Page	Section Title	PROPOSED AMENDMENTS TO SAINT PAUL HRA 2022-2023 LOW INCOME HOUSING TAX CREDIT – PROCEDURAL MANUAL	Comment	Accept Yes/No
Throughout the doc.	**Cover Page**	Establish a two-year QAP (2022-2023), which sets the priorities and requirements for multifamily projects that will request funding in the 2021 and 2022 RFPs.	A two-year QAP would provide more predictability to developers and encourage pursuit of projects based on the QAP.	
P. 4-7	**III - E**	**<u>Unacceptable Practices</u>** ~~**Failure to Meet Requirements of Cost Containment Priority**~~ ~~For Minneapolis projects: if a project received points for cost containment and the owner failed to keep project costs under the applicable cost threshold through 8609 final cost certification, HTC applications submitted by any related entity will be assessed 4 negative points.~~ ~~For Saint Paul projects: all projects must comply with cost containment thresholds established by HRA. Projects with unique urban redevelopment conditions may request a cost containment adjustment subject to HRA's review and approval.~~ **Displacement of Section 8 Tenants** CPED and HRA will not accept Applications that have displaced (or will displace) Section 8 tenants in a housing project because rents will be increased above the Section 8 Payment Standard Rent limit. Rehabilitation projects that have existing Section 8 tenants may not increase those rents (in Section 8 units only) above HUD's Payment Standard Rents after completion of the rehabilitation. (1) CPED and HRA have agreed to partner with the local HUD area office to determine if tenants of rehabilitation projects: (a) Were displaced prior to submission of an Application (b) Will be displaced after completion of the rehabilitation (2) If CPED or HRA and the local HUD area office agree that intentional displacement of Section 8 tenants occurred, CPED and HRA reserve the right to reduce or rescind the reservation/allocation or	Changes to remove <u>cost containment language</u> given MN Housing's elimination of this scoring benchmark. HRA relied heavily on MN Housing methodology to set scoring benchmarks, and will no longer be able to score based on MN Housing benchmarks. The HRA already has cost-containment responsibilities via the IRS code which we will continue to perform and monitor on all project applications. Additionally, we contain costs with our bond cap limit and the Intermediary Costs scoring criterion. <u>Unacceptable practices</u> are expanded to include Displacement of Tenants in Non-HUD-Assisted Units in Acquisition/Rehabilitation	

		award of the HTC to the project prior to issuance of the Form 8609. **Displacement of Tenants in Non-HUD-Assisted Units in Acquisition/Rehabilitation Projects** CPED and HRA strongly discourages displacement of existing tenants in projects seeking HTCs for acquisition and/or rehabilitation of occupied properties. Developer must submit at application submission documentation that existing tenants meet income requirements under Section 42 of the Code, including but not limited to submission of rent roll, and plan for screening new tenants. Applicants seeking HTCs for acquisition and/or rehabilitation of occupied properties must submit a Relocation Plan that addresses both temporary relocation (including in-place displacement) and permanent displacement, and whether there will be any anticipated displacement. Relocation Plans that reflect permanent displacement of tenants may result in rejection of the application. Where permanent replacement was not anticipated and/or disclosed at time of application, and displacement is later discovered, negative points may be imposed on an applicant's subsequent application submission. Owners that displace tenants may be obligated to pay relocation benefits per City of Minneapolis and City of Saint Paul-adopted policies pertaining to tenant protections and relocation. Applicants may consider selecting the Average Income Test as the minimum set-aside election to avoid displacement.	Projects,. Changes proposed around preventing general displacement are in response to community concerns and give authority for HRA to reject applications that describe a plan to permanently displace tenants. New language also informs applicants they may need to pay relocation benefits should they be in effect and applicable, and that future tax credit applications may be negatively impacted.	
P. 10	**III - K.**	**Census Tract Updates** The Board anticipates census tract boundaries will be updated in 2021 and will issue new maps for the 2022 9% NOFA/RFP (for Year 2023 9% HTCs), which will be published on each City's HTC Program web page. Realizing that the maps will be updated during this QAP cycle, each City will allow non-awarded applications from the 2021 9% HTC NOFA/RFP (for Year 2022 9% HTCs) the ability to use the map from either the 2022 9% HTC NOFA (for Year 2023 9% HTCs) or the prior year's NOFA/RFP. New applications must use the map from the current funding round. The ability to use the 2021 9% HTC NOFA/RFP (for Year 2022 9% HTCs) map only applies to applications in the 2022 9% HTC NOFA/RFP (for Year 2023 9% HTCs) that applied and were not selected for funding in the 2021 9% NOFA/RFP (for Year 2022 9% HTCs). Applications for 4% HTCs must use the map in effect at the time of bond issuance, in accordance with the QAP.	Changes to clarify that Census tracts designating Qualified Census Tracts (QCTs) will change partway through the two-year QAP cycle. Language proposed provides predictability to applicants as they continue to work on proposals that weren't funded in the last round.	

