

## Attachment 2

### 9% SAINT PAUL'S SELECTION PRIORITIES – Selection Criteria

**All Round 1 applicants must meet one of the following thresholds: (Check to indicate the threshold that the project is meeting)**

1. New construction or Substantial Rehabilitation in which, for the term of the extended use period (term of the Declaration), at least 75% of the total HTC units are single-room occupancy, efficiency, or one-bedroom units with rents affordable to households whose income does not exceed 30 percent of the area median income ("AMI");
2. New construction or Substantial Rehabilitation family 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 (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% contain three or more bedrooms;
3. Substantial Rehabilitation projects of existing housing in neighborhoods targeted by Minneapolis or Saint Paul for revitalization;
- ☒ 4. Projects that are not restricted to persons of a particular group and in which, for the term of the extended use period (term of the declaration) a percentage of the units are set aside and rented to persons:
  - a. With a serious and persistent mental illness as defined in Minnesota Statutes 245.462, Subdivision 20, paragraph (c)
  - b. With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph 5
  - c. Who have been assessed as drug dependent persons as defined in Minnesota Statutes 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes 254A.02, Subdivision 2
  - d. With a brain injury as defined in Minnesota Statutes 256B.093, Subdivision 4, paragraph (a); or
  - e. With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the project are accessible as provided under Minnesota Rules Chapter 1341
- ☒ 5. Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the allocation of HTC is necessary to: (a) prevent conversion to market rate use, or (b) to remedy physical deterioration of the project, which would result in loss of existing federal subsidies

#### **A. INCREASE SUPPLY FOR THOSE WITH THE LOWEST INCOMES**

##### **1. PERCENTAGE OF HOUSING UNITS SERVING HOUSEHOLDS AT OR BELOW 30% AREA MEDIAN INCOME:**

The project demonstrates that it will help increase the supply of units serving households at or below 30% Area Median Income.

- a. At least 20% (10 points)
  - b. 10% to 19.9% (6 points)
- 2. PERCENTAGE OF HOUSING UNITS SERVING HOUSEHOLDS AT OR BELOW 50% AREA MEDIAN INCOME:**
- a. 50% - 59.9% of units (1 point)
  - b. 60% - 74.9% of units (3 points)
  - c. 75% - 100% of units (6 points)

### 3. HOMELESSNESS

Up to 25 points will be awarded to new construction or substantial renovation projects that provide affordable housing with supportive services for occupancy by households experiencing homelessness.\*

All projects claiming points must meet the following threshold requirements:

- i. Minimum of four (4) units set aside for homeless persons to be referred exclusively through Ramsey County's Coordinated Entry System
- ii. Designated homeless units must be rent and income restricted at 30% AMI (with allowable project-based rent subsidy rents)
- iii. The applicant must provide satisfactory evidence in writing of a commitment from an appropriate social service agency to provide support services
  - a. 4-9 homeless units (12 points)
  - b. 10-19 homeless units (18 points)
  - c. 20 homeless units or more (25 points)

\*Note: Households experiencing homelessness 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 Coordinated Entry system. Projects serving unaccompanied youth at risk of homelessness are exempt from the Coordinated Entry requirement.

### B. CREATION AND PRESERVATION

The project ensures that the federal housing subsidy and low-income housing restrictions remain in place, preserving long-term affordability, or creating new affordable units through new construction.

- 1. New Construction: Points will be awarded to new construction projects of affordable housing that is located
  - a. Outside of a QCT (5 Points)

2. **Substantial Renovation:** The project is a substantial renovation that preserves long-term affordability in projects with existing federal or local funds, in order to (1) prevent conversion to market-rate use; or (2) remedy physical deterioration of the project if deterioration would result in loss of affordable housing or risk of loss within 5 years.
  - a. Located inside a Qualified Census Tract (5 points)

### 3. 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. (1 point)

### 4. 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. At least 1 unit - 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)

### 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 9 points awarded to projects that provide new or enhanced resident services. Receipt of points are contingent upon an agreement with established local organizations to provide such services to residents and evidence demonstrating:

- a. After-school programming and/or ECFE (1 point)
- b. Child care center (1 point)
- c. Info and Referral Services (1 point)
- d. Playground Equipment (1 point)
- e. Community Center or Community Room (1 point)
- f. Financial capability programming\* i.e., Financial literacy, financial counseling and coaching, debt counseling or management planning, tax preparation, 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)

- g. 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. (1 point) Multi-language services (1 point)
- h. Other (please describe) (examples include community programming, non-profit partnerships, community clinic, etc.) (1 point)

\*At least two of these services (within the paragraph) must be included to claim more than one point

## **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). (1 point)

## **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 points, 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 these points. Applicants claiming points in this category should review Minnesota Housing Finance Agency's Eventual Tenant Ownership Guide for best practices. (5 points)

## **4. 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. (2 points)

## **5. NON-SMOKING POLICY**

The project will institute and maintain a written policy prohibiting smoking in all units and all common areas within the building(s) of the project. The written policy, submitted after selection during the due

diligence process, must include procedures regarding transitioning to smoke free for existing residents and establishment of smoking areas outside of units and common areas, if applicable. Consequences for violating the smoke free policy are determined by the owner but must be included in the written policy. The project must include a non-smoking clause in the lease for every household. Projects awarded a point in this scoring criteria may be required to maintain the smoke free policy for the term of the LURA.  
(1 point)

#### **D. FAIR ACCESS TO HOUSING**

Project must protect all individuals seeking housing, prohibit discriminatory practices, and promote equity.

##### **1. LARGER-SIZED FAMILY HOUSING**

Up to 15 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.

