

Housing Tax Credit and Deferred projects¹

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¹ Includes all 4% and 9% HTC projects and deferred funds awarded through the Consolidated Request for Proposal (RFP), as well as available financing throughout the year.

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Instructions and Requirements

Strategic Priority:

- A. All projects must meet at least one of the Housing Tax Credit (HTC) statutory strategic priorities or a strategic objective in Minnesota Housing's Strategic Plan. Applicants must demonstrate how the project meets the plan in the Multifamily Rental Housing Narrative. Residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A are the highest strategic priority for tax credits in accordance with Minn. Stat. 462A.222, subd. 3(d) and such projects need not meet a separate strategic priority.

Pre – Application:

- A. A pre-application may be required for specific selection preferences or selection criterion. The applicant must provide the required pre-application prior to the application deadline according to the due date established by Minnesota Housing and published on our website. Failure to submit required pre-application materials will result in rejection of the pre-application.

Preference for Eventual Tenant Ownership:

- A. HTC Projects are eligible for homeowner conversion. These projects will receive a preference during the selection process when reviewing tie breakers. The project owner should submit a preliminary transition plan with their application that is consistent with the requirements of the Eventual Tenant Ownership (ETO) Guide. The LURA may contain provisions ensuring compliance with these Eventual Tenant Ownership commitments by the owner, including a right of first refusal allowing tenants to purchase their units.

The project will have an Eventual Tenant Ownership component.

Preference for Innovative Construction Techniques:

- A. **A Pre-application is required for this selection preference.** Using this selection preference, Minnesota Housing intends to select at least one development that will use innovative construction techniques that:
 - Reduces total construction costs by at least 10%

AND/OR

- Reduces the time a project is under construction by at least 20%

Minnesota Housing will make a reasonable effort to select a minimum of one project that meets this preference criterion, based on competitive ranking applications and available funding, and reserves the right to select a lower-scoring proposal if deferred funding is applied for and the project meets this preference criterion². The preference does not obligate Minnesota Housing to select a project that uses an innovative construction technique.

² 9% HTC applications will continue to be ranked and reviewed for selection based on competitive score and requirements as outlined in Chapter 5, Project Selection, of the Qualified Allocation Plan. Deferred only proposals or deferred with 4% HTC projects that meet this preference criterion will be reviewed and may be selected with a lower score than other deferred only or deferred with a 4% HTC projects in accordance with the Consolidated RFP Application Instructions.

The Innovative Construction Technique preference is available in the 2021 Consolidated RFP/2022 HTC Round 1 and in the 2022 Consolidated RFP/2023 HTC Round 1³.

Application Guidance for Innovative Construction Techniques will be posted on Minnesota Housing's website.

Minimum Point Requirements:

- A. Request for Minnesota Housing administered HTCs from the state's HTC volume cap must demonstrate the project is eligible for no fewer than 80 points, excluding projects funded through the Rural Development/Small Projects set-aside.
- B. Request for HTCs in association with tax exempt volume limited bonds must demonstrate the project is eligible for no fewer than 40 points.
- C. Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the Qualified Allocation Plan, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.

Documentation of Points:

- A. Indicate the selection criteria expected for your project. Where multiple points per section are available, please check the appropriate box () for points claimed. **In addition to the Minnesota Housing Self-Scoring Worksheet, the applicant must submit documentation that clearly supports the points claimed. See the Scoring Guide and Multifamily Customer Portal for additional details. Minnesota Housing will determine the eligible points; points may not be awarded unless the required documentation is provided along with the application to justify the points claimed.**

During the competition process, Minnesota Housing's review of the submitted Self-Scoring Worksheet is only to validate that the points claimed are eligible, to reduce points claimed if not eligible, and to determine points awarded. Minnesota Housing will not award additional points that are not initially claimed by the applicant/owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing will not assume the position of creating any such performance obligations on behalf of the applicant/owner.

Adherence to the Scoring Guide:

- A. Applicants must meet the requirements outlined in the Minnesota Housing Self-Scoring Worksheet and the Scoring Guide to be eligible for points.

Documentation of Units:

- A. Indicate the number of units for each selection criteria expected for your project. Minnesota Housing will not award points if the necessary number of units is not indicated in the Self-Scoring Worksheet. The number of units will also be validated in the Multifamily Workbook and may result in a loss of points. When calculating a percentage for a criterion all units must be rounded up to the next full unit.

³ Minnesota Housing will review and score all proposals submitted to the Consolidated RFP according to 2022-2023 HTC and Deferred Selection Criteria. As outlined in the Consolidated RFP Application Instructions and the QAP, Minnesota Housing takes specified criteria into consideration when reviewing and selecting applications through the Consolidated RFP, in addition to project score (i.e., project feasibility, organization capacity, financial capacity).

Extended Duration:

- A. Request for Minnesota Housing administered HTC from the state’s HTC volume cap and in association with tax exempt volume limited bonds must maintain the duration of low-income use for a minimum of 30 years or longer if a longer duration is selected. The owner agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing 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, rental and occupancy restrictions must apply for the term of the LURA.

Design Standards:

- A. The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if points are claimed/awarded that require specific design elements (e.g. Universal Design).

Declarations:

- A. A Declaration of Land Use Restrictive Covenants (LURA) covering the income and rent restrictions and occupancy requirements presented at selection may be recorded against the property.
- B. A deferred loan Declaration covering the income and rent restriction and occupancy requirements presented at selection may be recorded against the property.

