

Page	Section Title	PROPOSED AMENDMENTS TO SAINT PAUL HRA 2024-2025 LOW INCOME HOUSING TAX CREDIT – PROCEDURAL MANUAL	Comment	Accept Yes/No
P. 3	Section III – B	<b>B. Application Cycle.</b> <del>Application will not be accepted by facsimile or fax</del>	Update description of application processes. Clarification on application submission methods	
P. 4-7	Section III – E	<b>Transfer of Ownership</b>  Any Unapproved Transfer after the placed in service date of a project is subject to <u>PED</u> or HRA review and approval. Upon notice of an unapproved Transfer, <u>CPEDPED</u> HRA, <b>acting on behalf of the Board</b> , reserves the right to determine that all parties involved with the Transfer will not be eligible to participate in the HTC Program for up to five (5) years from the date of discovery...  <b>Displacement of Section 8 Tenants</b> <u>PED</u> and HRA, <b>acting on behalf of the Board</b> , will not accept Applications that have displaced (or will displace) Section 8 tenants in a housing project because rents will be increased above the Section 8 Payment Standard Rent limit. Rehabilitation projects that have existing Section 8 tenants may not increase those rents (in Section 8 units only) above HUD’s Payment Standard Rents after completion of the rehabilitation.  (2) If <u>PED</u> or HRA and the local HUD area office agree that intentional displacement of Section 8 tenants occurred, <u>CPEDPED</u> HRA, <b>acting on behalf of the Board</b> , reserve the right to reduce or rescind the reservation/allocation or award of the HTC to the project prior to issuance of the Form 8609.  <b>Changes to Project</b> The award of HTCs is based upon information provided in the Application and the preliminary plans submitted with the Application. Until the project is placed in service, any material change in the project or building design as submitted in the Application will require <u>PED</u> or HRA’s review and approval, as applicable, and the Minneapolis City Council’s or HRA Board of Commissioners’ review and approval.  Upon notice of any material change without prior <u>PED</u> or HRA approval, <u>PEDCPED</u> HRA, <b>acting on behalf of the Board</b> , reserve the right to determine that all parties involved with the material change will not be eligible to participate in <del>either city’s</del> <b>the</b> HTC Program for up to five (5) years.	Changes to clarify that <u>PED</u> and St. Paul HRA are acting on behalf of the Board and some additional language clean-up (Comments apply to the rest of Section III and throughout the rest of the Procedural Manual) Clarify language that displacement and relocation requirements also apply to new construction projects.	

		<p><b>Late 8609 Application Submissions Resulting in the Loss of HTC Authority to the Board</b></p> <p>When <a href="#">PED</a> or HRA become aware that a late submission of a complete and acceptable 8609 application package by a project's owner/agent results in the loss of any volume of HTC authority to the Board, CPED<a href="#">PED</a> HRA reserve the right to determine that all parties involved <del>with</del> will not be eligible for future participation in the HTC Program for a period of up to ten (10) years.</p> <p><b>Filing of a Non-Agency Approved 8609 with the IRS</b></p> <p>When <a href="#">PED</a> or HRA become aware that a project's owner/agent has filed an 8609 with the IRS in advance of the owner/agent's receipt of the Board-signed version of the approved 8609, or if the owner/agent electronically files an 8609 with the IRS that does not accurately reflect the information contained on the Board-signed version of the approved 8609 or the carryover or reservation agreement, the Board will file an 8823 Notice of Non-Compliance with the IRS, and reserves the right to determine that all parties involved <del>with</del> will not be eligible for future participation in the HTC Program for a period of up to ten (10) years.</p> <p><b>Repeated Non-Compliance with Fair Housing Policies, Procedures and/or Requirements</b></p> <p>All projects must at all times affirmatively further fair housing by complying with federal, state, local laws, rules, regulations, including Section 183 of the Saint Paul Legislative Code (if located in Saint Paul). Upon notice of repeated non-compliance with fair housing laws and regulations, <a href="#">PED</a> or HRA, acting on behalf of the Board, reserve the right to determine that all parties involved with the project will not be eligible to participate in the HTC Program <del>in either city</del> for up to five (5) years. This also applies to 4% HTC projects, owners, and managers.</p> <p><b>Displacement of Tenants in Non-HUD-Assisted Units in New Construction or Acquisition/Rehabilitation Projects</b></p> <p><a href="#">PED</a> and HRA strongly discourages displacement of existing tenants in projects seeking HTCs for acquisition and/or rehabilitation of occupied properties.</p> <p><del>Developer</del> Applicants must submit <del>at application submission</del> documentation that existing tenants meet income requirements under Section 42 of the Code, including but not limited to submission of rent roll, and plan for screening new tenants.</p> <p>Applicants seeking HTCs for new construction or acquisition and/or rehabilitation of existing occupied properties must submit a Relocation Plan that addresses both temporary relocation (including in-place displacement) and permanent displacement, and whether there will be any anticipated displacement. Relocation Plans that reflect permanent displacement <del>replacement</del> of tenants may result in rejection of the application. Where permanent displacement was not anticipated and/or disclosed at time of application, and displacement is later discovered, negative points may be imposed on an applicant's subsequent application submission.</p>	