- a. At least 15% of the units have 3 bedrooms or more (6 points)
- b. At least 25% of the units have 3 bedrooms or more (15 points)

##### **2. TRANSIT**

Points will be awarded to new construction or substantial rehabilitation projects.

- a. Located within 0.50 miles of a completed or planned\* light rail train ("LRT") station and bus rapid transit ("BRT") or other fixed transitways stops. (3 points)
- b. Located within 0.50 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.

Applicant can only claim 3 or 2 points, not both.

- c. Additional points awarded for projects that claimed transit points and will include mixed-use development. (3 points)

##### **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. EQUITY AND CULTURAL INTEGRATION**

To receive Equitable Development points (10 points), there must be evidence that the project attempts to address the needs of a Community Most Impacted (CMI) by housing disparities and that a Qualified Stakeholder Group (QSG), with meaningful participation from that community, has a significant role in the project proposal as defined below. Occupancy restrictions or services provided as a result of the selection criteria are excluded. Applicants must complete the Minnesota Housing Equitable

Development Narrative and submit documentation demonstrating how the initiative meets the requirements outlined below. Submission must include all referenced data, reports and information.

To be eligible for Equitable Development, submit documentation that meets all (a-d) of the following conditions:

1. Threshold Criteria

- a. Housing Disparity Addressed by the project
  - i. Identify which CMI(s) is/are this project proposal focused on serving. If the project is focused on serving multiple populations, select the CMI(s) participating in the QSG that has a significant role in the proposal.
    1. Lowest income (e.g.  $\leq 30\%$  of area median income (AMI))
    2. People of Color
    3. Indigenous People
    4. LGBTQ+ People
    5. People Experiencing Homelessness
    6. People with Disabilities
    7. Immigrants
    8. Large Families
    9. Seniors
    10. Families with children
- b. Meaningful participation of CMI: A QSG must have meaningful participation of the CMI that is the focus of the project proposal as documented in the narrative
  - i. Describe the QSG's mission, and purpose in elevating the voices of the identified CMI
  - ii. Identify and describe what leadership and/or advisory roles people belonging to the identified CMI have in the QSG, including one or more of the following:
    1. A paid leadership position; list position
    2. A member of the board
    3. A paid staff position
    4. A member role, such as serving on an advisory committee
    5. Other meaningful role, such as volunteer (describe)
  - iii. Provide a list of the QSG's previous activities related to the identified CMI and community development. If there have been no previous activities, describe who formed the QSG and why.
- c. Meaningful engagement with the identified CMI through the QSG: The development team must provide evidence that the QSG and specifically the CMI participants have been meaningfully engaged in the project concept by conducting, at minimum, two meetings with the group prior to submission of the current application. Documentation must be provided to evidence engagement and may include meeting minutes, notes, survey results, etc.

Note: any in-process engagement with the QSG must include a detailed timeline for work done to-date, next steps, and future completion.
- d. Significant involvement of the QSG: the developer partnered with the QSG and the identified CMI to develop the project proposal. Identify and submit a narrative explaining how the QSG was involved in the development, the specific input they provided, and how the project addresses or responds to that input. These must be in addition to the

mandatory minimum requirements of the QAP, and in addition to the minimum requirements for which points are taken in other selection criteria. Applicants may select more than one of the following:

- i. Design
- ii. Services
- iii. Community Benefits: an agreement between the developer and local community to provide a benefit as identified by CMI in the local community. (i.e. projects that support paying a competitive wage, employing union workers and/or individuals from the neighborhood, or participating in a Worker-Driven Social Responsibility compliance and monitoring system, community services, training, shared green space, etc).
- iv. Other (describe in the narrative)
- e. Provide a signed letter from QSG. The letter must be signed by group participants who are willing to sign the document. The letter must address each of the following questions:
  - i. How has the developer engaged with the QSG and the identified CMI to create a project responsive to the vision of the group and needs of the CMI?
  - ii. How will this project help in fulfilling a need in your community?
  - iii. How often did the QSG meet with the developer and what were those meetings like?
  - iv. How has the project changed in response to the input from the QSG?
  - v. If the development is selected, what are your expectations for the QSG's continued involvement in the project?

## 5. TENANT SELECTION PLAN

Project that has a rental deposit that does not exceed more than one month's rent. (1 point)

Up to three (3 points) will be awarded to applicants who submit a plan to protect tenants and remove barriers that exclude or limit housing access for tenants because of their rental of criminal background. A written policy must be provided.

- a. Rental History: Projects will not deny rental applications based solely on previous rental history. (1 point)
- b. Just cause eviction: property management has a history of supporting evictions solely based on "just cause". The City has a full list of qualifying reasons for just cause here: Rules and Processes (2023) | Saint Paul Minnesota (stpaul.gov) (1 point)
- c. Background: Property management has a history and a policy that does not restrict access to housing based on criminal background. (1 point)

## E. CATALYTIC DEVELOPMENT SITES

Demonstration that the project attracts and increases private and other public investments in the area.

### 1. SAINT PAUL HRA LAND AND DEBT OBLIGATION

Demonstration that the project attracts and increases private and other public investments in the area.

- a. The project, new construction, adaptive reuse, or preservation is located on Saint Paul HRA-owned land. (5 points)
- b. The project has an HRA/City debt obligation. (5 points)

## **F. 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. Projects that have received any prior commitment for gap subsidy from the City or HRA should not claim these points. (5 points)

### **2. 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.

- a. 15% or below (4 points)
- b. 15.1 - 20% (3 points)
- c. 20.1-25% (2 points)
- d. 25.1-30% (1 points)
- e. 30.1% and higher (0 points)

### **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)

## **G. 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 50 years. (7 points)



**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.