MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD

HOUSING TAX CREDIT

2022-2023 QUALIFIED ALLOCATION PLAN

Adopted: June 15, 2021

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ARTICLE I
Purpose

The Housing Tax Credit (the "HTC") is a federal tax credit provided for in Section 42 (“Section 42”) of the Internal Revenue Code of 1986 (the “Code”), and is designed to assist in the development of affordable rental housing (the “HTC Program”).

To allocate the HTC to owners of rental projects and administer the HTC Program, each state is required to designate a “housing credit agency”. For the state of Minnesota, the Minnesota Housing Finance Agency ("Minnesota Housing") has been designated as the primary allocator of HTCs in Minnesota. Pursuant to Minnesota Statues, Sections 462A.220 to 462A. 225 (the "Act"), certain local governmental entities are authorized to act as “housing credit agencies” for the purpose of allocating a portion of the available state 9% HTC (the “9% HTC”). In accordance with the Act, the City Councils of the cities of Minneapolis (“Minneapolis”) and Saint Paul (“Saint Paul”) have authorized the Minneapolis/Saint Paul Housing Finance Board (the "Board") to act as the housing credit agency for purposes of Section 42 of the Code with respect to the portion of the 9% HTC allocated by Minnesota Housing to each City, as well as with respect to the allocation of the HTC available in connection with the issuance of tax-exempt bonds (the “4% HTC”) issued pursuant to Section 142 of the Code.

ARTICLE II
Authority

Section 42(m) of the Code requires housing tax credit agencies, such as the Board, to develop and adopt a “qualified allocation plan”. The Qualified Allocation Plan sets forth selection criteria to be used to determine housing priorities of the housing credit agency that are appropriate to local conditions. It also establishes certain priorities and preferences as a condition to allocating HTCs for rental housing projects. It has been determined to be in the best interest of the public health, safety and welfare of the citizens of the Cities of Minneapolis and Saint Paul that an effective qualified allocation plan be adopted.

This Qualified Allocation Plan (“QAP”), which incorporates by reference the Procedural Manual and Compliance Manual (as described herein), adopted by the Board, shall be construed and governed pursuant to the laws of the State of Minnesota (including but not limited to the Act) and Section 42 of the Code and the regulations promulgated in connection with Section 42 (the “Treasury Regulations”). Allocations of HTCs by Minnesota Housing to Minneapolis and Saint Paul pursuant to the Act shall be allocated to specific project owners by the Board, as the designated housing tax credit agency for the Cities of Minneapolis and Saint Paul, in accordance with this QAP.

This QAP was prepared by the staff of the Community Planning & Economic Development Department (“CPED”) of the City of Minneapolis and the Department of Planning and Economic Development of the City of Saint Paul (“PED”), as staff for the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“HRA”), in each case, on behalf and at the request of the Board in accordance with the procedures set forth in Section 42 of the Code.

This QAP may be amended from time to time as new guidelines and regulations are issued in connection with Section 42 of the Code, the Act or as the Board deems necessary or desirable to facilitate the public purposes of the Board’s HTC Program.

ARTICLE III
Definitions

"Application" means the application submitted by an applicant for HTCs pursuant to this QAP, which application shall be submitted as described in the Procedural Manual.

"Costs of Intermediaries" means those costs referred to as "costs of intermediaries" as that phrase is used in Section 42(m)(2)(B)(iii) of the Code and as may be defined in any regulations promulgated pursuant thereto. In the absence of federal regulations or rulings to the contrary, such costs shall be consistent with Minnesota Housing requirements.

"Declaration" means the Declaration of Land Use Restrictive Covenants entered into by the project owner in connection with agreements to comply with provisions of the Act and Section 42 of the Code.

"Delegate" means an agent or other private contractor retained by The Board to perform HTC compliance monitoring.

"Extended Use Period" means the time period set forth in the Declaration of Land Use Restrictive Covenants for which units within a project must comply with Section 42 of the Code.

"Minimum Set-Aside Test" refers to the options available to meet the minimum set aside test required under Section 42 of the Code:

(a) 20/50 test
(b) 40/60 test
(c) Average Income test

"Qualified Census Tract" means any qualified census tract as defined in Section 42(d)(5)(C) of the Code.

"Substantial Rehabilitation" means a rehabilitation expenditure equal to the greater of:

(a) an average qualified basis amount per HTC unit for a building which meets the inflation adjusted amount published by the IRS annually in accordance with Section 42(e)(3)(D); or

(b) an amount that is not less than 20 percent of the adjusted basis of the building, as determined pursuant to Section 42(e)(3) of the Code.

In addition to the Code Section 42(e) requirements, Section 462A.221, Subdivision 5 of the Act requires rehabilitation expenditures of at least an average of $5,000 per unit.

ARTICLE IV
General Concepts

A. This QAP sets forth selection criteria that reflect the housing policies of the Board and will be used to determine the priorities for the allocation of HTC for rental housing developed within the Cities of Minneapolis and Saint Paul. This QAP incorporates the three (3) statutory preferences, as required by Section 42 of the Code, in allocating HTC to those projects:

(1) for which the project owner agrees to serve the lowest income tenants;

(2) for which the project owner agrees to serve qualified tenants for the longest periods; and

(3) which are located in a Qualified Census Tract and contribute to a "concerted community revitalization plan."

B. The following factors required pursuant to Section 42(m)(1)(C) of the Code have been incorporated into the selection criteria to be used to allocate HTCs:

(1) project location;

(2) housing needs characteristics;

(3) project characteristics;

(4) sponsor characteristics;

(5) tenant populations with special housing needs;

(6) public housing waiting lists;

(7) tenant populations of individuals with children;

(8) projects intended for eventual tenant ownership;

(9) the energy efficiency of the project; and

(10) the historic nature of the project.

C. This QAP provides for the financial feasibility review of each project and its viability as a qualified HTC project throughout the 10-year credit period as of the application date, the carryover allocation date and the placed in service date, all as required by Section 42(m)(2) of the Code.

D. This QAP provides procedures that the Board (or its agent(s), designees or private contractual parties) will follow in monitoring compliance with the provisions of Section 42 and in notifying the Internal Revenue Service ("IRS") of any noncompliance of which the Board or such monitoring agent, authorized designee or contracting party becomes aware of.

ARTICLE V
Amount of 9% HTC for 2022-2023

The maximum amount of 9% HTC that may be allocated by the Board in any calendar year will be determined in accordance with Section 42 and the Act. The available amount of 9% HTC for each City will be announced as part of the RFP/NOFA.

ARTICLE VI
Application Process – 9%

The application process for reserving and allocating 9% HTC pursuant to this QAP shall consist of the following steps:

A. **Applicants** shall submit to CPED or HRA, as appropriate, the following:

(1) a completed, signed and dated original Application, as described in Section VII of the Procedural Manual, and

(2) a completed Self-Scoring Worksheet (attached hereto as Attachment 1 or Attachment 2, as appropriate)

B. **HRA or CPED**, as applicable, shall review and evaluate the Applications in accordance with this QAP and the Procedural Manual to:

(1) determine whether the applicable minimum threshold requirements set forth in Article VII hereof have been satisfied;

(2) assign points to the project Application in accordance with the selection priorities set forth in Attachment 1 (Minneapolis projects) and Attachment 2 (Saint Paul projects), as applicable;

(3) determine the minimum amount of HTC necessary to make the project financially feasible and viable as a qualified low-income project throughout the 10-year credit period; and

(4) determine whether the applicant is current on the payment of compliance monitoring or other fees for projects for which the Board has allocated prior HTCs to the applicant.

C. **Special Tax Counsel** (the "Special Tax Counsel") appointed by The Board for Saint Paul projects and for Minneapolis projects will also review the Applications.

D. **Applicants submitting Applications for projects located in Minneapolis** shall present the project to the applicable neighborhood group for review, comment and recommendations, which recommendations shall then be submitted as part of the Application to CPED.

E. **Applicants submitting Applications for projects located in Saint Paul** shall present the project to the applicable Citizen Participation District Council for review, comment and recommendations, which recommendations shall then be submitted as part of the Application process to the HRA.

F. **The Mayor of the appropriate City** will be notified of the receipt of an Application for a project in their jurisdiction by the appropriate staff and provided with a reasonable opportunity to comment on the project.

G. The Minneapolis Council or the HRA Board of Commissioners, as applicable, upon recommendation from their respective staffs, shall make a determination to approve or deny a commitment for HTC for a project pursuant to Article VIII and the appropriate

Attachment 1 or 2 of this QAP and the Procedural Manual. Such recommendations shall be binding upon the Board.