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P. 9	Section III – K	<p><b>Census Tract Updates</b></p> <p><del>The Board anticipates census tract boundaries will be updated in 2021 and will issue new maps for the 2022 9% NOFA/RFP (for Year 2023 9% HTCs), which will be published on each City's HTC Program web page. Realizing that the maps will be updated during this QAP cycle, each City will allow non-awarded applications from the 2021 9% HTC NOFA/RFP (for Year 2022 9% HTCs) the ability to use the map from either the 2022 9% HTC NOFA/RFP (for Year 2023 9% HTCs) or the prior year's NOFA/RFP. New applications must use the map from the current funding round. The ability to use the 2021 9% HTC NOFA/RFP (for Year 2022 9% HTCs) map only applies to applications in the 2022 9% HTC NOFA/RFP (for Year 2023 9% HTCs) that applied and were not selected for funding in the 2021 9% NOFA/RFP (for Year 2022 9% HTCs). Applications for 4% HTCs must use the map in effect at the time of bond issuance, in accordance with the QAP.</del></p>	This section is not relevant for this cycle. New maps have been published.	
P.13	Section IV – D	<p><b>Minimum Set-Aside Elections</b></p> <p>Applicants must set aside a minimum number of units that meet both rent and income restrictions to qualify for HTCs for each year of the HTC period. A project must, for a specific period of time, meet one of the following tests:</p> <p>(1) 20/50 Test (20% <del>percent</del> at 50% <del>percent</del> AMI). To meet the 20/50 test, a minimum of 20 percent of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50% <del>percent</del> Minneapolis / Saint Paul Housing Finance Board 2022-2023 Housing Tax Credit Procedural Manual 21 AMI, as established for different geographic areas and published by the U.S. Department of Housing and Urban Development (HUD)</p> <p>(2) 40/60 Test (40% <del>percent</del> at 60% <del>percent</del> AMI). To meet the 40/60 test, a minimum of 40% <del>percent</del> of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60% <del>percent</del> AMI income limits, adjusted for family size.</p> <p>(3) Average Income Test (AIT). In addition to meeting all Federal requirements, projects electing the <del>Average Income test</del>AIT must meet the following additional requirements:</p> <p>(a) Average Income may only be elected for 100% HTC projects that have not yet filed Form 8609.</p> <p>(b) Income and rent tiers may be set in 10% increments, beginning at 20% AMI up to 80% AMI. <del>A maximum of 4 tiers are allowed.</del></p> <p>(c) <u>The owner must agree to maintain the number of 20%, 30%, and 40% AMI units throughout the extended use period that it represented in its application. The required number of units will be set forth in the Declaration and cannot be changed without the prior written approval of the Board.</u><del>Reasonable parity in unit types/sizes</del></p>	Clarify language on Minimum Set-Aside elections, including terms for Average Income election, delete unit parity requirement language from the Average Income Test and add language consistent with Minnesota Housing requirements that the owner must maintain the number of 20%, 30%, and 40% AMI units through the extended use period and any changes must be approved by the Board. Delete language that HTC units at and below 50% AMI must be fixed and add language consistent with Minnesota Housing that units may float in the property, but the owner should be aware of potential fair housing concerns if the lower income and rent restriction units are not available in units with larger	

		<p><del>across income tiers is required.</del></p> <p><del>(d) Units may float throughout the project, but the owner should be aware of potential fair housing concerns if the lower income and rent restrictions are not available in units with larger bedroom sizes. Rent and income tiers will be designated at time of initial Application. HTC units at 50% AMI and below will be fixed throughout the term of the Declaration. Other AMI designations may float, as long as rents and incomes average to 60% AMI.</del></p> <p><del>(e) The Average Income test must be met on a project-wide basis; owners must select ‘yes’ on Line 8b of Form 8609 and include the required attachments.</del></p> <p><del>—(f) Resyndications must comply with the terms of the original Declaration, if still in effect.</del></p> <p><del>—(g) Average Income projects will not be allowed a higher developer fee, when compared to non-Average Income projects.</del></p> <p><del>—(h) The Board reserves the right to negotiate specific terms for projects electing the Average Income set-aside. For Minneapolis projects only: electing Average Income for projects with existing HTC and/or deferred funding awards will be considered only if needed for financial feasibility, or to include/increase extremely low income HTC units. For Saint Paul projects only: projects with existing HTC and/or deferred funding awards will be considered only if needed to increase the number of extremely low income HTC units.</del></p> <p><del>—(i) Rent and income restrictions in the initial 15-year compliance period will also apply in the extended use period.</del></p> <p><del>—(j) 4% HTC projects electing Average Income must still meet all requirements associated with tax-exempt bond financing.</del></p>	bedroom sizes.	