Affirmative Fair Housing:

- A. Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and BIPOC groups in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

Tenant Selection Plan:

- A. Minnesota Housing requires that a Tenant Selection Plan (TSP) be developed and implemented in accordance with Minnesota Housing’s Tenant Selection Plan Guidelines which is published on the agency’s website. The TSP must be readily available to anyone interested in review and/or retention.

Deeper Rent Targeting:

All applicants must meet the minimum deeper rent targeting unit requirements outlined below.

- A. Request for Minnesota Housing deferred financing or agency administered HTCs from the state’s total volume cap or in association with tax exempt volume limited bonds must include at least 2% of the total units, with a minimum number of 1 unit, with rents restricted at or below the county 30% MTSP rent limit. Projects where 100% of the units include project-based rental assistance are excluded.

Number of Units _____

- B. Request for Minnesota Housing deferred financing or agency administered HTCs from the state’s total volume cap or in association with tax exempt volume limited bonds must include at least 3% of the total units, with a minimum number of 1 unit, with rents restricted at or below the Housing Assistance

Payment (HAP) payment standard as determined by the responsible entity in the jurisdiction. The units must generally be evenly distributed by bedroom type. Projects that are 100% project-based rental assistance are excluded.

0 Bedroom Units _____
1 Bedroom Units _____
2 Bedroom Units _____
3 Bedroom Units _____
4 Bedroom Units _____
5 Bedroom Units _____
Total Number of Units

Round 1 – Minimum Threshold Requirements

In accordance with Minnesota Statutes § 462A.222 Subdivision 3, paragraph (e), all 9% HTC applications submitted statewide in HTC Round 1 must meet one of the following threshold types. Please indicate the threshold item you meet:

A. In the Metropolitan Area⁴:

- New construction or substantial rehabilitation in which, for the term of the extended use period (term of the LURA), 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% of the area median income (AMI).
- New construction or substantial rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the extended use period (term of the LURA), 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 **OR**
- Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

B. Outside the Metropolitan Area:

- Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application.

C. Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (term of the LURA), a percentage of the units are set aside and rented to persons:

- With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c).
- With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended;

⁴ As set out in Minn. Stat. 473.121, subd. 2, Metropolitan Area means the area over which the Metropolitan Council has jurisdiction, including the counties of Anoka, Carver, Dakota (excluding the cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague) and Washington.

3. 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.
4. With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); **OR**
5. 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 1340.

NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1340, also known as the Minnesota Accessibility Code.

NOTE: This definition is not limited to persons with mobility impairment.

D. Preserve Existing Subsidized Housing

1. Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTCs is necessary to (1) prevent conversion to market rate use; or (2) to remedy physical deterioration of the project which would result in loss of existing federal subsidies; **OR**

E. Rural Development:

1. Projects financed by Rural Development, which meet statewide distribution goals.

2022-2023 HTC AND DEFERRED SELECTION CRITERIA

1. Greatest Need Tenant Targeting

A. Large Family Housing (12 to 15 points):

1. **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children. Select all that apply:

- a. At least 75% of the total assisted⁵ units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms. **(12 points)**

Number of units with

2 Bedrooms _____

3 Bedrooms _____

4 Bedrooms _____

5 Bedrooms _____

- b. If eligible under 1. a. above, at least one-third of three or more bedrooms required above must contain four or more bedrooms. **(3 points)**

Number of units with

4 Bedrooms _____

5 Bedrooms _____

B. Senior Housing (3 to 7 points):

1. **Senior Housing** - The proposal is for a project that provides housing that is restricted to persons 55 years or older. Select all that apply:

- a. 100% of the total assisted units will be restricted and marketed to seniors 55 years or older. **(3 points)**

Number of units _____

- b. Projects eligible under 1.a. above that agree to further restrict the units' incomes to the county 30% MTSP income.

- i. 30% to 100% of the restricted units **(4 points)**

Number of units _____

- ii. 20% to 29.99% of the restricted units **(3 points)**

Number of units _____

- iii. 10% to 19.99% of the restricted units **(2 points)**

⁵ Assisted is defined as HTC units for HTC applications and affordable units for deferred funding.

Number of units _____

- iv. 5% to 9.99% of the restricted units **(1 point)**

Number of units _____

NOTE: If the project is eligible for Housing Infrastructure Bonds (HIB), an election under 1.b. above will also restrict unit incomes to the HIB Senior household income limit as determined by the HIB statute and Minnesota Housing.

NOTE: Senior Housing selection criterion 1.B cannot be claimed for units that are claimed under the Rental Assistance selection criterion 2.B.2.

C. Permanent Supportive Housing for High Priority Homeless (HPH)⁶ (7 to 32 points):

1. A minimum of 5% of the total units, but no fewer than four units are set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by the Coordinated Entry System⁷ (HPH Units) and targeted to the populations indicated below. Select one and complete the unit count below:

- a. 50% to 100% of the total units, but no fewer than 20 units **(30 points)**

Number of units _____

- b. 10% to 49.99% of the total units, but no fewer than 7 units **(10 points)**

Number of units _____

- c. 5% to 9.99% of the total units, but no fewer than 4 units **(7 points)**

Number of units _____

Number of units representing:

Youth with Children: _____

Youth Singles: _____

Youth Total: _____

Single Adults: _____

Families with Children: _____

Total High Priority Homeless: _____

⁶ Specific performance requirement relief provisions are available for projects eligible for the Permanent Supportive Housing High Priority Homeless selection criterion for "HPH Units". Reference Chapter 6.A. of the HTC QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

⁷ Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. Alternative referral and prioritization options for special populations or supportive housing models are available with approval from Minnesota Housing. Reference the relief provisions in Chapter 6. A. of the HTC QAP for additional details.