ARTICLE VII
Procedure for Selecting Projects; Project Threshold Requirements

A. For each year in which 9% HTCs are to be allocated, there will be a funding round for 9% HTC ("Round 1"), which shall coincide with the "first round" allocation procedure established by Minnesota Housing pursuant to Minnesota Statutes § 462A.222, Subd. 3.

To participate in Round 1 for 2022-2023, all Applications (and required accompanying documentation) must be submitted on or before the deadline as posted in the RFP/NOFA. In order to participate in any subsequent competition rounds, Applications (and required accompanying documentation) must be submitted to CPED or PED by no later than the deadline established by the Executive Director of the Board following publication by Minnesota Housing of the dates for the various rounds of competition for the 9% HTC.

B. Those Applications for 9% HTC which the Board determines have satisfied the threshold requirements set forth in this Article will then be scored in accordance with the selection and preference priority point system set forth in Attachment 1 (Minneapolis projects) and Attachment 2 (Saint Paul projects), as attached to and made a part of this QAP.

C. As required by the Act, all 9% HTC Applications considered during Round 1 must meet one of the following threshold types:

(1) New construction or Substantial Rehabilitation in which, for the term of the extended use period (term of the Declaration), at least 75% of the total HTC units are single-room occupancy, efficiency, or one bedroom units with rents affordable to households whose income does not exceed 30 percent of the area median income ("AMI");

(2) New construction or Substantial Rehabilitation family projects that are not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period (term of the Declaration), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms;

(3) Substantial Rehabilitation projects of existing housing in neighborhoods targeted by Minneapolis or Saint Paul for revitalization;

(4) Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the Declaration) a percentage of the units are set aside and rented to persons:

(a) With a serious and persistent mental illness as defined in Minnesota Statutes 245.462, Subdivision 20, paragraph (c);

(b) With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph 5;

(c) Who have been assessed as drug dependent persons as defined in Minnesota Statutes 254A.02, Subdivision 5, and are receiving or will receive care

and treatment services provided by an approved treatment program as defined in Minnesota Statutes 254A.02, Subdivision 2;
(d) With a brain injury as defined in Minnesota Statutes 256B.093, Subdivision 4, paragraph (a); or
(e) With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341

(5) Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the allocation of HTC is necessary to: (a) prevent conversion to market rate use, or (b) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies.

D. To qualify for Round 1, a project must be financially feasible and viable as a qualified low-income project throughout the 15-year compliance period as documented by information in the Application which satisfies the underwriting standards used by CPED or PED, as appropriate, including sources and uses of funds, the total financing planned for the Project, any proceeds or receipts expected to be generated by reason of tax benefits, and the percentage of the housing credit dollar amount used for project costs other than Costs of Intermediaries. The information must show that, at a minimum (i) the applicant/sponsor is creditworthy, (ii) the applicant/sponsor has site control, (iii) the applicant/sponsor has the financial ability to undertake the project, including preliminary financing commitments, (iv) that the project can be completed in a timely manner, (v) the project is forecasted to have positive cash flow after required debt service, (vi) that the project demonstrates reasonable operating expenses when compared to projects for which the Board has awarded HTCs previously, and (vii) that when constructed or rehabilitated, the project will be in compliance with all applicable building, land use and zoning ordinances and requirements, (viii) the Costs of Intermediaries are not excessive for a project of that nature in that location, and (ix) the project conforms to the City of Minneapolis' Consolidated Plan, Comprehensive Plan, or any City adopted neighborhood plan document (if located in Minneapolis) or the City of Saint Paul's Consolidated Plan, Comprehensive Plan or Small Area Plans as approved by the Department of Housing and Urban Development (if located in Saint Paul).

E. The project owner must agree to enter into a Declaration as required by Section 42 of the Code in form and substance satisfactory to CPED or PED, as applicable.

F. The project owner must agree to waive its rights under Sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) of the Code which, if applicable, would otherwise allow the project owner to, in some cases, terminate the Declaration after the end of the 15-year compliance period. Applicants applying for 9% and 4% HTC in conjunction with the issuance of tax-exempt bonds must agree to extend the long-term affordability of the project and maintain the duration of low-income/rent restricted housing use for a minimum of thirty (30) years.

G. The project owner must agree to utilize public housing waiting list(s) in marketing units to the public. The applicable public housing authority must agree with the project owner to provide referrals from its waiting list to which the owner will provide a notice of initial vacancies, including notices of open units.

H. The project must create housing that is durable, healthy, and efficient. Owners are required to incorporate sustainability elements consistent with the most current Enterprise Green Communities Criteria and Minnesota Overlay and Guide to the Enterprise Green Communities

Criteria (as established by Minnesota Housing). Specifically for Saint Paul projects, all new construction projects must comply with Saint Paul Sustainable Building Policy.

I. After reviewing the 9% HTC applications and recommendations of their respective staffs, the HRA Board of Commissioners/Minneapolis Council reserves the right not to award any HTCs. The HRA Board of Commissioners/Minneapolis Council further reserves the right not to give partial HTCs to a higher ranking application but to give the HTC to the next ranking Application that can use the balance of the HTC. The HRA Board reserves the right to award HTCs to a project that received a prior HTC allocation from the HRA Board regardless of its current year ranking pursuant to Attachment 1. The HRA Board of Commissioners/Minneapolis Council further reserves the right to terminate any further award of HTCs after a portion of the total HTCs available have been awarded.

J. HRA Board/Minneapolis Council reserves the right in their sole discretion not to award HTCs to an applicant (including with significant parties who have serious and persistent compliance monitoring violations); or to an applicant with significant parties who have an adverse lending position due to any delinquencies, foreclosures, or nonperformance of contractual obligations.

K. For each of the Cities, Applications for 9% HTCs will be ranked from highest to lowest scores based on the points received as set forth in Attachment 1 or Attachment 2, as applicable.

For projects located in Minneapolis: In the event two or more Applications receive overall point totals which are within 10 points of one another, the Application which scores at least 10 points higher than the other based exclusively on the "Minneapolis Preference Priorities" set forth in Attachment 1, Section B shall be ranked higher. In the event neither project receives a score which exceeds the other by 10 or more points based upon the "Minneapolis Preference Priorities" points, the projects shall be deemed to be substantially equivalent and the Board will award HTCs to the project which best addresses the City's current housing priorities.

For projects located in Saint Paul: In the event two or more projects have overall point totals which are within 2 points of one another, the projects shall be deemed to be substantially equivalent, and the HRA Board will select the project which best addresses the City's housing priorities.

L. Projects selected and approved by the HRA Board of Commissioners or Minneapolis Council will be eligible to proceed toward a commitment and approval of allocation of 9% HTC.

M. Any 9% HTC not committed or allocated by the Board as of the last day of Round 1 will be returned to Minnesota Housing. If any commitment for 9% HTC is reduced or revoked, the amount of such reduction or revocation of 9% HTC may be reallocated by the Board before the end of the last day of Round 1 as provided in the Procedural Manual.

N. Participants in the HTC Program will be required to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions addressed in Title VII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the fair housing protections provided by the Minnesota Human Rights Act, which adds creed, marital status with regard to public housing, and sexual orientation, and any applicable City Civil Rights ordinances.

ARTICLE VIII
HTC for Projects Financed with Tax-Exempt Housing Revenue Bonds

Section 42(h)(4) of the Code provides that, under certain circumstances, owners of buildings or a portion thereof financed with private activity bonds issued by a governmental entity pursuant to Section 142 of the Code may qualify for the 4% HTC pursuant to Section 42 of the Code. In order to qualify for 4% HTCs, an applicant must submit an Application pursuant to this QAP, which Application must satisfy the requirements of this QAP.

Note: Bond volume cap will not be issued in an amount greater than 53% of basis as defined in tax-exempt bond rules.

To qualify for 4% HTC, the Application submitted by the applicant must demonstrate that the project is eligible for no less than 30 points for projects located in the City of Minneapolis or 40 points for projects located in the City of Saint Paul on the Self-Scoring Worksheet attached hereto as Attachment 3 or Attachment 4 for Minneapolis and Saint Paul, respectively.

In addition to the requirements of this QAP, HRA and CPED have set forth various procedures in the Procedural Manual (see Section VII(B**),** or supplements thereto), for reviewing Applications for the allocation of 4% HTCs in connection with the issuance of tax-exempt bonds pursuant to Section 142 of the Code. Refer to Section VII of the HTC Procedural Manual for Application requirements. The requirements set forth in Article VII C. of this QAP do not apply to such projects. The proposed project must comply with the QAP that is in effect at the time Tax-Exempt Housing Revenue Bonds are issued sufficient, together with any Tax-Exempt Housing Revenue Bonds issued previously for the same project, to finance at least 50% of the aggregate basis of the building(s) and land it is located on.

