

THE MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD
 LOW INCOME HOUSING TAX CREDIT PROGRAM
Saint Paul's Self Scoring Worksheet for Selection Points (2020)

PROJECT NAME: _____

ADDRESS: _____ CITY: _____

*Please indicate below one of the Threshold criteria under which your project qualifies, and the selection and/or preference priority points for which you expect your project to qualify. The Authority will determine actual Threshold and Selection points which are to be awarded, based on application and the documentation submitted. **Do not claim points if you cannot provide documentation.***

NOTE: Restrictive covenants covering the rent restrictions and occupancy requirements presented at selection will be placed on the buildings at the time of allocation.

THRESHOLD CRITERIA: (9% Credits)

1. New construction or substantial rehabilitation in which, for the term of the extended use period, at least 75% of the total tax credit units are single-room occupancy units which are affordable by households whose income does not exceed 30 percent of the median area income;
2. New construction or substantial rehabilitation family housing 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, at least 75% of the total tax credit units contain two or more bedrooms and at least one-third of the 75% must contain three or more bedrooms;
3. Substantial rehabilitation projects of existing housing in neighborhoods targeted by the City of Minneapolis or the City of Saint Paul for revitalization;
4. Projects in which a percentage of the units are for mentally ill, mentally challenged, drug dependent, developmentally disabled, or physically handicapped persons, all as further described in Minnesota Statutes, Section 462A.222, Subdivision 3(c)(1)(3);
5. Projects which preserve existing subsidized housing which is subject to prepayment if the use of tax credits is necessary to prevent conversion to market rate use.

Additional Requirements for Saint Paul projects (9% Credits and 4% Credits) are as follows:

- All new construction projects receiving more than \$200,000 in public investment must comply with St. Paul Sustainable Building Policy at <http://www.stpaul.gov/DocumentView.aspx?DID=11656> Projects receiving \$200,000 or less must comply with the sustainable development standards known as PED/HRA Sustainability Initiative. See: <http://www.stpaul.gov/DocumentView.aspx?DID=11663>
- 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 to be established by the HRA. Projects with unique urban redevelopment conditions may request a cost containment adjustment, subject to HRA approval. (See: Procedural Manual)

- At all times, all projects must affirmatively further fair housing by complying with federal, state, local laws, rules, and regulations, including Section 183 of Saint Paul Legislative Code. Upon notice of any fair housing violation, the HRA, acting on behalf of the Minneapolis/Saint Paul Housing Finance Board, (“Housing Finance Board”) reserves the right to determine that all parties involved with the project will not be eligible for participation in the Low Income Housing Tax Credit Program for Saint Paul projects for a period of up to five years. (See: Procedural Manual)
- Any change or transfer of ownership after the place in service date is subject to HRA approval, acting on behalf of the Minneapolis/Saint Paul Housing Finance Board. Upon notice of any transfer of ownership without proper notification and HRA approval, the HRA reserves the right to determine that all parties involved with the project transfer will not be eligible for participation in the Low Income Housing Tax Credit Program for Saint Paul projects for period of up to five years. (See: Procedural Manual)

SELF-SCORING WORKSHEET FOR SAINT PAUL PROJECTS (9% Credits)

Projects located in Saint Paul for which an application is submitted will be rated by the HRA in accordance with the selection and preference priority point system below. Each applicant must fill out this worksheet and submit it along with other materials required by the Procedural Manual

<u>A. SAINT PAUL’S SELECTION PRIORITIES – Selection Criteria</u>	<u>Points</u>
<p>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. (15 points inside a Qualified Census Tract) (20 points outside a Qualified Census Tract)</p>	_____
<p>2. 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)</p>	_____
<p>3. Project-based Section 8. Up to five (5) points will be award to projects that are a Substantial Rehabilitation project that preserves existing project-based Section 8 assistance. (1-5 points)</p> <p>a) 0% - 25% of units are PBA Section 8 (1 point)</p> <p>b) 25.1% - 50% of units are PBA Section 8 (3 points)</p> <p>c) 50.1% - 100% of units are PBA Section 8 (5 points)</p>	_____
<p>4. 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)</p>	_____

5. **Larger-sized Family Housing Units.** Up to five (5) 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. **(3 or 5 points)**

<u>% of Units – 3BR or larger</u>	<u>Points Awarded</u>
At least 30% of the units	3 points
At least 50% of the units	5 points

6. **Enhanced Services, Programming, and Amenities.** Up to seven points will be awarded to projects that provide new or enhanced resident services. Receipt of points are contingent upon an agreement with an established organization to provide such services to residents and evidence demonstrating financial feasibility which includes payment for those services. **(Up to 7 points)**

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|--|-----------|
| a) After-school programming and/or ECFE | (1 point) |
| b) Information and Referral Services | (1 point) |
| c) Playground Equipment or Water Feature | (1 point) |
| d) Case Management | (1 point) |
| e) Health Care Services | (1 point) |
| f) Resident Association and/or Community Building | (1 point) |
| g) Self-reliance, Life Skills, and/or Job-Training | (1 point) |
| h) Community Center | (1 point) |
| i) Other (Please describe) _____ | (1 point) |