2. Continuum of Care

Proposals that are eligible for C.1. above can claim this selection criterion if units will be available for populations consistent with local needs identified by the local Continuum of Care. (Published Priorities are available on Minnesota Housing's website)

- a. 5% of the total units or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One **(2 points)**
Number of units _____
Priority Type: _____
(Families with children, youth singles, youth with children or single adults)

NOTE: Permanent Supportive Housing for High Priority Homeless (B.) and People with Disabilities (C.) selection criteria cannot be claimed for the same units.

To be eligible for Permanent Supportive Housing for High Priority Homeless (HPH), submit documentation that meets *all* of the following conditions:

1. The applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Application Checklist in the Multifamily Customer Portal.
2. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available
3. The applicant agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.
4. Supportive Housing Threshold Criteria:
 - a. Supportive Services: On-site service coordination and tenant engagement must be made available to supportive housing residents. The level and type of services offered must be appropriate for the needs of the target population, with a minimum of tenant service coordination and staffing level as defined in the supportive housing narrative.
 - b. Experienced service provider, or partnering with an experienced service provider, with demonstrated outcomes:
 - i. At a minimum, the service provider has experience providing services to a similar population to maintain housing over a period of time and has sufficient capacity to deliver the services proposed.
 - c. Service funding commitments: At a minimum, a portion of service funding is secured with a viable plan for securing the remaining resources, as approved by Minnesota Housing. Evidence must be provided in the application narrative and commitment letters or other documentation.
 - i. Developments with 5% to 9.99% HPH Units must have secured at least 75% of service funding
 - ii. Developments with 10% to 49.99% HPH Units must have secured at least 20% of service funding

- iii. Developments with 50% to 100% HPH Units must have secured at least 5% of service funding
- d. Coordinated Entry and serving highest need households: The property owner must agree to accept high priority households for the HPH supportive housing units through Coordinated Entry.

A proposal that claims this category and is selected to receive HTCs will be required to comply with the reporting requirements for Permanent Supportive Housing for High Priority Homeless, as defined by Minnesota Housing. The LURA and Minnesota Housing loan documents may contain performance requirements related to these permanent supportive housing units for High Priority Homeless and may be recorded with the property.

D. People with Disabilities (PWD) (7 to 13 points):

Select one:

1. **Tier 1:** Permanent housing proposals that are **not restricted to persons of a particular age group** and in which a minimum of 5% of the total units, but no fewer than four units, are set aside and rented to persons with a disability as defined below. Select the number of units set aside for people with disabilities:

- a. 15% to 25% of the total units, but no fewer than six units **(10 points)**
Number of units _____
- b. 10% to 14.99% of the total units, but no fewer than five units **(9 points)**
Number of units _____
- c. 5% to 9.99%, of the total units, but no fewer than four units **(7 points)**
Number of units _____

OR

2. **Tier 2:** People with Disabilities (PWD) units that will use 811 Project Rental Assistance (PRA): Permanent housing proposals that are not restricted to persons of a particular age group and in which a minimum of 5% of the total units, but no fewer than five units, are set aside and rented to persons with a disability as defined below.

Applicant must **provide the required Section 811 PRA Pre-application prior to the application deadline. The due date will be established prior to the application deadline.** Failure to submit all required pre-application materials may result in rejection of the pre-application. Minnesota Housing will further evaluate the feasibility of the 811 PRA units during the formal application review process and reserves the right to not award the PWD points for 811 PRA units.

Select the number of units set aside for people with disabilities that will use 811 PRA. The total number of 811 PRA units **cannot** exceed 11 units. Section 811 program requirements limit the percentage of supportive housing units. The total number of supportive housing units (HPH, homeless, PWD) in the project **cannot** exceed 25% of the total units.

- a. 15% to 25% of the total units, but no fewer than ten units **(13 points)**
Number of units _____
- b. 10% to 14.99% of the total units, but no fewer than seven units **(11 points)**
Number of units _____
- c. 5% to 9.99% of the total units, but no fewer than five units **(9 points)**
Number of units _____

A percentage of the units are set aside and rented to persons with any of the following disabilities⁸:

1. A serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c)
2. A developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended
3. Assessed as drug dependent as defined in Minn. Stat. § 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minn. Stat. § 254A.02, Subdivision 2
4. A brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a)
5. 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.

NOTE:

- Projects that meet the Round 1 Minimum Threshold C5 (persons with physical disabilities) as well as any other Minimum Threshold (page 4 of the SSW) may count any units rented to persons with a physical disability in their total units, even if the statutory 50% requirement of C5 is not met.
- Projects that meet the Round 1 Minimum Threshold only with Threshold C5 must meet the statutory requirement that 50% of units must be accessible. Minnesota Housing considers accessible units to be Type A and B units as identified in the referenced Chapter 1341, also known as the Accessibility Code.
- If the minimum threshold is not required then statutory requirement pertaining to accessible units is not applicable.
- The definition of permanent physical disability is not limited to persons with mobility impairment.

NOTE: Permanent Supportive Housing for High Priority Homeless (C.) and People with Disabilities (D.) selection criteria may not be claimed for the same units.

NOTE: Age restricted projects cannot claim the People with Disabilities selection criterion (D.)

To be eligible under People with Disabilities, submit documentation that meets all of the following conditions:

1. The applicant must submit the People with Disabilities narratives and any other forms and submittals identified in Application Checklist in the Multifamily Customer Portal.