P. 10-12	**III - M**	**Tax Exempt Projects and 4% HTC** **Minimum Threshold for 4% HTC Projects – Minneapolis projects only** ~~For projects located in Minneapolis.~~ An applicant for 4% HTC must demonstrate that the project is eligible for no less than 30~~35~~ points under the 4% HTC Selection Criteria of the QAP. Applicants may request a predictive model and scoring determination prior to submitting a formal Application. See Article VIII of this Procedural Manual for specific HTC application and fee requirements. 4% HTC Applications and related fees must be prepared and submitted separately in accordance with the City of Minneapolis Conduit Bonds Policy and Housing Revenue Bonds Procedural Guide. Projects that do not score a minimum of 30~~35~~ points under the 4% Tax HTC ~~Credit~~ Selection Criteria of the QAP are not eligible for a private activity bond allocation award. If the private activity bond allocation for Minneapolis is over-subscribed, the City of Minneapolis, at its discretion, will prioritize projects based upon total project points received pursuant to the QAP, whether the project is on City owned land, has an existing City funding award, geographic location, the readiness of the project to proceed, the amount and term of the private activity bond allocation requested, and the overall feasibility of the project. **(3) Minimum Threshold for 4% HTC Projects – Saint Paul projects only** An applicant for 4% HTC must demonstrate that the project is eligible for no less than 40 points under the 4% HTC Selection Criteria of the QAP ~~**Pre-Application Determination Letter – Saint Paul projects only**~~ ~~For projects located in Saint Paul. An applicant for 4% HTC must demonstrate that the projects is eligible for no less than 35 points under the 4% HTC Selection Criteria of the QAP.~~ Pre-application is strongly encouraged prior to requesting an allocation of private activity bond authority. ~~**Process for Pre-Application**~~ 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~~	Updating language to reflect changes in minimum scoring threshold for St. Paul projects seeking 4% HTCs given the additional scoring criteria being proposed for the 4% scoring worksheet, and clean up language to remove references to cost containment	