ARTICLE IX
Compliance Monitoring

A. <u>Statutory Requirements</u>

Pursuant to Section 42 of the Code, the Board, as an HTC allocating agency, is required to provide procedures for monitoring projects for compliance with the requirements of the HTC Program and for notifying the Internal Revenue Service ("IRS") of any non-compliance. The Procedural Manual and Compliance Manual includes those provisions for monitoring compliance as are required by the Code or as are determined to be reasonably necessary by the Board's compliance monitoring agent to enforce those provisions.

The Board will require that all Declarations include the following provisions:

B. <u>Monitoring Procedure</u>

(1) Recordkeeping and Retention

(a) Records Required

The owner for each year of the 15-year compliance period will be required to keep records for each qualified low income building in the project. Such records must show at a minimum:

(i) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential unit);

(ii) The percentage of residential rental units in the building that are HTC units;

(iii) The rent charged on each residential rental unit in the building (including any utility allowances). Documentation including rent rolls, leases, and utility allowances per IRS Notice 94-60 issued June, 1994;

(iv) The HTC unit vacancies in the building and information that shows when, and to whom, the next available units were rented. Information on HTC unit vacancies must be retained and reported on annually to the City or Delegate;

(vi) For projects with market rate units, the annual income certification of each low-income tenant per unit on forms provided by the Board;

(vii) Documentation to support each HTC tenant's income certification. Such documentation shall be consistent with that required under Section 8 of the United States Housing Act of 1937 ("Section 8"), Chapter 5 of the HUD Occupancy Requirements of Subsidized Multifamily Housing Programs, related appendices, and the Suballocator Compliance Manual, not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement of this paragraph is satisfied if the public housing authority provides a statement to the building owner declaring that the tenant's income does not exceed the applicable income limit under section 42(g);

(viii) The eligible basis and qualified basis of the building at the end of the first year of the credit period; and

(ix) The character and use of the nonresidential portion of the building which is included in the building's eligible basis under Code Section 42(d) (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the project).

(b) Retention Policy

The owner will be required to retain the records for each building in the project for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the 15-year compliance period of the building.

(2) Certification and Review

(a) Certification

The owner will be required to certify the following on an annual basis covering the preceding 12-month period:

(i) The project met the requirements of the 20-50 test under Section 42(g)(1)(A), or the 40-60 test under Section 42(g)(1)(B) of the Code, or Average Income under Section 42(g)(1)(c), whichever Minimum Set-Aside Test is applicable to the project, and the 15-40 test under Sections 42(g)(4) and 142(d)(4)(B) of the Code for "deep rent skewed", projects, if applicable to the project;

(ii) There was no change in the applicable fraction (as defined in Section 42(c)(1)(B) of the Code) of any building in the project, or that there was a change, and a description of the change;

(iii) At initial occupancy the owner has received a Tenant Income Certification with supporting documentation and an Annual Student Certification (if applicable) from each HTC tenant. At annual recertification, owner has received an Annual Student Certification and, where applicable, a Tenant Income Certification with supporting documentation from each HTC tenant, except for projects that meet the requirements under Section 42(g)(8)(B), and documentation to support that certification or, in the case of a tenant receiving Section 8 housing assistance payments, the statement from a public housing authority described above in Section B.1.(a)(vii);

(iv) Each HTC unit in the project is rent-restricted under Section 42(g)(2) of the Code.

(v) No tenants in HTC units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a HTC unit not otherwise permitted under Section 42;

(vi) All units in the project are for use by the general public and are used on a non-transient basis (except for transitional housing for the homeless provided pursuant to Section 42(i)(4)(B)(iii) of the Code).

(vii) No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for the project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court;

(viii) Each building and HTC unit in the project is suitable for occupancy, taking into account local health, safety, and building codes and the State or local government unit responsible for making local health, safety or building code inspections did not issue a violation report for any building of HTC unit in the project;

(ix) There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project or that there has been a change, and the nature of the change;

(x) All tenant facilities included by the owner in the eligible basis pursuant to Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, and parking areas, are provided on a comparable basis without charge to all tenants in the building;

(xi) If a HTC unit in the project became vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

(xii) If the income of tenants of a HTC unit in the project increases above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and

(xiv) A Declaration, which constitutes an extended HTC housing commitment as described in Section 42(h)(6) of the Code was in effect.

(xv) If the owner received its HTC allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the Code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

(b) Review

CPED staff and PED staff (or Delegate) shall review the certifications and supporting reports and documentation submitted by the owner pursuant to Section IX(2)(a) above for compliance with the requirements of Section 42 of the Code. In addition, pursuant to the Treasury Regulation §1.42-5(c)(2)(ii)(b) and the Procedural Manual at least every three (3) years;

(i) CPED staff and PED staff (or Delegate) shall review the tenant files, including but not limited to the annual income certification, the documentation the owner has received to support that certification, and the rent record for at least 20% of the HTC tenants in a project. For projects subject to their first review of tenant files where 100% of the units are low-income, 50% of tenant files will be subject to review;

(ii) CPED staff and PED staff (or Delegate) must physically inspect all buildings in a project, all common areas, and at least 20% of the HTC units in the project

If CPED staff and PED staff (or Delegate) provide in the Procedural Manual for the inspection of a reasonable number of projects pursuant to (ii) above, the HTC housing projects to be inspected shall be chosen in a manner that will not give owners of HTC housing projects advance notice that their records for a particular year will or will not be inspected. However, the Delegate may give an owner reasonable notice that an inspection will occur so that the owner may assemble records, for example, 30 days advance notice of inspection. In any event, CPED staff and PED staff (or Delegate) shall determine which tenants' records are to be inspected or submitted by the owners for review.

(3) Inspection Provision

The Delegate and the Board shall have the right to inspect HTC projects through the term of the Declaration. The inspection provisions of this Section 3 are required in addition to any inspections of low-income certifications and documentation under paragraph 2(b) of this Article IX.

(4) Notification of Noncompliance Provisions

(a) General. CPED staff and PED staff (or Delegate) shall provide the notice described in paragraph (b) of this Section to the owner of a HTC project and the notice described in paragraph (c) of this Section to the IRS.

(b) Notice to Owner. CPED staff and PED staff (or Delegate) shall provide prompt written notice to the owner. If the Board does not receive the certification described in Section (2)(a) hereof or is not permitted to inspect the tenant income certifications, supporting documentation and rent records described in Section (2)(b) or (c) hereof or discovers by inspection or review, or in some other manner, that the project is not in compliance with the provisions of Section 42 of the Code.

(c) Notice to Internal Revenue Service. CPED staff and PED staff, on behalf of the Board shall file Form 8823 Low-Income Housing Credit Agencies Report of Noncompliance, with the IRS no later than 45 days after the end of the correction period (as described in paragraph (d) of this Section, including extensions permitted under that paragraph) and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected. CPED staff and PED staff must explain on Form 8823 the nature of the noncompliance or failure to certify and indicate whether the owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or eligible basis that results in a decrease in the qualified basis of a project under Code Section 42(c)(1)(A) is a noncompliance that must be reported to the IRS. If CPED staff and PED staff reports on Form 8823 that a building is entirely out of compliance and will not be back in compliance at any time in the future, the Board is not required to file Form 8823 in subsequent years to report that building's noncompliance.

(d) Correction Period. Owner will have an opportunity to supply any missing certifications and bring the project into compliance with the provisions of Section 42 of the Code within a period specified in the notice to the owner. The correction period will be no more than sixty days from the date of the notice to the owner described in paragraph (b) of this Section 4. CPED or PED staff (or Delegate) may extend the correction period for up to six (6) months upon the written request of the owner, but only if CPED or PED staff (or Delegate) determines that there is good cause for granting an extension. The Delegate will submit any proposed extension denials to CPED or PED for final determination. The Board may review and notify the IRS of corrective action taken by the owner if provided to the Board within 3 years of the Form 8823 filing.

(e) Retention of Records. CPED staff and PED staff must retain records of noncompliance or failure to certify for six (6) years beyond the Board's filling of the respective Form 8823. In all other cases, CPED staff and PED staff must retain the certifications and records described in Section IX of this QAP for three (3) years from the end of the calendar year CPED staff and PED staff receives the certifications and records.

(f) Owners shall provide to CPED staff or PED staff (or Delegate), whichever is applicable, any evidence of noncompliance correction and correspondence to or received from the IRS with respect to any reported noncompliance.