⁸ Specific performance requirement relief provisions are available for projects that meet the People with Disabilities Selection Criterion for “PWD Units.” Reference Section 6.A. of the HTC QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

2. The applicant must submit a signed Service Agreement. Applicant can either complete the signature page (must be completed by both parties) attached to the People with Disabilities Narrative or submit a separate signed service agreement.
3. The applicant agrees to pursue and continue renewal of rental assistance, operating subsidy or service funding contracts for as long as the funding is available.
4. The application must meet the following threshold criteria as evidenced in the People with Disabilities Narrative and Service Agreement:
 - a. Target population: The target population(s) of people with disabilities must be clearly defined in the narrative (e.g., mental illness, developmental disability, physical disability).
 - b. Units are restricted to households with incomes at or below 30% MTSP income limits.
 - c. The applicant agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing in the Multifamily Underwriting Standards in the Supportive Housing Standards – High Priority Homeless or People with Disabilities section. The owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.
 - d. Service Agreement: The property owner must have an agreement with the county or tribal human services office specifying:
 - i. How outreach will be provided to the target population
 - ii. How eligible applicants will be referred to the property management agent
 - iii. How services will be provided to tenants
 - iv. How the service entity will communicate and coordinate with property management
 - e. Units for individuals with disabilities must be provided in an integrated setting.

2. Serves Lowest Income for Long Durations

Projects with new or existing rental assistance can take points under Preservation (A.) or Rental Assistance (B.). The Serves Lowest Income selection criterion (C.) can only be claimed for units that generally do not have rental assistance. The definitions explained below determine which criteria the project qualifies for and the project is only eligible for points in that criteria.

A. Preservation (15 to 40 points):

Thresholds:

Applicants seeking Preservation must read the descriptions and then select one of the following three Thresholds:

1. Risk of Loss Due to Market Conversion
 - a. Expiration of contract/use-restrictions
 - i. Existing property at risk of conversion to market rate housing within five years of application date, and conversion is not prohibited by existing financing or use restrictions; OR
 - ii. Existing HTC developments eligible to exercise their option to file for a Qualified Contract, and have not previously exercised their option; AND

- b. Market for conversion evidenced by low physical vacancy rate (4% or lower) for market rate comparable units (comparable units to be validated by Minnesota Housing at Minnesota Housing's discretion); AND
- c. Market for conversion evidenced by one or more of the following:
 - i. An appraisal commissioned by Minnesota Housing within a year of the application date where the as-is unrestricted value is equal to or greater than the as-is restricted value; OR
 - ii. For properties with Section 8 contracts, a Rent Comparability Study acceptable to Minnesota Housing staff and reviewers which was completed within a year of the application date that shows current rents are below comparable market rents; OR
 - iii. A market study approved by Minnesota Housing completed within a year of the application date that shows current rents are below comparable market rents and that the property has comparable location, amenities and condition to convert to market rate; AND
- d. Fifteen (15) or more years have passed since the award of the existing federal assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units.

NOTE: Minnesota Housing, at its sole discretion, must agree that a market exists for a conversion to market rate housing.

2. Risk of Loss Due to Critical Physical Needs

- a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units; AND
- b. Critical physical needs identified by third party assessment to support the following conclusions:
 - i. Repair/replacement of major physical plant components have been identified that will result in 15+ years sustained operations; AND
 - ii. Identified scope of critical physical needs exceeds the available reserves by at least \$5,000 per unit, as evidenced by the Three Year Critical Needs Model;

NOTE: Minnesota Housing will conduct an inspection of the development and must agree with applicant on scope of work, severity levels and cost estimates.

3. Risk of Loss Due to Ownership Capacity/Program Commitment

- a. Fifteen (15) or more years have passed since the award of the Existing Federal Assistance and the HTC placed in service date (if applicable) for projects claiming Existing Federal Assistance, or 15 years must have passed since the closing of the loan that created rent and income restrictions or the most recent HTC placed in service date for projects claiming Critical Affordable Units; AND
- b. One of four conditions exist:
 - i. Existing conditions created by the current owner such as bankruptcy, insolvency, default, foreclosure action, unpaid taxes and assessments, on-going lack of compliance with lenders or terms of federal assistance, or self-determination by non-profit board are

severe enough to put the property at significant risk of not remaining decent, safe and affordable. Ownership must be transferred to an unrelated party; OR

- ii. The property has been or will be acquired from an unrelated party within three years of the application date after being offered for sale on the open market after an opt-out notice for the HAP contract had been submitted to Minnesota Housing; OR
- iii. The property has been or will be acquired from an unrelated party within 3 years of the application date as a result of a PARIF Right of First Refusal being exercised; OR
- iv. The acquisition of a property with USDA Rural Development rental assistance has occurred or will occur when the current or previous owner intends or intended to allow the existing USDA Rural Development mortgage to mature and has turned down offers from USDA Rural Development to reamortize the mortgage. Must apply within five years of maturity date and within three years of acquisition.

NOTE: Minnesota Housing, at its sole discretion, must agree that a change in ownership is necessary for units to remain decent, safe or affordable.

Criteria:

1. Existing Federal Assistance – Tier I – project based rental assistance/operating subsidies (15 to 40 points)

Definition: Any housing receiving project-based rental assistance or operating subsidies under a U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), Native American Housing Assistance and Self Determination Act (NAHASDA) or other program that is not scheduled to sunset or expire. Properties that have converted their type of federal rental assistance through the Rental Assistance Demonstration program, Component 2 (RAD 2), and RAD for Project Rental Assistance Contracts (PRAC) are eligible. Such assistance must have been committed to the property at least 15 years prior to the year of application.