P. 24-25	Section IV – H	<p><b>Eligible Basis</b></p> <p>(1) Eligible Basis for new buildings and substantial rehabilitation of existing buildings that are located in designated qualified census tracts (QCT), difficult development areas (DDA), or in 9% HTC projects granted the <del>state-designated basis boost</del><u>Discretionary Boost</u>.</p>	Language cleanup and clarification	
P. 26	Section IV – J	<p><b>Annual HTC Amount</b></p> <p><del>The IRS publishes on a monthly basis the applicable percentages (Applicable Percentage to be used in calculating the maximum allowable annual 4% HTC amount for which the project will be eligible.</del></p>	This language is no longer relevant: The IRS is no longer publishing the Applicable Percentage on monthly basis since the IRS made updates and the Applicable Percentage is now fixed at 4% for all 4% HTC projects	

P.29	Section IV – R	<p><b>Fair Housing Policy</b></p> <p>Selected projects must maintain <u>and periodically update</u> an Affirmative Marketing Plan for the project through the term of the Declaration. Failure to comply with the foregoing requirements will prompt Board staff to prepare a full report to the Executive Director of the Board, or to the Director of <u>PED</u> or HRA, as applicable. Noncompliance could result in appropriate action by the Board, <del>CPEDE</del><u>PED</u>HRA, including expulsion from the Board, <del>CPEDE</del> or <u>PED</u> programs.</p>	Require that the Affirmative Marketing Plan be periodically updated through the term of the Declaration	
P.32	Section VI – B	<p><b>Market Review</b></p> <p><u>PED</u> or HRA shall require the applicant to submit a comprehensive market study of the housing needs of low-income individuals in the area to be served by the project. This review must be conducted before the issuance of the Carryover Allocation and at the developer’s expense by an unrelated third party acceptable to HRA or <del>CPEDE</del><u>PEDE</u>, as applicable. <u>The market study must have an effective date within 6 months of the date of the application. An update market study may be accepted if the effective date of the original market study is within 12 months of the date of the application.</u> At a minimum, such comprehensive market study shall include the following</p>	Clarify language on the validity of the Market Study: Must have an effective date within 6 months of the date of the HTC application	

<b>P. 35-38</b>	<b>Section VII – A</b>	<p><b>Application Requirements - 9% HTC</b></p> <p>(3) Completed Minnesota Housing Multifamily Workbook <u>and Minnesota Housing General Certification Form</u>, signed by at least one general partner involved in the project. An incomplete Workbook will not be accepted and will be returned to the applicant. NOTE: Applicants receiving a Reservation of HTC will be required to submit an original Workbook in electronic XLS format.</p> <p>(23) Third-party comprehensive market study of housing needs of low-income individuals in the area to be served by the project. <u>The market study must have an effective date within 6 months of the date of the application. An update market study may be accepted if the effective date of the original market study is within 12 months of the date of the application</u></p> <p>(29) Draft tenant selection plan (See Exhibit AD for guidance). <u>Projects must also submit the Tenant Selection Plan Checklist (Exhibit TBD).</u></p> <p><u>(30) Provide a complete description of the proposed project. If the project will proceed in phases, then provide information for each phase as well. Provide the following information:</u></p> <p><u>(a) Details of site control</u></p> <p><u>(b) Details of all known or suspected environmental issues with the site and any testing that has been completed or is underway.</u></p> <p><u>(c) Details of the project, if it is new construction, rehabilitation, renovation, or adaptive re-use.</u></p> <p><u>(d) Description of structures which will be demolished and current owners/tenants (submit Tenant Relocation Plan, if applicable)</u></p> <p><u>(e) Details of any historic preservation designations and/or related issues.</u></p>	<p>Add certain materials to be required for the 9% HTC application. Application submissions must include a comprehensive project description including details of site control, environmental issues, project type, any demolition proposed, current tenants, and phasing if applicable.</p>	