(5) Delegation of Authority

(a) General. The Board may retain an agent or other private contractor (the "Delegate") to perform compliance monitoring. The Delegate must be unrelated to the owner of any building that the Authorized Delegate monitors. The Delegate may be delegated all of the functions of the Board to monitor compliance, except for the responsibility of notifying the IRS under Section (4) of this Section. For example, the Delegate may be delegated the responsibility of reviewing tenant certifications and documentation under Section (2)(b) hereof, the right of inspect buildings as described in Section (3) hereof, and the responsibility of notifying building owners of lack of certification of noncompliance under Section (4) hereof. The Delegate must notify the Board of any noncompliance or failure to certify.

(b) Limitations. In the event the Board delegates compliance monitoring to an Delegate, the Board shall use reasonable diligence to ensure that the Delegate properly performs the delegated monitoring functions. Delegation by the Board of Compliance monitoring functions to an Delegate shall not relieve the Board of its obligation to notify the IRS of any noncompliance of which the Board becomes aware of.

(c) Liability. Compliance with the requirements of Section 42 of the Code is the responsibility of the owner of the project for which the HTCs are allowable. The Board's obligation to monitor for compliance with the requirements of Section 42 of the Code does not make the Board liable for an owner's noncompliance.

(6) Fees.

The owner will be required to pay CPED or HRA or their Delegate a monitoring fee as set forth in the Compliance Manual.

(7) Owner Responsible for Compliance.

The owner is solely responsible for ensuring that a project is all times in compliance with Section 42 of the Code. The procedures established in this Article IX are solely for purposes of establishing the Board's compliance with Section 42(m)(1)(B)(iii) of the Code, and shall not be deemed in any way to be for the benefit of any owner, developer, any partner thereof or investor therein, and may not be relied upon or used in connection with any offering to any such person of interests in the equity ownership in the project.

MINNEAPOLIS/ST PAUL HOUSING FINANCE BOARD QUALIFIED ALLOCATION PLAN
ATTACHMENT 1: MINNEAPOLIS SELF-SCORING WORKSHEET - 9% HTC
2022-2023 LOW INCOME HOUSING TAX CREDIT PROGRAM

Project Name	
Address	
Owner Name	

SELF-SCORING WORKSHEET INSTRUCTIONS

To claim points, place an "X" in the green box to the left of the descriptions below. **Attach a narrative explanation and documentation for points claimed.** Projects for which an Application is submitted and that will be located in Minneapolis will be scored by CPED according to the selection and preference priority point system below. Each project will be awarded points according to the nature and character of the project as determined by CPED. There is a two-step process for awarding points. The first step is the application of the Selection Priorities and the second is the application of the Preference Priorities.

Note: During the competition process, CPED review of the submitted Self-Scoring Worksheet for Selection Points is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. CPED will not award additional points which are not initially claimed by the Applicant/Developer. Many performance obligations are created by the claiming of certain scoring points. As such, CPED cannot and will not assume the position of creating any such performance obligations on behalf of the Applicant/Developer.

MINIMUM THRESHOLD REQUIREMENTS

All Round 1 applicants for 9% LIHTC must meet one of the following threshold types. Please check **ONE** box to indicate the threshold type your project will serve.

- [ ] New construction or substantial rehabilitation in which, for the term of the extended use period (term of the Declaration), at least 75% of the total HTC units are single-room occupancy, efficiency, or one bedroom units with rents affordable to households whose income does not exceed 30% of area median income.
- [ ] New construction or substantial rehabilitation family projects that are <u>not</u> restricted to persons who are 55 years of age or older and in which, for the term of the extended use period (term of the Declaration), at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms.
- [ ] Substantial rehabilitation projects of existing housing in neighborhoods targeted by Minneapolis for revitalization.
- [ ] Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the Declaration), a percentage of the units are set aside and rented to persons:
    - [ ] With a serious and persistent mental illness as defined in Minnesota Statutes 245.462, Subdivision 20, Paragraph (c);
    - [ ] With a developmental disability as defined in United States Code, Title 42, Section 6001, Paragraph (5), as amended;
    - [ ] Who have been assessed as drug dependent persons as defined in Minnesota Statutes 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes 254A.02, Subdivision 2;
    - [ ] With a brain injury as defined in Minnesota Statutes section 256B.093, Subdivision 4, paragraph (a); or
    - [ ] With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules, Chapter 1341.
- [ ] Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the allocation of HTC is necessary to (a) prevent conversion to market rate use or (b) remedy physical deterioration of the project, which would result in loss of existing federal subsidies.

A. MINNEAPOLIS SELECTION PRIORITIES

	Points Claimed	CPED Awarded
1. Homelessness (Up to 25 points)	0	

Up to twenty-five (25) points will be awarded to projects that provide suitable housing combined with supportive services for occupancy by homeless households. Projects must meet the goals of the Heading Home Hennepin Plan AND have received support in writing from the Minneapolis/Hennepin County Office to End Homelessness. Applicant should identify a core set of actions with the greatest potential for progress toward ending homelessness. Projects serving unaccompanied youth are eligible if they are serving youth who are homeless or at risk of homelessness. Homeless households shall be defined as a person or persons living in a shelter, on the streets, or doubled-up in housing not their own. Projects serving unaccompanied youth at risk of homelessness are exempt from the Coordinated Entry requirement.

All projects claiming points must meet the following threshold requirements:

(a) Minimum of four (4) units set aside for homeless persons to be referred exclusively through Hennepin Coordinated Entry System (CES)
(b) Designated homeless units must be rent and income restricted at 30% AMI (with allowable project-based rent subsidy rents)
(c) The applicant must provide satisfactory evidence in writing of a commitment from an appropriate social service agency to provide support services

4-9 homeless units (12 points)

10-19 homeless units (18 points)

20+ homeless units (25 points)

	Points Claimed	CPED Awarded
2. Non-Profit Participation (5 Points)	0	

Five (5) points will be awarded to projects where a 501(c)(3) or 501(c)(4) non-profit organization with a primary service area in the cities of Minneapolis and/or Saint Paul that owns an interest in the project, and materially participates in the ownership, development, and operation of the low-income project throughout the term of the Declaration.

These points are awarded because the City of Minneapolis has an assumption that such organizations have a mission that results in perpetual affordability of the units. Points will not be awarded if the 501(c)(3) or 501(c)(4) non-profit organization has been a project sponsor or general partner of a project that had units convert to market rate units in the past three years without the consent of the City of Minneapolis.

Must have IRS 501(c)(3), or (4) approval from the IRS at the time of submission of the Application and meet requirements of Section 42(h)(5)(c) of the Code.

	Points Claimed	CPED Awarded
3. Disability (5 Points)	0	

Five (5) points will be awarded to projects that are not restricted to a particular age group in which, for the term of the Declaration, at least 10% and up to approximately 25% of the units are set aside and rented to persons with any of the following disabilities:

(a) A serious and persistent mental illness as defined in MN Statute Section 245.462, subdivision 20 paragraph (c);

(b) A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended ;

(c) Assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in MN Statute Section 254A.092, Subdivision 2;

(d) A brain injury as defined in MN Statute Section 256B.093, Subdivision 4, paragraph (a);

(e) Permanent physical disabilities that limit major life activities, if at least 50 percent of the units are accessible as provided under Minnesota Rules, Chapter 1341; or

(f) HIV/AIDS or related illness.

4. Community Support (1 Point)	0	

One (1) point will be awarded to projects that have a recommendation of support in writing for the project from a city recognized citizen participation community planning council, or neighborhood-based planning organization which represents the geographic location of the project, (a recommendation of support from the applicant is not eligible for points).

5. Outside ACP50 (20 Points)	0	

Twenty (20) points will be awarded to projects located outside an ACP50 (See Exhibit V of the Procedural Manual.)

6. Rehabilitation/Stabilization within ACP50 (5 points)	0	

Five (5) points will be awarded to the rehabilitation or stabilization of existing housing stock inside an ACP50.

The project is located inside an ACP50 (See Exhibit V of the Procedural Manual) and either:

(a) The project preserves below market rate subsidized low income housing which due to prepayment of existing debt or foreclosure would be converted to market rate use.

OR

(b) Substantially rehabilitates existing housing.

7. Capital Funding Commitments (Up to 15 Points)	0	

Up to fifteen (15) points will be awarded to projects that have secured permanent capital funding commitments (other than the City of Minneapolis sources) at the time of Application. Commitment documentation must be project-specific and include the amount, terms and conditions in writing from the designated contributor. Words synonymous with “consider” or “may” award are not acceptable.