		~~by the HRA. Projects with unique urban redevelopment conditions may request a cost containment adjustment, subject to HRA approval.~~ Projects that do not score a minimum of 40~~35~~ points under the 4% HTC ~~Tax Credit~~ Selection Criteria of the QAP are not eligible for a private activity bond allocation award. If the private activity bond allocation for Saint Paul ~~Minneapolis~~ is over-subscribed, the HRA, at its discretion, will prioritize projects based upon total project points received pursuant to the QAP, whether the project is on City/HRA-owned land, the readiness of the project to proceed, the amount and term of the private activity bond allocation requested, and the overall feasibility of the project. Upon final approval of the project by the HRA, the developer/owner will be required to close on the project by no later than 180 days from the date of the City Council Bond approval. If the project does not close within the time allotted, the HRA will in its sole discretion make a determination whether or not to grant a one-time extension of up to 180 days or require that the developer/owner relinquish the bond allocation.		
P. 17 and Throughout doc.	**III – S**	**Monitoring for Compliance** (8) Additional information related to compliance monitoring of projects that elect ~~Income Averaging~~ Average Income will be detailed in the Suballocator Compliance Monitoring Manual that is applicable to the initial year HTC are claimed.	Updated Income Averaging verbiage	
P. 17	**III – T**	**Qualified Contract** Article VII – F of the QAP addresses the Qualified Contract waiver requirements for projects applying for a 2022-2023 HTC allocation after [ ]. Provided the owner did not waive such rights in the Declaration, Section 42(h)(6)(E) of the Code allows the extended use period to terminate after the original 15 year compliance period, if HRA or CPED is unable to present a qualified contract (the "Qualified Contract") for the acquisition of the HTC project by any person willing to continue to operate the HTC project as a qualified low income building. HRA or CPED shall have a one- year period to respond to a Qualified Contract request from the owner. Pursuant to Section 42(h)(6)(E) of the Code, an owner's request for a Qualified Contract must comply with the following: (1) The HTC project must have completed the 14th year of its 15-year compliance period. For projects	New proposed changes to Article VII – F of the QAP pertaining to "Project Threshold Requirements" require applicants seeking 4% or 9% HTC must agree to waive rights to terminate Declaration after 15 years, and must agree to extend long-term affordability of project for a minimum of 30 years. Language added to this section clarifies seeking a Qualified	

			with multiple buildings that were place in service in different years, this time period means the end of the 14th year of the last building in the project that was placed in service. (2) The HTC project must be in compliance with all requirements of Section 42 of the Code and all Board requirements. Owners must correct all compliance violations prior to submitting a request for a Qualified Contract. (3) The owner must certify that it has not been notified of any audit, investigation, or disallowance pertaining to Section 42 of the Code and must provide any copies of IRS audit findings or disallowances which it has received during the 15-year compliance period. (4) The owner must have secured a complete, unconditional waiver of all purchase options and rights, including the right of first refusal to a non-profit. (5) The owner must have the written consent of all its limited partners to negotiate on behalf of the owner for a Qualified Contract. (6) A request for Qualified Contract may be submitted only once for each project. If an owner rejects an offer presented under the Qualified Contract or withdraws its request at any time after the notification letter and application materials have been received by the Board, no other opportunity to request a Qualified Contract will be available for the project in question. Owners who are contemplating requesting the presentation of a Qualified Contract must directly contact CPED or HRA's HTC Program Manager, (and consult Minnesota Housing's Qualified Contract Guide. (7) The owner will be required to cover all costs, including third party costs, incurred by CPED or HRA in processing and evaluating a Qualified Contract request. The owner has thirty (30) days to pay the costs incurred by CPED or HRA. If requested funds are not paid within thirty (30) days of notice to owner, the Qualified Contract request will be terminated. Suspension in accordance with this paragraph of any requirement set forth herein shall also suspend the one (1) year time period for CPED or HRA action. (8) Payment of a non-refundable fee in the amount of $5,000 is required for processing a Qualified Contract request. (9) Any owner's request for a Qualified Contract with expiring compliance periods must also comply with Minnesota Housing's Credit QAP and the Qualified Contract Process Guide and the owner must	Contract waiver is not applicable to projects applying for HTC allocations after June 15, 2021 due to "Project Threshold Requirements" in QAP. Existing language in this section provides guidance for previously funded projects who were not required to waive their Qualified Contract Waivers, and describes process for those who are seeking to do so now.	