Owner will continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for “good cause,” the owner will not evict existing subsidized residents and must continue to renew leases for those residents.

Developments with qualified Existing Federal Assistance and which have secured additional federal rental assistance (including through an 8bb transfer) must count the total number of assisted units below. Such units are not eligible to be counted under Rental Assistance.

a. Existing Federally Assisted Units:

- i. 100% of the total units are federally assisted **(40 points)**
Number of units _____
- ii. 75.01% - 99.99% of the total units are federally assisted **(32 points)**
Number of units _____
- iii. 50.01 - 75% of the total units are federally assisted **(25 points)**
Number of units _____

- iv. 25.01% - 50% of the total units are federally assisted **(20 points)**
Number of units _____
- v. Less than 25% of the total units are federally assisted **(15 points)**
Number of units _____

OR

2. Existing Federal Assistance—Tier 2 (15 points)

- a. Any housing which is federally assisted with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income. Federal assistance includes existing public housing units, including converting through Rental Assistance Demonstration Program, Component 1 (RAD 1), HTC units, Rural Development funded units without rental assistance and Existing Federal Assistance not described in paragraph B. above (e.g., 202, 236). Applicants who claim points under this category agree to restrict at least 50% of the units to rents and incomes at or below 50% MTSP.

OR

3. Critical Affordable Units at Risk of Loss (15 points)

- a. Any housing with a current recorded deed restriction limiting rent or income restrictions at or below the greater of 80% of statewide median income or area median income under another non-federal program, including state, local or intermediary funds. Applicants who claim points under this category agree to restrict at least 50% of the units to rents and incomes at or below 50% MTSP.

NOTE: Preservation (A.2. and A.3.) and Serves Lowest Income (C.) selection criteria cannot be claimed for the same units.

NOTE: Serves Lowest Income selection criterion cannot be claimed for units that qualify for units that have new or existing rental assistance. This would include People with Disabilities - Tier 2- Section 811 PBRA (2.D.2.), Preservation– Tier 1- Existing Federal Assistance (A.1.), and Rental Assistance (B.).

B. Rental Assistance (6 to 26 points):

- 1. Priority is given to an owner who submits with the application a **project-specific, fully executed binding commitment** (i.e., binding Resolution/binding Letter of Approval from the governing body) for project-based rental assistance which is effectively project-based by written contract or for project-based vouchers (PBVs) awarded in accordance with 24 CFR Ch. IX, Section 983.51. For the purposes of this category, project-based rental assistance is defined as a project-specific funding stream that supports the operations of the property, reduces the tenant rent burden, and provides for the tenant paid portion of rent to be no greater than 30% of household income.

Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs. For all other types of rental assistance programs with an alternative rent structure, the applicant must submit commitment documentation that includes details regarding the rent structure, tenant paid portion of household income, program structure, goals, and population served.

- New or transferred federal rental assistance contracts that were executed within the past 15 years are eligible. This includes transfers of existing Section 8 contracts under the 8bb notice to new construction projects or existing developments that currently have no Existing Federal Assistance.
- Site-based Housing Support⁹ and awards of project-based McKinney Vento Continuum of Care funding will be considered project-based rental assistance.
- Privately funded rental assistance must demonstrate a commitment of a minimum of four years. Documentation must also contain language regarding the possibility of future renewals. Be aware that rental assistance from non-governmental organizations will not be treated the same as governmental rental assistance when determining tenant income eligibility for compliance purposes. See the Scoring Guide for more information.
- A current request for Minnesota Housing Rental Assistance is not eligible to claim this category. A past award of existing Rental Assistance will be counted toward meeting the required percentages.

For developments that agree to set aside units and have the required binding commitment for the associated percentage of units with project based rental assistance units as follows. Select one option from a-f. In addition, by selecting an option, the development agrees to continue renewals of existing project-based housing subsidy payment contract(s) for a **minimum 10 years** from the later of the last placed in service date for any building in the property or loan closing. Applicant agrees that rents will remain affordable at 50% MTSP income limits for a 10 year period if the rental assistance is not available for the full period¹⁰.

- a. 100% of the total units for project-based rental assistance **(19 points)**
Number of units _____
- b. Between 51.1% to 99.9% of the total units **(16 points)**
Number of units _____
- c. 20.1% to 51% of the total units **(13 points)**
Number of units _____
- d. 10.1% to 20% of the total units, with a minimum of four units **(10 points)**
Number of units _____

⁹ Formerly known as Group Residential Housing.

¹⁰ **Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for “RA Units.”** Reference Chapter 6.A. of the HTC QAP additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

- e. 5% to 10% of the total units, with a minimum of four units **(7 points)**
Number of units _____
- f. Less than 5% of the total units, a minimum of four units **(6 points)**
Number of units _____

2. Further Restricting Rental Assistance

Projects that are eligible under B. 1. a - f above and have rental assistance (as described above), that agree to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period¹¹.

Select one:

- a. 75.1% to 100% of the total units **(7 points)**
Number of units _____
- b. 50.1% to 75% of the total units **(6 points)**
Number of units _____
- c. 25.1% to 50% of the total units **(5 points)**
Number of units _____
- d. 15.1% to 25% of the total units **(4 points)**
Number of units _____
- e. 5% to 15%, of the total units, but no fewer than four units **(3 points)**
Number of units _____

NOTE: Rental Assistance selection criterion cannot be claimed if the development qualifies for or is claiming Existing Federal Assistance under the Preservation – Tier 1 criterion. Rental assistance under the Rental Assistance Demonstration Program (components I or II) or the Public Housing Program are also not eligible. Any public housing repositioning that results in project based vouchers or project based rental assistance is also not eligible.