First mortgage financing may not be included as a committed source. Syndication proceeds may only be included if the associated HTC were awarded in a prior funding round.

Applicants may include anticipated utility rebates or sales tax exemptions as a funding source. A letter from the developer committing these funds as a capital contribution to the project must be submitted with the Application to consider such sources as committed.

(a) 15.1% or more of funding committed (15 points)

(b) 10.1-15% of funding committed (7 points)

(c) 5% -10% of funding committed (3 points)

	Points Claimed	CPED Awarded
8. Funding Commitments for Supportive Services (Up to 10 Points)	0	

Up to ten (10) points will be awarded to projects with substantial, multi-year non-capital funding commitments for support services for designated supportive HTC units. Such sources may be private or philanthropic. State Housing Support (formerly Group Residential Housing (GRH)) awards are not eligible for these points. Documentation must be project-specific and include the amount, terms, and conditions in writing from the designated contributor. Words synonymous with “consider” or “may” award are not acceptable. A supportive services budget must be submitted, including sources and uses.

Points will be awarded as follows:

(a) 3 years with at least 50% service budget committed, as above (1 point)

(b) 5 years with at least 50% service budget committed, as above (2 points)

(c) 10 years with at least 50% service budget committed, as above (3 points)

(d) 15 years with at least 50% service budget committed, as above (4 points)

(e) 20 years with at least 50% service budget committed, as above (5 points)

(f) 30 years with at least 50% service budget committed, as above (10 points)

	Points Claimed	CPED Awarded
9. Non-Smoking Policy (1 point)	0	

One (1) point will be awarded to projects that have a policy prohibiting smoking of commercial tobacco (including the use of electronic delivery devices) for all apartment units and common areas of the project. The applicant must develop and maintain a written occupancy policy that prohibits smoking in all apartment units and in all common areas of the project. The project must include a non-smoking clause in the lease for each unit.

	Points Claimed	CPED Awarded
10. Intermediary Costs (Soft Costs) (Up to 6 Points)	0	

Points will be awarded to projects on a sliding scale of intermediary costs based on the percentage of total project costs. For those applicants receiving points under this item, this percentage will be enforced at issuance of the IRS Form 8609.

Points will be awarded as follows:

(a) 0-15% of total project cost (6 points)

(a) 15.1-20% of total project cost (3 points)

(a) 20.1-25% of total project cost (2 points)

(a) 25.1-30% of total project cost (1 point)

(a) 30.1%+ of total project cost (0 points)

	Points Claimed	CPED Awarded
11. Transit Proximity (Up to 10 Points)	0	

Up to ten (10) points will be awarded to projects located in a node or corridor well-served by transit.

(a) The project is located within .50 miles of high-frequency transit or within .50 miles of park and rides and transit stops served by express routes. (10 points)

(b) The project is located within .25 miles of any other transit stop (5 points)

	Points Claimed	CPED Awarded
12. Density (5 Points)	0	

Five (5) points will be awarded to projects that have an overall density equal to or greater than 30 units per acre.

	Points Claimed	CPED Awarded
13. Equitable Development (5 Points)	0	

	Points Claimed	CPED Awarded

To receive equitable development points, there must be evidence that a Qualified Stakeholder Group, representing Community(ies) Most Impacted (CMI) by housing disparities, has a significant role in the project proposal as defined below. Occupancy or services provided as a result of the project are excluded. The proposal must demonstrate that the Qualified Stakeholder Group informed the project and that the project addresses a housing disparity experienced by one or more of the Community(ies) Most Impacted represented by the Qualified Stakeholder Group. **Projects must comply with Fair Housing.**

To be eligible for Equitable Development, submit documentation that meets all (a-d) of the following conditions:

1. Threshold Criteria

a. Significant involvement of a Qualified Stakeholder Group: A Qualified Stakeholder Group must have meaningful representation of one or more Community(ies) Most Impacted (CMI) as documented in the narrative.

i. Identify the CMI(s) represented in the Qualified Stakeholder Group. Select all that apply:

1. Lowest Income (e.g. <= 30% of area median income (AMI))
2. People of Color
3. Indigenous People
4. LGBTQ People
5. People Experiencing Homelessness
6. People with Disabilities
7. Immigrants
8. Large Families
9. Seniors
10. Families with children

ii. Describe the Qualified Stakeholder Group(s) mission and connection to the identified Community(ies) Most Impacted.

iii. Identify and describe in a narrative what leadership and/or advisory roles persons representing the identified Community(ies) Most Impacted have in the Qualified Stakeholder Group, including one or more of the following:

1. A paid leadership position, list position (if applicable);
2. A member of the board (if applicable);
3. A paid staff position (if applicable)
4. An advisory role, such as serving on an advisory committee;
5. Other meaningful role, such as a volunteer (describe)

iv. Provide a list of the Qualified Stakeholder Group's previous activities related to the identified Community(ies) Most Impacted and community development. If there have been no previous activities, please describe who formed the Qualified Stakeholder Group and why and how the Qualified Stakeholder Group will continue during the project.

(b) Housing Disparity Addressed by Development: Provide data demonstrating the housing disparity experienced by the CMI(s) represented in the Qualified Stakeholder Group and identify how this project will address that disparity. If more than one CMI is identified, provide disparity data for at least one of them. The data should apply to people living in Minnesota (Minneapolis-specific whenever possible) and be from a reputable source, which would include among others: the U.S. Census Bureau's American Community Survey, federal, state or local governments, the Wilder Foundation's Community Compass, etc. The data can also come from a published research or evaluation report, with a hyperlink to the report in the narrative.

(c) Significant Involvement of Qualified Stakeholder Group: The developer partnered with the Qualified Stakeholder Group to develop the project proposal. Identify and submit a narrative explaining how the Qualified Stakeholder Group was involved in the development, the specific input they provided, and how the project addresses or responds to that input. These must be in addition to the mandatory minimum requirements of the QAP, and in addition to the minimum requirements for which points are taken in other selection criteria, such as serves lowest income tenants and/or large families. Applicants may select more than one.

i. Design

ii. Services

	Points Claimed	CPED Awarded

iii. Community Benefits: An agreement between the developer and local community to provide a benefit as identified by Communities Most Impacted in the local community. (Examples include projects that support paying a competitive wage such as using union workers, employing individuals from the neighborhood, or signing onto a Worker-Driven Social Responsibility compliance and monitoring system, community services, training, shared green space, etc.)

iv. Other (describe in the narrative)

(d) Provide a signed letter from Qualified Stakeholder Group that addresses each of the following:

i. Qualified Stakeholder Group's role in creating or co-designing the project concept.

ii. A description of how the project is responsive to the vision of the Communities Most Impacted (as represented in the Qualified Stakeholder Group) to address housing challenges and disparities.

iii. A description of how the project is uniquely tailored to the culture, traditions, and community characteristics of the Qualified Stakeholder Group.

14. Sale to Tenants (1 Point) — 0

One (1) point will be awarded to projects that agree to offer 100% of the HTC units for sale to tenants at the end of the initial 15-year compliance period.

To qualify for the points, the owner must provide a detailed tenant ownership plan that complies with Code Section 42 and is acceptable to CPED. The plan must describe the terms of the right of first refusal given to tenants, including the means of exercising the right of first refusal, the determination of the sale price for each unit, and any continuing use or deed restrictions that will be imposed on the units by the seller following any such transfer.

Elderly projects and/or projects utilizing project-based rental assistance are not eligible for these points.

15. Historic Rehabilitation (1 Point) — 0

One (1) point will be awarded to projects that are completing a certified rehabilitation that conforms with the Secretary of Interior's Standards for Rehabilitation of a certified historic property and is listed, either individually or as part of a district, on the National or State Historic Register; or the State Historic Preservation Office expects to be listed on the National or State Historic Register.

16. Unacceptable Practices — 0

CPED will impose penalty points for unacceptable practices as identified in Section III E of the Low Income Housing Tax Credit Procedural Manual.

B. MINNEAPOLIS PREFERENCE PRIORITIES

1. Declaration Duration (Up to 5 Points) — 0

Up to five (5) points will be awarded to projects that extend the duration of the Declaration for the longest period. Projects will receive 1 point for every five (5) years over 30 years, to a maximum of 5 points, that the project will remain as qualified low income housing, as provided in the Declaration and financial plans demonstrating financial feasibility and viability to the satisfaction of CPED. In order to qualify for points under this criterion, the applicant must include the term of low income use in the Declaration after the 15th year of the compliance period.