		submit evidence of the same to CPED and HRA. CPED for Minneapolis projects and HRA for Saint Paul projects shall each undertake this function as requested by the owner referencing the Minnesota Housing as the guidelines.		
P. 19	**IV – B.**	**Applicable Percentage** There are two levels of applicable percentages depending upon whether the building is new or existing, whether there are rehabilitation expenditures and whether the buildings are financed with tax exempt bonds. *New Buildings and Substantial Rehabilitation Expenditures (if neither is financed with tax exempt bonds)*: New buildings or qualifying rehabilitation which are not financed with tax exempt bonds are eligible for the 9% HTC. *New Buildings and Qualifying Rehabilitation Expenditures Which are Federally Subsidized Financed with Tax Exempt Bonds and Existing Buildings:* ~~With respect n~~New buildings and substantial rehabilitation that are financed with tax exempt bonds, and the acquisition of existing buildings that are substantially rehabilitated, ~~the applicable percentage is an amount that results in aggregate HTC having a present value of 30 percent of qualified basis. Traditionally, this has resulted in a credit percentage of approximately 4 percent~~ are eligible for the 4% HTC.	Revised language given the federal program change to provide a flat 4% applicable percentage.	
P 21-22	**IV – D.**	**Minimum Set-Aside Elections** Applicants must set aside a minimum number of units that meet both rent and income restrictions to qualify for HTCs for each year of the HTC period. A project must, for a specific period of time, meet one of the following tests: (1) 20/50 Test (20 percent at 50 percent AMI). To meet the 20/50 test, a minimum of 20 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50 percent AMI, as established for different geographic areas and published by the U.S. Department of Housing and Urban Development (HUD) (2) 40/60 Test (40 percent at 60 percent AMI). To meet the 40/60 test, a minimum of 40 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60 percent AMI income limits, adjusted for family size.	Deleted language was added last year; however, this proved administratively difficult to track, especially when combined with deferred funding. Staff research found that no other HTC allocating agency in the country (including MN Housing) had current approach, so we are proposing to remove it.	

(3) Average Income Test. In addition to meeting all Federal requirements, projects electing the Average Income test must meet the following additional requirements:

a. Average Income may only be elected for 100% HTC projects that have not yet filed Form 8609.

b. Income and rent tiers may be set in 10% increments, beginning at 20% AMI up to 80% AMI. A maximum of 4 tiers are allowed.

c. Reasonable parity in unit types/sizes across income tiers is required.

d. Rent and income tiers will be designated at time of initial Application. HTC units at 50% AMI and below will be fixed throughout the term of the Declaration. Other AMI designations may float, as long as rents and incomes average to 60% AMI.

e. ~~Projects with project based rental assistance will be considered 50% units for purposes of the Average Income Test, unless the project is 100% project based rental assistance.~~

f. The Average Income test must be met on a project-wide basis; owners must select ‘yes’ on Line 8b of Form 8609 and include the required attachments.

g. Resyndications must comply with the terms of the original Declaration, if still in effect.

h. Average Income projects will not be allowed a higher developer fee, when compared to non-Average Income projects.

i. The Board reserves the right to negotiate specific terms for projects electing the Average Income set-aside. For Minneapolis projects only: electing Average Income for projects with existing HTC and/or deferred funding awards will be considered only if needed for financial feasibility, or to include/increase extremely low income HTC units. For Saint Paul projects only: projects with existing HTC and/or deferred funding awards will be considered only if needed to increase the number of extremely low income HTC units.

		j. Rent and income restrictions in the initial 15-year compliance period will also apply in the extended use period. k. 4% HTC projects electing Average Income must still meet all requirements associated with tax exempt bond financing.		
P 24-25	**IV – G**	**Tenant Eligibility** Owners may not lease HTC units to any persons related to the Owner, the architect, attorney, or general contractor for the project or to any one of their employees (not to include caretakers), directors, offices, or agents, or to any of their family members.	Clarify that owners may not lease HTC units to any persons related to the Owner, the architect, attorney, or general contractor for the project or to any of their employees (not to include caretakers), directors, offices, or agents, or to any of their family members.	
P 27-28	**IV – K**	**Declaration of Land Use Restrictive Covenants** As a condition of receiving HTCs, a project will be subject to a Declaration by the owner in favor of the Board, through which the owner commits the project to low income use for a period (at least a total years after the conclusion of the 15-year compliance period (at least a total of 30 years). The owner can elect to extend the term of the Declaration and Section 42 income and rental restrictions up to 55 years. The Declaration terminates upon: 1) Foreclosure of the building (or deed in lieu of foreclosure) unless the Secretary of the Treasury determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period; or 2) During the extended use period and, unless waived or conditioned in the Declaration, upon failure of the Board to find a purchaser by the end of one year after a request by the owner to the Board to find a purchaser for the HTC portion of the project, at a statutory minimum price, unless the owner has waived its right to a Qualified Contract. Throughout the term of the Declaration and for a three (3) year period after the termination of the Declaration, the owner may not evict or terminate the tenancy of low income tenants (other than for	Clarify that owners seeking financing with tax exempt bonds and 4% HTCs must extend baseline commitment to 30 years. Also clarify that owners applying for 9% HTCs seeking points for a longer affordability period must include election in their Declaration.	