NOTE: Serves Lowest Income selection criterion cannot be claimed for units that qualify as units that have new or existing rental assistance. This would include People with Disabilities - Tier 2 – Section 811 PBRA (2.D.2.), Preservation – Tier 1- Existing Federal Assistance (A.1.), and Rental Assistance (B.).

To claim the criterion, the applicant must comply with all program requirements for the assistance at application, including maintaining rents within the appropriate payment standard for the project area in which the project is located for the full compliance and extended use period of the HTCs.

Rent for assisted units must be at or below Fair Market Rents (or appropriate payment standard for the project area). Eligibility and agreeing to a minimum number of assisted units does not release owners from their

¹¹ Specific performance requirement relief provisions are available for projects claiming the Rental Assistance Selection Criterion for Further Restricted Rental Assisted Units (“FRRRA Units”). Reference Chapter 6.A. of the QAP for additional details. Specific performance requirements may be incorporated into the LURA and deferred loan documents recorded with the property.

obligations under the Minnesota Human Rights Act and Section 42 prohibiting refusal to lease to the holder of a voucher of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

C. Serves Lowest Income Tenants/Rent Reduction (8 to 20 points):

1. The project agrees to restrict the rents for a percentage of the units in the project. Eligible units **cannot** have project based rental assistance and the rents must be based on gross rent level, including utilities. Rents must be affordable to households whose incomes do not exceed 50% of MTSP income limits as published by HUD. MTSP rent limits are available on Minnesota Housing’s website

The applicant agrees to maintain the deeper rent structuring for which selection points are requested.

This selection will restrict rents only (tenant incomes will not be restricted to the 50% income level by claiming this section).

- a. 100% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit **(13 points)**
Number of units _____
- b. At least 50% of the restricted unit rents affordable to households with incomes at the county 50% HUD MTSP income limit **(8 points)**
Number of units _____
- c. Projects that are eligible for 1.a. or 1.b. above and agree to further restrict units to the county 30% MTSP rent limit.
 - i. 30% to 40% of the restricted units **(7 points)**
Number of units _____
 - ii. 20% to 29.99% of the restricted units **(6 points)**
Number of units _____
 - iii. 10% to 19.99% of the restricted units **(5 points)**
Number of units _____
 - iv. 5% to 9.99% of the restricted units **(4 points)**
Number of units _____

NOTE: Preservation (A.2. and A.3.) and Serves Lowest Income (C.) selection criteria cannot be claimed for the same units.

NOTE: Serves Lowest Income selection criterion cannot be claimed for units that qualify for units that have new or existing project based rental assistance. This would include People with Disabilities - Tier 2- Section 811 PBRA (2.D.2.), Preservation– Tier 1- Existing Federal Assistance (A.1.), and Rental Assistance (B.).

The applicant must demonstrate, to the sole satisfaction of Minnesota Housing, that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Contingent upon financial plans demonstrating feasibility, positive cash flow on a 15-year pro forma and gaining Minnesota Housing management approval (for management, operational expenses, and cash flow assumptions).

D. Long Term Affordability (8 to 9 points):

For an HTC 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. The owner also agrees that the Qualified Contract provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project for the term of the LURA.

For a deferred loan project, the owner agrees to extend the term of the declaration beyond 30 years.

Select one:

- a. The HTC project will extend the term of the LURA and waive the right to Qualified Contract for a minimum of 50 years and/or the deferred loan project will extend the term of the deferred loan declaration to 50 years. **(9 points)**
- b. The HTC project will extend the term of the LURA and waive the right to Qualified Contract for a minimum of 40 years and/or the deferred loan project will extend the term of the deferred loan declaration to 40 years. **(8 points)**

3. Increasing Geographic Choice

A. Need for More Affordable Housing Options (8 to 10 points):

1. Projects located in communities with a need for more affordable housing options because either there is a low share of affordable rental housing compared to all housing options in a community or a large share of renters are cost burdened by their rent. Select one:

- a. **Tier 1 Tracts or Cities, and Reservations:** Those in the 80th percentile or higher in the highest share of cost burdened renters or in the lowest share of affordable rental housing relative to the community type. Tribal Reservations and communities are also considered Tier 1 for having a need for more affordable housing options. **(10 points)**
- b. **Tier 2 Tracts or Cities:** Those in the 50th-79th percentile in the highest share of cost burdened renters or in the lowest share of affordable housing relative to the community type. **(8 points)**

B. Workforce Housing Communities (3 to 6 points):

1. Projects located in or near a city or township needing workforce housing (communities having a large number of jobs or job growth, individual employer growth, or having a large share of their workforce

commuting long distances, as outlined in the Workforce Housing Communities Methodology). Select one:

- a. The proposed housing is in a Top Job Center or Net Five Year Job Growth Community **(6 points)**
- b. The proposed housing is in an Individual Employer Growth community where an individual employer has added at least 100 net jobs (for permanent employees of the company) during the previous five years, as evidenced by documentation signed by an authorized representative of the company, subject to validation by Minnesota Housing **(6 points)**
- c. The proposed housing is in a Long Commute Community **(3 points)**

In the Metropolitan Area, project locations must be within five miles of a workforce housing city or township. In Greater Minnesota, project locations must be within ten miles of a workforce housing city or township.