Points will be awarded as follows:

(a) Declaration extended to 35 years (1 point)
(b) Declaration extended to 40 years (2 points)
(c) Declaration extended to 45 years (3 points)
(d) Declaration extended to 50 years (4 point)
(e) Declaration extended 55+ years (5 points)

	Points Claimed	CPED Awarded
2. Serves Lowest Incomes (Up to 12 Points)	0	

Up to twelve (12) points will be awarded to projects that serve the lowest income tenants.

The following points will be awarded based on the percentage of income-restricted units in each AMI category:

	Percentage of Low Income Units			
Percentage of Median Income	20-29.9% of all units	30-49.9% of all units	50-69.9% of all units	70%+ of all units
Serves 30% of median income or less	4 Points	8 Points	10 Points	12 Points

(a) 20-29.9% of units serve 30% AMI and less (4 points)
(b) 30-49.9% of units serve 30% AMI and less (8 points)
(c) 50-69.9% of units serve 30% AMI and less (10 points)
(d) 70%+ of units serve 30% AMI and less (12 points)

TOTAL POINTS **0**

CERTIFICATION

Under penalty of perjury, the Applicant hereby certifies the information provided in this Self-Scoring Worksheet is true and accurate.

By:

Signature

Print or type name and title of signatory

Of:

Name of Managing Member/General Partner

Date:

Attachment 2 – 9% HTC
Saint Paul Selection Priorities and Self-Scoring Worksheet

Projects located in the City of Saint Paul for which an Application is submitted will be scored by HRA in accordance with the selection and preference priority point system set forth below. Each applicant must fill out this worksheet and submit it along with other materials set forth in the QAP and the Procedural Manual.

SAINT PAUL'S SELECTION PRIORITIES – Selection Criteria

A. **INCREASE SUPPLY FOR THOSE WITH THE LOWEST INCOMES**	**Points**
The project demonstrates that it will help increase the supply of units for the lowest incomes. Where applicable, applicants may claim points for the same units across multiple categories.	
1. Percentage of housing units serving households at or below 30% Area Median Income. a. 20% - 29.9% of units (6 points) b. 30% - 49.9% of units (7 points) c. 50% - 100% of units (8 points)	
2. Percentage of housing units serving households at or below 50% Area Median Income. a. 50% - 59.9% of total units (1 point) b. 60% - 74.9% of total units (3 points) c. 75% - 100% of total units (6 points)	
3. Homelessness. Up to five (5) points will be awarded to new construction or substantial renovation projects that provide affordable housing with supportive services for occupancy by homeless households. * At least 10% of HTC units assist homeless residents (5 points) *Note: Homeless households shall be defined as homeless individuals, homeless Veterans, homeless families or unaccompanied youth living in a shelter, on the streets, or doubled-up in housing not their own, and current project residents who are participating in a supportive housing program while residing at the project site. The owner must provide satisfactory evidence in writing of a commitment from an appropriate social service agency to provide supportive services. Applicants claiming points for providing units to house homeless households will be required to fill those units through Ramsey County Homeless Coordinated Entry system. Projects serving unaccompanied youth at risk of homelessness are exempt from the Coordinated Entry requirement	

B. **PRESERVATION**

The project ensures that the federal housing subsidy and low-income housing restrictions remain in place, preserving long-term affordability.

1. **Substantial Renovation**. The project is a substantial renovation project that preserves low income housing which is defined as subsidized low income housing or non-subsidized housing developments with current rents at or below 50% area median income as determined by HUD if the use of tax credits is necessary to (1) prevent conversion to market-rate use; or (2) remedy physical deterioration of the project which deterioration would result in loss of affordable housing.

   a. Located inside a Qualified Census Tract (15 points)
   b. Located outside a Qualified Census Tract (20 points)

2. **Historic Building.** One point (1) will be awarded to projects that are completing a certified rehabilitation that conforms with the Secretary of Interior's Standards for Rehabilitation of a certified historic property and is listed, either individually or as part of a district, on the National or State Historic Register; or the State Historic Preservation Office expects to be listed on the National or State Historic Register.

3. **Project-based Section 8.** Up to five (5) points will be awarded to projects that are a Substantial Rehabilitation project that preserves existing project-based Section 8 assistance.

   a. 0% - 25% of units are PBA Section 8 (1 point)
   b. 25.1% - 50% of units are PBA Section 8 (3 points)
   c. 50.1% - 100% of units are PBA Section 8 (5 points)

C. **HEALTHY COMMUNITIES, WEALTH AND COMMUNITY BUILDING**

The project demonstrates practices directed toward the enhancement of community well-being and the financial health and wealth of residents

1. **Enhanced Services, Programming, and Amenities**. Up to eight points will be awarded to projects that provide new or enhanced resident services. Receipt of points are contingent upon an agreement with an established local organization to provide such services to residents and evidence demonstrating financial feasibility which includes payment for those services.

   (Up to 8 points)

   a. After-school programming and/or ECFE (1 point)
   b. Information and Referral Services (1 point)
   c. Playground Equipment (1 point)
   d. Community Center or Community Room (1 point)

e. Financial capability programming* i.e Financial literacy, financial counseling and coaching, debt counseling or management planning, and access to safe and affordable financial products through partnership with local organizations such as Neighborhood Development Alliance (NeDA), Lutheran Social Services Credit Building Loan, Neighborworks Home Partners, Model Cities Financial Literacy Program, Prepare + Prosper FAIR Initiative and financial inclusion, among others (1 point)

f. Homeownership readiness* i.e matched savings accounts for down payments [and/or] pre-purchase homeownership counseling or coaching through a HUD-approved housing counseling agency, a member of the Minnesota Homeownership Center's Homeownership Advisors Network, or a Minnesota Housing Finance Agency Homeownership Capacity provider. (1 point)

g. Financial and tax services* - mentoring tenants for Credit builder Loans, Free Tax Preparation and other financial services through a partnership with local organizations such as Neighborhood Development Alliance (NeDA), Lutheran Social Services Credit Building Loan, NeighborWorks Home Partners, Model Cities Financial Literacy Program, Prepare + Prosper, among others (1 point)

h. Other (Please describe): (1 point)

____

*At least a two of these services must be included to claim more than 4 points

2. **Neighborhood Support.** One (1) point will be awarded to projects that have a recommendation of support in writing for the project from a city recognized citizen participation community planning council, or neighborhood-based planning organization which represents the geographic location of the project, (a recommendation of support from the applicant is not eligible for points).

(1 point) ______

3. **Future Tenant Ownership**. Five (5) points will be awarded to projects that agree to offer 100% of the HTC units for sale to tenants at the end of the initial 15-year compliance period. To qualify for the point, the owner must provide a detailed tenant ownership plan that complies with Code Section 42 and is acceptable to PED. The plan must describe the terms of the right of first refusal given to tenants, including the means of exercising the right of first refusal, the determination of the sale price for each unit, and any continuing use or deed restrictions that will be imposed on the units by the seller follow any such transfer. Elderly projects and/or projects utilizing project-based rental assistance are not eligible for this point.

(5 points) ______

4. **Non-Profit Status.** Two (2) points will be awarded if a 501(c)(3) or 501(c)(4) non-profit organization, whose primary service area includes the City of Saint Paul, materially participants in the development and operation of the project (i.e. project sponsor/participation as a general partner).

(2 points) ______

5. **Non-smoking**. One (1) point will be awarded to projects that have a policy prohibiting smoking of commercial tobacco (including the use of electronic delivery devices) for all apartment units and common areas of the project. The applicant must develop and maintain a written occupancy policy that prohibits smoking in all apartment units and in all common areas of the project. The project must include a non-smoking clause in the lease for each unit.

(1 point)

D. **FAIR ACCESS TO HOUSING**

Project must protect all individual seeking housing, prohibit discriminatory practices, and promote equity.

1. **Larger-sized Family Housing Units**. Up to six (6) points will be awarded to projects that promote family housing that is not restricted to persons 55 years old or older for the Extended Use Period, where 25% of more of the units in the project have three or more bedrooms.

   a. At least 30% of the units have 3 bedrooms or more (3 points)
   b. At least 50% of the units have 3 bedrooms or more (6 points)

2. **Transit**. Points will be awarded to new construction or substantial rehabilitation projects that are

   a. Located within 0.25 miles of a completed or planned* light rail train ("LRT") station and bus rapid transit or other fixed transitways stops (3 points)
   b. Located within 0.25 miles of a high service Metro Transit bus route (defined as a bus running at least every 30 minutes) (2 points)

   *Note: Includes planned stations on future transitways that are in advanced design or under construction. To be considered in advanced design, transitways need to meet the following criteria: issuance of a draft EIS, station area planning underway, and adoption by the Metropolitan Council Transportation Policy Plan

3. **Senior Housing**. Five (5) points will be awarded to projects that meet HTC threshold number 1 and serve only residents 55 years old or older.