		good cause) and may not increase the gross rent above the maximum allowed under Section 42 of the Code with respect to such low income units. Beginning with the 2022 HTC Program, owners who propose to finance their projects with tax exempt bonds and are applying for the 4% HTC must make a minimum commitment to Section 42 of the Code income and rent restrictions for a period of 30 years, and must waive the provisions of Sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) of the Code in the Declaration. For projects electing points for a longer affordability period, the Declaration must reflect that elected affordability period. ~~Beginning with the 2018 HTC Program, owners who have financed their projects with tax exempt bonds and are receiving 4% HTC must make a minimum commitment to Section 42 of the Code income and rent restrictions for a period of 20 years beginning with the first day of the 15 year compliance period and must agree to waive the provisions with respect to Sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) of the Code in the Declaration. For Minneapolis and Saint Paul projects, if the owner of such 4% HTC project received preference priority points for either a 30 or 45 year long term affordability period.~~ ~~Beginning with the 2006 HTC Program,~~ Owners applying for the 9% HTC must commit their projects to Section 42 of the Code income and rent restrictions for a period of 30 years beginning with the first day of the 15-year compliance period. For projects electing points for a longer affordability period, the Declaration must reflect that elected affordability period. For projects electing points for a longer affordability period, the Declaration must reflect that elected affordability period.		
P 28	**IV – L.**	**Ineligible Properties** Any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, manufactured housing park or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for HTCs under Section 42 of the Code. Projects with buildings having four or fewer residential units must comply with 42(i)(3)(C) of the Code. Acquisition and/or Substantial Rehabilitation, as defined in Section IV.B., with a preexisting subsidy (any building substantially assisted, financed, or operated under HUD Section 8, Section 221 (d)(3), (d)(4) Section 220, Section 8 existing, Moderate Rehabilitation, or the Section 236 program or under the Farmer's Home Administration Section 515 program) will be eligible to apply for HTC only under the following conditions: 1) It preserves assisted low income housing which, due to mortgage prepayments or expiring rental	Previous language in this section incorrectly referenced MN Housing applicants when it should be CPED or HRA applicant. New language clarifies this is for applications to CPED or HRA.	

