

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.

A. SAINT PAUL'S SELECTION PRIORITIES – Selection Criteria

Points

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.

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|-------------------------|------------|
| a. 20% - 29.9% of units | (6 point) |
| 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.

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|-------------------------------|------------|
| 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 point)
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*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. (15 points) – located inside a Qualified Census Tract
 - b. (20 points) – located outside a Qualified Census Tract
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- 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)
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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).
 - 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.
 - 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).
 - 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.
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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)
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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

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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. **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
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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.

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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
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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)

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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)
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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.

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 (1-3 points)

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

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 Points
At least 50% of units	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. 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)

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.**

<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>3 points</u>
<u>75% - 100% of units</u>	<u>6 points</u>

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

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)

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, or 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.