   (5 points)

4. **New Affordable Family Housing**. The project constitutes new construction of affordable family housing (as defined in Threshold Criteria #2) that is located

   Outside a Qualified Census Tract: (12 points)
   Inside a Qualified Census Tract: (9 points)

5. **Unacceptable Practices.** HRA will impose penalty points for unacceptable practices as identified in Section III E of the Low-Income Housing Tax Credit Procedural Manual

6. <u>**Tenant Selection Plan. Up to three points awarded.**</u>

<u>Project that has a rental deposit that does not exceed more than one month's rent.</u> (1 point)

<u>Credit History: Projects will not deny rental applications based solely on previous rental history</u> (2 points)

E. **CATALYTIC DEVELOPMENT SITES**

Demonstration that the project attracts and increases private and other public investments in the area.

HRA Land or HRA/City Debt Obligation. Ten (10) points will be awarded to new construction or Substantial Rehabilitation projects that are located on HRA-owned land or have a HRA/City debt obligation. (10 points)

F. **INNOVATIVE APPROACH AND FINANCIAL CONSIDERATIONS**

Demonstration that the project is innovative, minimizes the level of public funding and is cost efficient

1. **No Further Subsidy.** Five (5) points will be awarded to projects which are fully funded with the inclusion of the 9% HTC and/or will require no further HRA subsidy, except DEED or Metropolitan Council funds, if awarded 9% HTC.

   (5 points)

2. **Intermediary Costs (soft costs).** Points will be awarded to projects on a sliding scale of intermediary costs based on percentage of total project costs. For those projects which are awarded points in this category, this percentage will be enforced at issuance of IRS Form 8609.

   a. 15.1% – 20% of total project cost (3 points)
   b. 20.1% – 25% of total project cost (2 points)
   c. 25.1% - 30% of total project cost (1 point)

3. **Prior 9% HTC Commitment.** The project received a prior 9% HTC allocation from the Board, but the project has not been placed in service. However, due to the 9% HTC shortages in that allocation available in the prior HTC year, the project requires additional HTC allocation in the amount needed in order to be financially feasible

   (10 points)

4. **Long Term Affordability.** By applying for the 9% HTC, the owner agrees that the provisions of Section 42(h)(6)(E)(i)(ii) and Section 42(h)(6)(F) of the Code (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event the Saint Paul HRA does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low income housing project. The owner agrees to extend the long-term affordability of the project by agreeing to extend the term of the LURA beyond 30 years by choosing an option below.

   a. The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 40 years. (5 points)
   b. The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 45 years. (6 points)
   c. The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 50 years. (7 points)

SAINT PAUL PREFERENCE PRIORITIES

In accordance with Article VII (K) of this QAP, projects to be located in Saint Paul will be prioritized with the project receiving the most points being ranked first, the project receiving the second most points being ranked second and so on. If two or more projects have overall point totals which are within two (2) points of one another, the projects shall be deemed to be of substantially equivalent, and the HRA Board will select the project which best meets the City's housing priorities.

MINNEAPOLIS/ST PAUL HOUSING FINANCE BOARD QUALIFIED ALLOCATION PLAN
ATTACHMENT 3: MINNEAPOLIS SELF-SCORING WORKSHEET - 4% HTC
2022-2023 LOW INCOME HOUSING TAX CREDIT PROGRAM

Project Name	
Address	
Owner Name	

SELF-SCORING WORKSHEET INSTRUCTIONS

To claim points, place an "X" in the green box to the left of the descriptions below. **Attach a narrative explanation and documentation for points claimed.** CPED will determine actual points to be awarded, based on the application and the documentation submitted. CPED review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. CPED will not award additional points which are not initially claimed by the Applicant/Developer. Many performance obligations are created by the claiming of certain scoring points. As such, CPED cannot and will not assume the position of creating any such performance obligations on behalf of the Applicant/Developer.

SELECTION CRITERIA

Projects submitting an Application to the City of Minneapolis for tax-exempt housing revenue bonds or 4% HTC must demonstrate that the project will score a minimum of 30 points under the 4% HTC Selection Criteria below. Projects will be prioritized on the basis of their total score plus an evaluation of whether the project is on City owned land, has an existing City funding award, readiness of the project to proceed, amount and term of bond allocation requested, geographic location, risk of loss of federal subsidy, and overall feasibility of the project for purposes of receiving an allocation of private activity volume cap for the issuance of tax exempt housing revenue bonds by the City of Minneapolis.

	Points Claimed	CPED Awarded
1. Capital Funding Commitments (Up to 15 Points)	0	

Up to fifteen (15) points will be awarded to projects that require no gap financing, or have secured permanent capital funding commitments from other than the City of Minneapolis sources at the time of application. Commitment documentation must be project-specific and include the amount, terms and conditions in writing from the designated contributor. Words synonymous with “consider” or “may” award are not acceptable.

First mortgage financing may not be included as a committed source. Syndication proceeds may only be included if the associated HTC were awarded in a prior funding round.

Applicants may include anticipated utility rebates or sales tax exemptions as a funding source. A letter from the developer committing these funds as a capital contribution to the project must be submitted with the Application to consider the source as committed. (15 points)

	No gap financing or 15.1% or more of funding committed. (15 points)
	10.1-15% of funding committed. (7 points)
	5% -10% of funding committed. (3 points)

	Points Claimed	CPED Awarded
2. Long Term Affordability (10 Points)	0	

The owner agrees that the provisions of Section 42(h)(6)(E)(i)(ii) and Section 42(h)(6)(F) of the Code (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event the City of Minneapolis does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for the time period for which points are selected, beginning with the first day of the compliance period in which the building is a part of a qualified low income housing project.

	(a) The owner agrees to extend the long-term affordability of the project and maintain the duration of low income use for a minimum of 40 years. (10 points)

	Points Claimed	CPED Awarded

3. Intermediary Costs (soft costs) (Up to 15 Points)

Points Claimed: 0

Points will be given to projects on a sliding scale of intermediary costs based on the percentage of total project costs. For projects requesting points in this category, the percentage requirement will be enforced at issuance of the IRS Form 8609.

Points will be awarded as follows:

- (a) 0-15% of total project cost (15 points)
- (a) 15.1-20% of total project cost (10 points)
- (a) 20.1-25% of total project cost (5 points)
- (a) 25.1-30% of total project cost (3 point)
- (a) 30.1%+ of total project cost (1 point)

4. Units for Large Families (5 Points)

Points Claimed: 0

The project provides units for large families. At least 25% of project units contain 3 or more bedrooms at 60% AMI or below (5 points).

5. Affordable Housing Trust Fund (10 Points)

Points Claimed: 0

The project has an existing award from the Minneapolis Affordable Housing Trust Fund. (10 points)

6. Preservation - Risk of Loss (10 Points)

Points Claimed: 10

X The project preserves long term affordability in projects with existing federal or local funds at risk of loss within 5 years. (10 points)

7. Non-Profit Participation (5 Points)

Points Claimed: 0

A tax exempt 501(c)(3) or 501(c)(4) non-profit organization, whose primary service area is the cities of Minneapolis and/or Saint Paul, and must own an interest in the project and materially participates in the ownership, development, and operation of the low-income project through the term of the Declaration.

These points awarded because the City of Minneapolis has an assumption that such organizations have a mission that results in perpetual affordability of the units. These points will not be awarded if the tax exempt 501(c)(3) or 501(c)(4) non-profit organization has been a project sponsor or general partner of a project that had units convert to market rate without the consent of the City of Minneapolis in the past (3) years.

Must have IRS 501(c)(3), or (4) approval from the IRS at the time of application and meet all requirements of Section (42(h)(5)(c) of the Code. (5 points)

8. Promotes Economic Housing Integration (Up to 10 Points)

Points Claimed: 0

Points will be awarded for the election of the following percentage of HTC units at 60% AMI and below to the total units in the project. Total units in the project may include adjacent homeownership project components or related phase. (1- 10 points)

% of 60% AMI and below Units/Total Units	**Project located inside an ACP50 - points available**	**Project located inside an ACP50 - points claimed**	**Project located outside an ACP50 - points available**	**Project located outside an ACP50 - points claimed**
90% and greater	1		10	
80-89.9%	2		8	
70-79.9%	3		6	
60-69.9%	4		4	
50-59.9%	6		3	
40-49.9%	8		2	
20-39.9%	10		1	

	Points Claimed	CPED Awarded
9. Serves Lowest Incomes (10 Points)	0	
A minimum of 20% of project units are income-restricted at 30% AMI or less (10 points)		
10. Unacceptable Practices	0	
CPED will impose penalty points for unacceptable practices as identified in Section III E of the Low Income Housing Tax Credit Procedural Manual.		
TOTAL POINTS	**10**	

CERTIFICATION

Under penalty of perjury, the Applicant hereby certifies the information provided in this Self-Scoring Worksheet is true and accurate.