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P. 38-41	Section VII – B	<p><b>Submission Requirements for Projects Financed with Tax-Exempt Bonds/4% HTC</b></p> <p>(4) Completed Minnesota Housing Multifamily Workbook, Application for Tax Credits, <u>and Minnesota Housing General Certification Form</u>, signed by at least one general partner involved in this project. An incomplete Minnesota Housing Multifamily Workbook will not be accepted and will be returned to the applicant. NOTE: Applicant must also submit Minnesota Housing Multifamily Workbook in its original electronic XLS format.</p> <p>(23) Third-party comprehensive market study of housing needs of low-income individuals in the area to be served by the project. <u>The market study must have an effective date within 6 months of the application date. An update may be accepted if the effective date of the original market study is within 12 months of the application date.</u></p> <p>(28) Draft tenant selection plan (See Exhibit AD for guidance). <u>Projects must also submit the Tenant Selection Plan Checklist (Exhibit TBD).</u></p> <p>(31) <u>Project a complete description of the proposed project. If the project will proceed in phases, then project information for each phase as well. Provide the following:</u></p> <p><u>(a) Details of site control.</u></p> <p><u>(b) Details of all known or suspected environmental issues with the site and any testing that has been completed or is underway.</u></p> <p><u>(c) Details of the project, if it is new construction, rehabilitation, renovation, or adaptive re-use.</u></p> <p><u>(d) Description of structures which will be demolished and current owners/tenants (submit Tenant Relocation Plan, if applicable)</u></p> <p><u>(e) Details of any historic preservation designations and/or related issues.</u></p> <p>(32) <u>Optional - Gross Rent Floor Election Form (Competitive State Cap Credit).If not provided, it is required at final allocation.</u></p>	<p>Add certain materials to be required for the 4% HTC application. Application submissions must include a comprehensive project description including details of site control, environmental issues, project type, any demolition proposed, current tenants, and phasing if applicable.</p>	
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P.42	Section VII – C	(14) <u>Optional - Gross Rent Floor Election Form (Competitive State Cap Credit). f not elected at Carryover, it is required by the Placed in Service Date.</u>	Clarify optional submission for the Gross Rent Floor Election Form	
P.45-46		<p><b>B. Special Counsel Fee</b>  A non-refundable Special Counsel Fee in <del>the an</del> amount of <del>\$3,500 as indicated on the Board’s Fee Schedule will be</del> payable to the appropriate City as set forth in Section VII. Applicants will be responsible for any fees charged by the Special Counsel in excess of this <del>negotiated</del> amount. Applicants and Owners shall also reimburse the appropriate City for Special Counsel fees related to compliance monitoring issues or other requests for Special Counsel input.</p> <p><u>For Saint Paul projects,</u> a non-refundable Special Counsel Fee in <del>the an</del> amount of <del>\$3,500 as indicated on the Board’s Fee Schedule will be</del> payable to <del>the selected Kutak Rock (the “Special Counsel”)</del> as set forth in Section VII</p>	The Finance Board is in the process of selecting a special counsel through an RFP. The fee will be negotiated with the selected special counsel	
P.46	Section VIII – C	<p><b>Allocation Fee</b>  A non-refundable allocation fee equal to 1.5% of the HTC allocation amount must be paid to the City of Minneapolis for projects located in Minneapolis or Saint Paul HRA for projects located in Saint Paul as set forth in Section VII. <u>In addition, projects also receiving HTC’s apportioned from Minnesota Housing must pay an allocation fee equal to 1.5% of apportioned allocation to the City of Minneapolis for projects located in Minneapolis or Saint Paul HRA for projects located in Saint Paul.</u></p>	Specify the allocation fee for projects receiving tax credits apportioned from Minnesota Housing	