C. Transit and Walkability (1 to 9 points):

1. For projects in the **Metropolitan Area**, indicate if the project is located in an efficient community for transportation and transit.

a. Access to Transit: To claim access to transit in the Metropolitan Area, a project must be (Select one):

- i. Located within one half mile of a planned or existing LRT, BRT, or commuter rail station. Planned stations include those eligible for Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Grants (<https://metro council.org/Communities/Services/Livable-Communities-Grants/LCA/2020-LCA-TOD-application-guide.aspx>), but not including Express Bus Stations eligible for LCDA TOD Grants or Metro Transit’s Hi-Frequency Network. **(7 points)**
- ii. Located within one quarter mile of a high service public transportation fixed route stop defined as those with service from 6 am to 7 pm and has a frequency of approximately every half hour during that time or located within one half mile of an express bus route stop or located within one half mile of a park and ride lot. **(4 points)**
- iii. Served by demand response/dial-a-ride with prior day notice. This excludes Metro Transit’s Transit Link Service. Transit service must be available daily, Monday through Friday for a minimum of 8 hours per day. **(2 points)**

b. Walkability: To claim walkability in Minneapolis and Saint Paul, a project must be (Select one):

- i. Located in an area with a Walk Score of 80 or more according to www.walkscore.com **(2 points)**
- ii. Located in an area with a Walk Score between 60 and 79 according to www.walkscore.com **(1 point)**

c. Walkability: To claim walkability in suburban communities, a project must be (Select one):

- i. Located in an area with a Walk Score of 60 or more according to www.walkscore.com **(2 points)**
- ii. Located in an area with a Walk Score between 50 and 59 according to www.walkscore.com **(1 point)**

If applicants would like to request revisions of a location's Walk Score, they should e-mail Walk Score directly with details of the request to **E-mail: mhfa-request@walkscore.com**. Walk Score staff will review the request and make necessary adjustments to scoring within 45 business days. If an address cannot be found in the Walk Score tool, use closest intersection within ¼ mile of the proposed location.

2. For projects in **Greater Minnesota**, choose from **urbanized areas** and **rural and small urban areas**. Urbanized areas, according to the U.S. Census are places with populations greater than 50,000, and are defined by the Minnesota Department of Transportation (MnDOT) (Greater Minnesota Transit Investment Plan: <http://minnesotago.org/index.php?clD=435>) as areas in and around Duluth, East Grand Forks, La Crescent, Rochester, Moorhead, Mankato and St. Cloud. Rural and small urban areas are places with populations fewer than 50,000.

b. **Urbanized Areas** (population greater than 50,000):

- i. Access to Transit: To claim access to transit, a project in a Greater Minnesota urbanized area must be (Select one, see the Transit and Walkability to determine points):
 - 1. Located within one quarter mile of a planned or existing public transportation fixed route stop. For a planned transit stop to be eligible, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available daily, Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day. **(7 points)**
 - 2. Located between one quarter mile and one half mile of a planned or existing public transportation fixed route stop. For a planned transit stop to be eligible, applicants must provide detailed location and service information including time and frequency of service, along with evidence of service availability from the transit authority providing service. The planned stop of route must be available daily, Monday through Friday and provide service every 60 minutes for a minimum of 10 hours per day.

OR

Located less than one half mile of an express bus route stop or park and ride lot **(4 points)**

- ii. Walkability: To claim walkability, a project in a Greater Minnesota urbanized area must be (Select one):

1. Located in an area with a Walk Score of 70 or more according to www.walkscore.com (2 points)
2. Located in an area with a Walk Score between 50 and 69 according to www.walkscore.com (1 point)

c. **Rural and Small Urban Areas** (population fewer than 50,000).

For rural and small urban areas, applicants may claim Location Efficiency by having access to route deviation service or demand response/dial-a-ride, and walkability. Route deviation service is different from fixed route transit in that the vehicle may leave its predetermined route upon request by passengers to be picked up or returned to destinations near the route, after which the vehicle returns to the predetermined route. Passengers may call in advance for route deviations similar to that of demand response/dial-a-ride or access the service at designated route stops without advanced notice. Demand response usually involves curb-to-curb or door-to-door service with trips scheduled in advance (also known as “Dial-A-Ride”).

i. Access to Transit: To claim access to transit, a project in a Greater Minnesota rural and small urban area must be (select one):

1. Within ½ mile of a designated transit stop **OR** served by demand response/dial-a-ride **OR** within ½ mile of a commuter rail station, and is available daily, Monday through Friday, providing same day service. Commuter rail stations include the Elk River and Big Lake Stations serviced by Metro Transit’s Northstar Commuter Rail. (7 points)
2. Served by demand response/dial-a-ride with prior day or greater notice needed and is available daily, Monday through Friday. (4 points)

ii. Walkability: To claim walkability, a project in a Greater Minnesota rural and small urban area must be (Select one):

1. Located in an area with a Walk Score of 50 or more according to www.walkscore.com (2 points)
2. Located in an area with a Walk Score between 30 and 49 according to www.walkscore.com (1 point)

4. Supporting Community and Economic Development

A. Community Development Initiative (3 points):

1. Project contributes to active implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders. The initiative can be created by, and involve engagement from, a wide variety of public and private local community development partners such as cities, counties, employers, private foundations, public housing authorities, or other community stakeholders. The plan must contain more components than the project itself. Documentation must be provided that addresses four requirements for the Community Development Initiative:

- a. Targeted Geographic Area and Map
- b. Current implementation plan with goals or outcomes specific to the need identified by the initiative
- c. Affordable housing as a key strategy of the initiative
- d. A list of stakeholders, including their role in active implementation of the initiative

If a project is located in a Qualified Census Tract (QCT), in order to be eligible for these points, the application must provide additional evidence that demonstrates a strategy for obtaining commitments of public and/or private investment in non-housing efforts to demonstrate that the project contributes to a concerted community revitalization plan.