By: ______________________________

Signature

____

Print or type name and title of signatory

Of: ______________________________

Name of Managing Member/General Partner

Date: ______________

Attachment 4
Self-Scoring Worksheet- 4% HTC – Saint Paul HRA
Self-Scoring Worksheet - 4% HTC

Selection Criteria: Projects submitting an Application to the Saint Paul HRA for tax-exempt housing revenue bonds must demonstrate that the project will score a minimum of 40 points under the 4% HTC Selection Criteria below.

All projects must be reviewed and determined to be consistent with City/ HRA plans, Saint Paul Comprehensive Plan, or Small Area Plans. All projects must comply with cost containment thresholds established by the HRA. Projects with unique urban redevelopment conditions may request a cost containment adjustment, subject to HRA approval.

Applications stating request for consideration to obtain tax-exempt revenue bonds will be accepted on a "rolling basis" and projects will be prioritized on the basis of their total score plus an evaluation of whether the project is on City/Saint Paul HRA-owned land, readiness of the project to proceed, amount and term of bond allocation requested, cost-containment compliance, and overall feasibility of the project for purposes of receiving an allocation of private activity volume cap for the issuance of tax exempt housing revenue bonds by the Saint Paul HRA.

If two or more projects are deemed to be of substantially equivalent, the Saint Paul HRA may select the project that is located outside downtown Saint Paul, if downtown project requires conversion of office space to housing.

1. **No Further Subsidy/Financing Committed.** Up to fifteen (15) points will be awarded to projects that require no gap financing or has secured funding commitments from more than one funding source other than the Saint Paul HRA sources at the time of application. Sources must be documented with the amount, terms and conditions in writing from the designated contributor. Words synonymous with "consider" or "may" award are not valid or acceptable.

   (a) No gap financing or 15.1% or more of funding committed. (15 points)
   (b) 10.1-15% of funding committed. (7 points)
   (c) 5% -10% of funding committed. (3 points) ______

2. **Long Term Affordability.**

Only Applications seeking 4% HTC for use in conjunction with tax exempt bonds are eligible to claim points through this priority.

By applying for the 4% HTC, the owner agrees that the provisions of Section 42(h)(6)(E)(i)(ii) and Section 42(h)(6)(F) of the Code (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event the Saint Paul HRA does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low income housing project. The owner agrees to extend the long-term affordability of the project by agreeing to extend the term of the LURA beyond 30 years by choosing an option below.

(a) The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 40 years (15 points)

(b) The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 45 years (17 points)

(c) The owner agrees to extend the long-term affordability of the project and maintain the duration of low-income use for a minimum of 50 years (20 points)

3. **Intermediary Costs (soft costs)**. Points will be given to projects on a sliding scale of intermediary costs based on percentage of total project costs. For selected projects, this percentage will be enforced at issuance of IRS Form 8609

% of Total Project Cost	Points Awarded
15.1 - 20%	3
20.1-25%	2
25.1-30%	1
30.1% and higher	0

(1 - 3 points)

4. **Larger-sized Family Housing.** The project provides units for large families of project units containing 3 or more bedrooms.

% of Units –3BR or larger	Points Awarded
At least 30% of units	3
At least 50% of units	6

(3 or 6 points)

5. **Saint Paul HRA Land.** The project, new construction or substantial renovation is located on Saint Paul HRA-owned land or has a HRA/City debt obligation

(20 points)

6. **New Affordable Family Housing.**
The project constitutes new construction of affordable family housing that is located:

Outside a Qualified Census Tract	12 points
Inside a Qualified Census Tract	9 points

(12 or 9 points)

7. **Non-Profit Status.** A tax exempt 501(c)(3) or 501(c)(4) non-profit organization, whose primary service area is the cities of Minneapolis and/or Saint Paul, is a material participant of the project (i.e. project sponsor and participation as a general partner).

   These points awarded because the Saint Paul HRA has an assumption that such organizations have a mission that results in perpetual affordability of the units. These points will not be awarded if the tax exempt 501(c)(3) or 501(c)(4) non-profit organization has been a project sponsor or general partner of a project that had units convert to market rate without the consent of the Saint Paul HRA in the past (3) years.

   Must have IRS 501(c)(3), or (4) approval from the IRS at the time of application and meet all requirements of Section (42(h)(5)(c) of the Code.

(5 points)

8. **Percentage of housing units serving households at or below 50% Area Median Income.**

% of HTC Units/Total Units	Points Awarded
50% - 59.9% of units	1
60% - 74.9% of units	3
75% - 100% of units	6

(1, 3, 6 points)

9. **Percentage of housing units serving households at or below 30% Area Median Income.**

   Percentage of housing units serving households at or below 30% Area Median Income.

20% - 29.9% of units	6 points
30% - 49.9% of units	7 points
50% - 100% of units	8 points

(6, 7, 8 points)

10. **Homelessness.** Up to (five) 5 points will be awarded to new construction or substantial rehabilitation projects that provide affordable housing with supportive services for occupancy by homeless households*

At least 10% of HTC units assist homeless households

*Note: Homeless households shall be defined as homeless individuals, homeless Veterans, homeless families or unaccompanied youth living in a shelter, on the streets, our doubled-up in housing not their own, and current residents who are participating in a supportive housing program while residing at the project site. The owner must provide satisfactory evidence in writing of a commitment from an appropriate social service agency to provide supportive services. Applicants claiming points for providing units to house homeless households will be required to fill those units through Ramsey County Homeless Coordinated Entry system. Projects serving unaccompanied youth at risk of homelessness are exempt from the Coordinated Entry requirement.

11. **Future Tenant Ownership.** Five (5) points will be awarded to projects that agree to offer 100% of the HTC units for sale to tenants at the end of the initial 15-year compliance period. To qualify for the point, the owner must provide a detailed tenant ownership plan that complies with Code Section 42 and is acceptable to PED. The plan must describe the terms of the right of first refusal given to tenants, including the means of exercising the right of first refusal, the determination of the sale price for each unit, and any continuing use or deed restrictions that will be imposed on the units by the seller following any such transfer. Elderly projects and/or projects utilizing project-based rental assistance are not eligible for this point. Applicants claiming points in this category should review Minnesota Housing Finance Agency's Eventual Tenant Ownership Guide for best practices

(5 points)

12. **Enhanced Services, Programming and Amenities.** Up to 8 points awarded to projects that provide new or enhanced resident services. Receipt of points are contingent upon an agreement with established local org to provide such services to residents and evidence demonstrating financial feasibility which includes payment for those services. * designates that at least two of these services must be included to claim more than 4 points.

Each category listed below is worth 1 point:

a. After-school programming and/or ECFE
b. Info and Referral Services
c. Playground Equipment
d. Community Center or Community Room
e. Financial capability programming* i.e., Financial literacy, financial counseling and coaching, debt counseling or management planning, and access to safe and affordable financial products through partnership with local organizations such as Neighborhood Development Alliance (NeDa), Lutheran Social Services Credit Building Loan, Neighborworks Home Partners, Model Cities Financial Literacy Program, Prepare + Prosper FAIR Initiative and financial inclusion, among others
f. Homeownership readiness* i.e. matches savings accounts for down payments [and/or] pre-purchase homeownership counseling or coaching through a HUD-approved counseling agency, a member of the Minnesota Homeownership Center's Homeownership Advisors Network, or a Minnesota Housing Finance Agency Homeownership Capacity provider.
g. Financial and tax services* - mentoring tenants for Credit build Loans, Free Tax Preparation and other financial services through a partnership with local organizations such as Neighborhood Development Alliance (NeDa), Lutheran Social Services Credit Building Loan, NeighborWorks Home Partners, Model Cities Financial Literacy Program, Prepare + Prosper, among others
h. Other (Please Describe)

*At least two of these services must be included to claim more than 4 points.

13. **Unacceptable Practices.** HRA will impose penalty points for unacceptable practices as identified in Section III E of the Low Income Housing Tax Credit Procedural Manual.

14. **Tenant Selection Plan. Up to four points awarded.**

<u>Project that has a rental deposit that does not exceed more than one month's rent.</u> (1 point)

<u>Credit History: Projects will not deny rental applications based solely on previous rental history</u> (3 points)