		assistance, would convert to market rate use. This must be demonstrated to the satisfaction of the Board; or 2) It has been demonstrated to the satisfaction of the Minneapolis Council or HRA, as applicable, that the building qualifies as a "troubled property." In order to qualify as such, a responsible official of a governmental lender, such as Minnesota Housing, HUD, or FMHA, must provide written documentation that the property is troubled along with an explanation. Generally, the project must be in default or foreclosure. Any Application involving acquisition and Substantial Rehabilitation of a CPED or HRA ~~Minnesota Housing~~ financed project MUST submit a certification as to need for a substantial rehabilitation of the project. The certification shall include a rehabilitation inspection report. This inspection shall be prepared by a representative of the appropriate agency or a person approved by that agency. The inspection report will not be accepted if completed more than 6 months prior to the Application submission.		
32	**V - C**	**Reserves/Contingencies** All unexpended funds remaining in project reserve accounts must remain for development use during the term of any CPED or HRA deferred loans or the ~~Extended Use Period~~ term of the Declaration, whichever is longer. The Limited Partnership Agreement (LPA) must include a provision addressing the terms and conditions for disbursement from the reserve accounts that specifically states that upon the transfer of any ownership interest or at the end of the compliance period, whichever is earlier, any funds remaining in the reserve accounts must remain with the project for the term of any CPED or HRA deferred loans or the ~~Extended Use Period~~ term of the Declaration, whichever is longer. Existing projects applying for HTCs and/or refinancing will be required to show existing reserves as a source. Staff will review the draft LPA prior to closing to ensure compliance, and again upon submittal of the 8609 application.	Swapped 'Extended Use Period' for 'term of the Declaration' for clarity, which matches with language choice in rest of document and QAP.	
36	VII	**SUBMISSION REQUIREMENTS** It is the applicant's responsibility to be aware of the processing submittals required to proceed to the next step in obtaining a Reservation, as defined in Section III.M. If the applicant is unable to obtain these submittals (financing, zoning, site control, syndication, construction start, etc.) in a timely manner, or if such approvals have expired, the Application will no longer be processed and the application fee will be forfeited. **Required Documents/Exhibits.** It is very important that the applicant follow the order of the Required Documents/Exhibits below. Contact CPED or HRA staff (as appropriate) for current application format and submittal requirements. ~~Submissions should be separiated by index tabs with corresponding numbers. DO NOT submit submissions in a three-ring binder or with any plastic casing around the pages. Submissions should be~~	New language to applicants contact HRA staff as appropriate for current application format and submittal requirements. Previous language required a paper copy.	

		~~bound only by staples, binder clips, or rubber bands. The submission should include one (1) original hard copy and one (1) electronic copy on USB drive.~~ Any submission not meeting these requirements will be returned to the applicant. At a minimum, the following documents and exhibits are required to proceed toward HTC allocation at each stage of the process:		
38	VII - A – (20)	**SUBMISSION REQUIREMENTS** **A. Application Requirements - 9% HTC** (20) For acquisition and rehabilitation projects of occupied properties, a Relocation Plan, rent roll, and plan for screening new tenants must be submitted. Relocation Plan must address both temporary relocation (including in-place displacement) and permanent displacement, and whether there will be any anticipated displacement. ~~Relocation Plan, if applicable.~~	Clarification and strengthening Relocation Plan review process. This further supports anti-displacement efforts by requiring better due diligence of applicants on acquisition/rehabilitation projects to ensure tenants income qualify.	
Throughout the doc.	VII - A – (28)	(28) For projects electing Average Income ~~Income Averaging~~, the following must also be submitted: (a) MN Housing's Average Income ~~Income Averaging~~ Rent and Income Grid (Exhibit AB) (b) Written approval from the permanent lender(s) and LIHTC syndicator/equity provider that the project may elect Income Averaging (c) MN Housing's Average Income ~~Income Averaging~~ Certification Form (Exhibit AC) (d) Other materials as requested by the Board	Clarification on the language.	
40	VII -B – (21)	**B. Submission Requirements for Projects Financed with Tax-Exempt Bonds/4% HTC:** (21) For acquisition and rehabilitation projects of occupied properties, a Relocation Plan, rent roll, and plan for screening new tenants must be submitted. Relocation Plan must address both temporary relocation (including in-place displacement) and permanent displacement, and whether there will be any anticipated displacement. ~~Relocation Plan, if applicable.~~	Clarification and strengthening Relocation Plan review process. This further supports anti-displacement efforts by requiring better due diligence of applicants on acquisition/rehabilitation projects to ensure tenants income qualify.	
41	VII – B – (25)	(25) Property Management Plan and Affirmative Fair Housing Marketing Plan (AFHMP) - Multifamily Housing (HUD-935.2A)	Document naming clarification	
45	VII – D – (20)	**Submission Requirements**	Addition to collect a VAWA	

