise more than 20 percent of the overall area population, or has a poverty rate of at least 25 percent; or

2. Difficult development areas designated by HUD as having high construction, land, and utility costs relative to area median income.

3. Pursuant to IRC 42 (d)(5)(C)(v), any building which is designated by the State housing credit agency as requiring the increase in credits under this section in order for such building to be financially feasible as part of a qualified low-income housing project shall be treated for the purposes of this section as located in a difficult development area. The preceding sentence will not apply to buildings that need more credits than the actual credit amount allocated to the Suballocator by Minnesota Housing Finance Agency for projects in Saint Paul and Minneapolis.

   <u>It is the goal of CPED and the HRA to optimize the use of all available sources of funding for multifamily developments; including private investor equity, amortizing loans and deferred loans to produce the maximum number of affordable rental units in the most sustainable, equitable, cost-effective, and geographically diverse developments possible which meet CPED and HRA strategic priorities. Consistent with this goal, the following criteria will be used to determine if, when, and in what amount, CPED or HRA will provide a basic boost for housing tax credit developments on a building by building basis to attain financial feasibility.</u>

   a) <u>Development must meet CPED or HRA identified housing priorities by competitive tax credit score, and involve community revitalization, preservation of existing federally-assisted buildings, housing with rents affordable to households at or below 30 percent of median income, including homeless households with supportive services, or in response to significant proposed expansions in area employment or natural disaster recovery efforts,</u>
   b) <u>Funding gaps remain for top ranking tax credit developments.</u>
   c) <u>Credits allocated in connection with basis boost shall be no more than needed to achieve financial feasibility.</u>

   <u>Requests must be made formally in writing and should clearly outline the reasons for supporting the request and demonstrate how the proposal meets the criteria established by CPED or HRA for receiving boost considerations.</u>