7. ~~**Economic Integration.** Projects that promote economic housing integration will receive site selection priority points. Points will be awarded for the election of the following percentage of HTC units to the total units in the project. **(1-10 points)**~~

<u>% of HTC Units/Total Units</u>	<u>Inside Qualified Census Tract</u>	<u>Outside Qualified Census</u>
<u>90%</u>	<u>1</u>	<u>10</u>
<u>80–89.9%</u>	<u>2</u>	<u>8</u>
<u>70–79.9%</u>	<u>3</u>	<u>6</u>
<u>60–69.9%</u>	<u>4</u>	<u>4</u>
<u>50–59.9%</u>	<u>6</u>	<u>3</u>
<u>40–49.9%</u>	<u>8</u>	<u>2</u>
<u>20–39.9%</u>	<u>10</u>	<u>1</u>

Points

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

<u>% of HTC Units/Total Units</u>	
<u>50% - 59.9% of units</u>	<u>1 points</u>
<u>60% - 74.9% of units</u>	<u>2 points</u>
<u>75% - 100% of units</u>	<u>3 points</u>

8. **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)**

9. **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.* **(1-5 points)**

- a. At least 10% of HTC units assist homeless residents (1 point)
- b. At least 20% of HTC units assist homeless residents (3 points)
- c. 100% 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.

10. **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)**

Points

11. **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. **(0 to 6 points)**

% of Total Project Cost	Points
0%-15%	6 5
15.1% – 20%	3
20.1%-25%	2
25.1% – 30%	1
<u>30.1% +</u>	0

12. **Transit.** Three (3) points will be awarded to new construction or substantial rehabilitation projects that are located within 0.25 miles of a completed or planned Light Rail Transit (“LRT”) station, Bus Rapid Transit (“BRT”) stop or a high-frequency bus route (defined as a bus running at least every 30 minutes). **(3 points)**

13. **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 participates in the development and operation of the project (i.e. project sponsor/participation as a general partner). **(2 points)**

14. **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)**

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

- | | | |
|-----|--|--------|
| | | Points |
| 16. | <p>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. (5 points)</p> | _____ |
| 17. | <p>Historic Building: 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. (1 point)</p> | _____ |
| 18. | <p>Future Tenant Ownership: 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 follow any such transfer. Elderly projects and/or projects utilizing project-based rental assistance are not eligible for these points. (1 point)</p> | _____ |

MAXIMUM SELECTION PRIORITY POINTS THAT CAN BE AWARDED	TOTAL
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B. 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.

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 35 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. ~~During September 1st to November 1st, applicants may submit a pre-application letter of Intent to apply, which shall include the standard Workbook, a written description of the project, and completed scoring worksheet. There is no fee required in connection with the pre-application process. This information will assist HRA staff in determining whether the project meets the minimum 35 point requirement under the QAP. Starting in January of each year, the HRA will accept HTC applications for projects seeking an allocation of private activity bond cap.~~

See: Article 6 of this Procedural Manual for specific HTC application and fee requirements. 1.5% HTC Allocation Fee (See Section VIII) is required at time of closing.

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 Gap Financing.** Up to fifteen (15) points will be awarded to projects that require no gap financing, or has secured permanent capital funding commitments from more than one funding source other than the Saint Paul HRA sources at the time of application.

Points

~~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. 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.~~ **(up to 15 points)**

~~First mortgage financing may not be included. Syndications proceeds may only be included in 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.~~

- (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% Credits for use in conjunction with tax exempt bonds are eligible to claim points through this priority.

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 the time period for which points were 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 the low-income use for a minimum of 30 years. **(15 points)**
- (b) The owner agrees to extend the long-term affordability of the project and maintain the duration of the low-income use for a minimum of 40 years. **(17 points)**
- (c) The owner agrees to extend the long-term affordability of the project and maintain the duration of the low-income use for a minimum of 45 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. **(1 or 15 points)**

% of Total Project Cost	Points
0 - 15%	15
15.1 - 20%	<u>10</u> 5
<u>20.1% to 25%</u>	<u>5</u>
<u>25.1% - 30%</u>	<u>3</u>
<u>30% +</u>	<u>1</u>

4. **Three or More Bedroom Units.** The project provides units for large families with project units containing three (3) or more bedrooms.

% of Units – 3BR or larger	Points Awarded
At least 30% of units	3 Points
At least 50% of units	5 Points

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. **Affordable Family Housing.** The project constitutes new construction of affordable family housing that is located outside a Qualified Census Tract. **(12 points)**

7. **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. **Economic Housing Integration.** The project promotes economic housing integration. Points will be awarded for the election of the following percentage of HTC units 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 Tax Credit Units/Total Units	Inside Qualified Census Tract Points	Outside Qualified Census Tract Points
90% <u>and greater</u>	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

9. **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)**