		D. Placed in Service – Final Allocation – 8609 (20) Certification from the owner that the project will comply with the Violence Against Women Act, and provide prospective applications and tenants with the Notice of Occupancy Rights Under the Violence Against Women Act.	Certification.	
45	VII – E	**Submission Requirements** **E. Changes to Projects Electing Average Income on Form 8609** Projects that have elected Average Income on IRS Form 8609 and wish to change the HTC unit AMI tiers in the existing Declaration must submit a written request to the Board to change the AMI unit mix for the project along with the following documents: (1) Signed copies of the Form 8609s reflecting the Average Income election was made and if the project contains more than one building the election to treat the project as a multiple building project; (2) Updated market information that demonstrates sufficient market demand for each proposed AMI tier; (3) Updated 15-year pro forma reflecting the rents for the proposed AMI tier by unit type; (4) Letter from the investor approving the change in the proposed rents and AMI tiers; (5) Letter(s) from the permanent loan lender(s) approving the change in the proposed rents and AMI tiers. Requests for changes to the HTC unit AMI tiers will be considered at the sole discretion of the of the Director of CPED or HRA ~~Board.~~ The Declaration will be amended to reflect any approved changes to the AMI tiers.	Clarifying whose role it is to consider changes to the HTC units AMI tiers.	
Page	**Section Title**	**PROPOSED AMENDMENTS TO SAINT PAUL HRA** **2022-2023 LOW INCOME HOUSING TAX CREDIT - QUALIFIED ALLOCATION PLAN ("QAP")**	**Comment**	**Accept Yes/No**
Throughout the doc.	**Cover page**	Establish a two-year QAP (2022-2023), which sets the priorities and requirements for multifamily projects that will request funding in the 2021 and 2022 RFPs.	A two-year QAP would provide more predictability to developers and encourage pursuit of projects	

			based on the QAP.	
P. 2	**Article III**	"Application" means the application submitted by an applicant for HTCs pursuant to this QAP, which application shall be submitted ~~using the Minnesota Housing Finance Agency Common Application forms~~ as described in the Procedural Manual.	Clarify that applications should be submitted in a manner described in the Procedural Manual	
P. 7	**Article VII - 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 ~~twenty~~ (30~~20~~) years.	Update language to reflect extended baseline affordability term for 4% HTC	
P. 8	**Article VIII**	To qualify for 4% HTC, the Application submitted by the applicant must demonstrate that the project is eligible for no less than 30~~35~~ points for projects located in the City of Minneapolis or 40 points for projects located in the City of Saint Paul on~~f~~ the Self-Scoring Worksheet attached hereto as Attachment 3 or Attachment 4 for Minneapolis and Saint Paul, respectively.	Update language to reflect St. Paul projects seeking 4% HTCs must demonstrate project will score a minimum of 40 points	
P. 10	**Article IX - (2) (a) (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 ~~Income Averaging~~ 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;	Cleanup language to be consistent with MN Housing terminology.	
		Attachment 2 – 9% HTC **Saint Paul Selection Priorities and Self-Scoring Worksheet**		
1	**A – A - 1-3**	**1. <u>SAINT PAUL'S SELECTION PRIORITIES – Selection Criteria</u>** **A. INCREASE SUPPLY FOR THOSE WITH THE LOWEST INCOMES** *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~~2~~ points) b. 30% - 49.9% of units (7~~4~~ points) c. 50% – 100~~69.9~~% of units (8~~6~~ points)	Further prioritize increasing supply for those with the lowest incomes through the following changes: - increasing points for 30% AMI units	

		d. ~~70% - 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~~2~~ points) c. 75% - 100% of total units (6~~3~~ points) 3. Homelessness. Up to five~~three~~ (5~~3~~) 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~~3~~ point) *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	- increasing points for 50% AMI units - increasing points for units serving homeless households. Language to clarify applicants may claim points across various categories in this section when applicable. These changes align with the City's housing strategy, community feedback, and State priorities to support projects with deeper affordability.	
3-4	**A – D -3**	**D FAIR ACCESS TO HOUSING** 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.	Add new point category to penalize applicants who engage in any of the Unacceptable Practices described in the Procedural Manual. This new point category further supports the language added to the Procedural Manual discouraging displacement This additional point category is in line with existing categories on worksheets for the City of Minneapolis and State.	

