

**MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD  
2019 LOW INCOME HOUSING TAX CREDIT PROGRAM  
QUALIFIED ALLOCATION PLAN**

**ARTICLE VII  
Procedure for Selecting Projects;  
Project Threshold Requirements**

A. For each year in which 9% HTC 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 2019, all Applications (and required accompanying documentation) must be submitted on or before 4:00 p.m. on August 23, 2018. 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 propose projects which meet one of the following threshold types:

(1) New construction or Substantial Rehabilitation in which, for the term of the Declaration, at least 75% of the total HTC units within the project constitute Single-Room Occupancy units which are affordable by households whose income does not exceed 30 percent of the area median income ("AMI");

(2) New construction or Substantial Rehabilitation multi-family projects that are not restricted to individuals who are 55 years of age or older and in which, for the 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% total units contain three or more bedrooms;

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

(4) Projects in which a percentage of the units are for persons with serious and persistent mental illness, development disability, drug dependency, brain injury, or permanent physical disability, all as further described in Minnesota Statutes, Section 462A.222, Subdivision 3(c)(1)(3). Projects for persons with permanent physical disabilities must have at least 50% of units accessible as provided under Minnesota Rules, chapter 1340; or

(5) Projects which preserve existing subsidized housing if the allocation of HTC is necessary to prevent conversion of such housing to a market rate rental project.

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 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 twenty (20) 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 HTC's 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% HTC's will be ranked from highest to lowest scores based on the points received as set forth in Attachment 1 and Attachment 2.

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 HTC's 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 the 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 (Refer to Procedural Manual IV, HTC Program Requirements (R) Fair Housing Policy).