

ATTACHMENT B

MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD 2016 LOW INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN

ARTICLE VIII Procedure for Selecting Projects; Project Threshold Requirements

A. In each year in which tax credits may be allocated there will be one competition for Credit allocations from the Board, which shall coincide with the “first round” allocation procedure established by MHFA pursuant to Minnesota Statutes § 462A.222, Subd. 3. All applications must be submitted by applicants on or before 4:00 p.m. on July 10, 2015. In order to qualify for any subsequent competition rounds applications for Credits and all documentation required by the Procedural Manual must be submitted to CPED or PED no later than the deadline established by the executive director of the Board following publication by MHFA of the dates for the various rounds of competition for allocation. *An application will not be accepted if the applicant is delinquent in the payment of compliance monitoring fees or other fees due and owing to CPED, PED, the Board or their agents for projects in which the applicant materially participates as an owner, sponsor and/or managing general partner.*

B. After determinations that the project applicant satisfies the threshold requirements set forth in this Article VIII, projects will be rated according to the selection and preference priority point system in Article IX of this Plan.

C. Under the Act, all applications during the first round must meet one of the following threshold types, provided that such thresholds shall be deemed amended to the extent required by any applicable amendment to the Act:

(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 at least 50% of the units are for mentally ill, mentally retarded, 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.

D. The project must be shown by information in the application to be a qualified low-income building under Section 42(c)(2) of the Code and applicable regulations, rulings and notices.

E. To qualify for the competition, the project must be financially feasible and viable as a qualified low-income project throughout the credit period as documented by information in the application which satisfies reasonable, local underwriting standards as 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 sponsor is creditworthy, (ii) has site control, (iii) has the financial ability to undertake the project, including preliminary financing commitments, (iv) that the project can be completed in a timely manner, (v) that the project is forecasted to have a positive cash flow after debt service, (vi) that the project demonstrates reasonable operating expenses relative to comparable projects in the past, and (vii) that the project will comply with applicable building, land use and zoning ordinances, (viii) that the Costs of Intermediaries are not excessive for a project of that nature in that location, and (ix) that the project conforms to the City of Minneapolis' Consolidated Plan for Housing and Community Development or the City of Saint Paul's Consolidated Plan as approved by the Department of Housing and Urban Development.

F. The developer must agree to enter into a Declaration of Land Use Restrictive Covenants as required by Section 42 of the Code in form and substance satisfactory to CPED or PED, as applicable.

G. For projects other than tax exempt bond-financed projects, the developer must agree to waive its rights provided under Section 42(h)(6)(E)(i)(II) and Section 42(h)(6)(F) allowing the developer to terminate the Declaration after 15 years.

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

I. After reviewing the applications and recommendations of their respective staffs, the HRA Board of Commissioners/Minneapolis Council reserves the right not to award any credits. The HRA Board of Commissioners/Minneapolis Council further reserves the right not to give partial Credits to a higher ranking application but to give the Credit to the next ranking application that can use the balance of the Credit. The HRA Board reserves the right to award Low Income Housing Tax Credits to a project that received a prior Low Income Housing Tax Credit allocation from the HRA Board regardless of its current year ranking pursuant to ARTICLE IX of the Plan. The HRA Board of Commissioners/Minneapolis Council further reserves the right to terminate any further award of credits after a portion of the total credits available has been awarded.

J. For Saint Paul projects only, the HRA Board of Commissioners reserves the right at its sole discretion not to award credits to an applicant with significant parties who have serious and persistent compliance monitoring violations; or to an applicant with significant parties who have an adverse lending position with the City of Saint Paul or HRA due to any delinquencies, foreclosures, or nonperformance of contractual obligations.

K. Projects will be prioritized with the project receiving the most points being rated first, the project receiving the second most points being rated second and so on. 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 of substantially equivalent, and the HRA Board will select the project which best meets the applicable city's housing priorities.

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

M. Under State law, Credits not committed or allocated by the Board as of the last day of the first round in each year must be returned to the Minnesota Housing Finance Agency. If any commitment for credits is reduced or revoked, the credits may be reallocated by the Board before the end of the last day of the first round as provided in the Procedural Manual.

N. Projects not selected for the reservation of Credits by the Board are encouraged to apply to the Minnesota Housing Finance Agency for Credits.

O. Sustainable Development Standard Requirements - Saint Paul projects: All new construction projects receiving more than \$200,000 in public investment must comply with Saint Paul Sustainable Building Policy <http://www.stpaul.gov/DocumentView.aspx?DID=11656> Projects that receive \$200,000 or less must comply with the sustainable development standards as PED/HRA Sustainability Initiative. <http://www.stpaul.gov/DocumentView.aspx?DID=11663>

P. All projects must be review by HRA staff and determined to be consistent with City/HRA plans, Saint Paul Comprehensive Plan, or Small Area Plans.