4-5	**A – F -4**	**B. 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	Further prioritize innovative strategies by adding a new point category to incentivize affordability commitments that extend beyond the required 30 years. This aligns with incentive points the State added to encourage longer term affordability commitments.	

		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)		
		Attachment 4 **Self-Scoring Worksheet- 4% HTC – Saint Paul HRA**		
1	**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~~35~~ points under the 4% HTC Selection Criteria below.	Increased minimum score to 40 points. Increasing the minimum threshold will further encourage applicants to claim points in categories that are now worth more or are new additions.	
1	**1**	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.	Add point category title “No Further Subsidy/Financing Committed” for clarity.	

		(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)		
1	**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, ~~t~~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. 1. 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~~7~~ points) 2. 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~~20~~ points) 3. 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) ~~The owner agrees to extend the long-term affordability of the project and maintain the duration of low income use for a minimum of 30 years. (15 points)~~	Further prioritize innovative strategies through long term affordability commitments by - extending the baseline affordability term length to 30 years - adjusting point category to incentivize longer term affordability commitments that go beyond baseline requirement This change aligns with the State's baseline affordability term length requirement and encouragement of even longer term commitments.	
2	**4**	**Larger-sized Family Housing.** The project provides units for large families of project	Add point category title "Larger-	

<table>
<tr><td></td><td></td><td>units containing 3 or more bedrooms.
% of Units – 3BR or larger Points Awarded
At least 30% of units 3 Points
At least 50% of units 6 Points</td><td>sized Family Housing” for clarity.</td><td></td></tr>
<tr><td>3</td><td>6</td><td>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)</td><td>Add point category title “New Affordable Family Housing” for clarity.</td><td></td></tr>
<tr><td>3</td><td>7</td><td>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)</td><td>Add point category title “Non-Profit Status” for clarity.</td><td></td></tr>
<tr><td>3</td><td>8</td><td>Percentage of housing units serving households at or below 50% Area Median Income.
<table><tr><td>% of HTC Units/Total Units</td><td></td></tr><tr><td>50% - 59.9% of units</td><td>1 points</td></tr><tr><td>60% - 74.9% of units</td><td>3~~2~~ points</td></tr><tr><td>75% - 100% of units</td><td>6~~3~~ points</td></tr></table></td><td>Further prioritize increasing supply for those with the lowest incomes by increasing points for 50% AMI units.</td><td></td></tr>
<tr><td>3</td><td>9</td><td>Percentage of housing units serving households at or below 30% Area Median Income.</td><td>Further prioritize increasing supply for those with the lowest</td><td></td></tr>
</table>

		1. Percentage of housing units serving households at or below 30% Area Median Income. a. 20% - 29.9% of units (~~2~~6 point<u>s</u>) b. 30% - 49.9% of units (~~4~~7 points) c. 50% - 100% of units (~~6~~8 points) d. ~~70% - 100% of units (8 points)~~	incomes by increasing points for 30% AMI units.	
4	**10**	<u>**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*</u> <u>At least 10% of HTC units assist homeless households</u> <u>*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.</u>	Further prioritize increasing supply for those with the lowest incomes through new point category to incentivize creation of units serving homeless households	
		~~**Cost Containment.** Projects must demonstrate cost containment for submitted total development costs. These points will be awarded to projects at or below the maximum tax exempt bond cost per unit (cost containment thresholds) established by the Saint Paul HRA. (5 points)~~	Remove "Cost Containment" point category.	
4	**11**	<u>**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</u>	Community feedback called for further prioritizing wealth building on the 4% HTC worksheet, specifically by adding new point category to incentivize future tenant ownership.	

		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)		
4 - 5	**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	Community feedback called for further prioritizing wealth building on the 4% HTC worksheet. Addition of new point category for enhanced services, programming, and amenities incentivizes partnerships for wealth building.	

		h. Other (Please Describe) *At least two of these services must be included to claim more than 4 points.		
5	**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.	Add new point category to penalize applicants who engage in any of the Unacceptable Practices described in the Procedural Manual, either for pending or future applications.	