Applicants must complete the Community Initiative Narrative and submit documentation demonstrating how the initiative meets the requirements outlined below. Documents can include plans, charters or other evidence demonstrating active implementation of the Community Development Initiative. A full copy of all referenced plans or initiatives must be submitted.

REQUIRED	DESCRIPTION OF REQUIREMENT	REQUIRED DOCUMENTATION
1. Targeted Geographic Area and Map	A Targeted Geographic Area and map of the area. The Targeted Geographic Area boundaries must be larger than the proposed rental project site, yet within a measurable impact area. For larger geographic areas, the Targeted Area must be small enough that one municipality or county (or a small conglomerate of municipalities or counties) can exercise jurisdiction over it.	Yes
2. Current implementation plan with goals or outcomes specific to the need identified by the initiative	Include milestones or steps of the plan that have been: <ol style="list-style-type: none"> 1. Completed 2. Underway 3. Planned 	Yes
3. Affordable housing as a key strategy	Affordable housing is identified as a key strategy of the initiative.	Yes
4. Stakeholder List and Role	Provide a list of local stakeholders involved and a description of their role in the active implementation of the initiative.	Yes
ADDITIONAL REQUIREMENTS FOR PROJECTS IN A QCT		
1. Public or Private Investment (non-housing)	Demonstrated strategy for obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities, or services that could include, but is not limited to: <ul style="list-style-type: none"> • Commercial/retail development • Economic development • Education-related initiatives/development • Environmental clean-up • Public works/infrastructure 	Required if the project is in a QCT

	<ul style="list-style-type: none"> • Parks, green space and recreation • Transit-oriented development or transit initiatives 	
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B. Equitable Development (3 Points)

To receive equitable development points, there must be evidence that a Qualified Stakeholder Group, representing Community(ies) Most Impacted (CMI) by housing disparities, has a significant role in the project proposal as defined below. Occupancy or services provided as a result of the project are excluded. The proposal must demonstrate that the Qualified Stakeholder Group informed the project and that the project addresses a housing disparity experienced by one or more of the Community(ies) Most Impacted represented by the Qualified Stakeholder Group.

To be eligible for Equitable Development, submit documentation that meets *all* of the following conditions:

1. Threshold Criteria

- a. Significant involvement of a Qualified Stakeholder Group: A Qualified Stakeholder Group must have meaningful representation of one or more Community(ies) Most Impacted (CMI) as documented in the narrative.
 - i. Identify the CMI(s) represented in the Qualified Stakeholder Group. Select all that apply:
 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
 - ii. Describe the Qualified Stakeholder Group(s) mission and connection to the identified Community(ies) Most Impacted.
 - iii. Identify and describe in a narrative what leadership and/or advisory roles persons representing the identified Community(ies) Most Impacted have in the Qualified Stakeholder Group, including one or more of the following:
 1. A paid leadership position, list position (if applicable);
 2. A member of the board (if applicable);
 3. A paid staff position (if applicable)
 4. An advisory role, such as serving on an advisory committee;
 5. Other meaningful role, such as a volunteer (describe)
 - iv. Provide a list of the Qualified Stakeholder Group's previous activities related to the identified Community(ies) Most Impacted and community development. If there have been no previous activities, please describe who formed the Qualified Stakeholder Group and why and how the Qualified Stakeholder Group will continue during the project.

- b. **Housing Disparity Addressed by Development:** Provide data demonstrating the housing disparity experienced by the CMI(s) represented in the Qualified Stakeholder Group and identify how this project will address that disparity. If more than one CMI is identified, provide disparity data for at least one of them. The data should apply to people living in Minnesota and be from a reputable source, which would include among others: the U.S. Census Bureau’s American Community Survey, federal, state or local governments, the Wilder Foundation’s Community Compass, etc. The data can also come from a published research or evaluation report, with a hyperlink to the report in the narrative.
- c. **Significant Involvement of Qualified Stakeholder Group:** The developer partnered with the Qualified Stakeholder Group to develop the project proposal. Identify and submit a narrative explaining how the Qualified Stakeholder Group 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, such as serves lowest income tenants and/or large families. Applicants may select more than one.
 - i. Design
 - ii. Services
 - iii. Community Benefits: An agreement between the developer and local community to provide a benefit as identified by Communities Most Impacted in the local community. (Examples include projects that support paying a competitive wage such as using union workers, employing individuals from the neighborhood, or signing onto a Worker-Driven Social Responsibility compliance and monitoring system, community services, training, shared green space, etc.)
 - iv. Other (describe in the narrative)
- d. Provide a signed letter from Qualified Stakeholder Group that addresses each of the following:
 - i. Qualified Stakeholder Group’s role in creating or co-designing the project concept.
 - ii. A description of how the project is responsive to the vision of the Communities Most Impacted (as represented in the Qualified Stakeholder Group) to address housing challenges and disparities.
 - iii. A description of how the project is uniquely tailored to the culture, traditions, and community characteristics of the Qualified Stakeholder Group.

C. Rural/Tribal (4 points):

Projects located in Rural/Tribal Designated Areas outside of the Metropolitan Area, and areas in and around Duluth, Rochester and St. Cloud.

- 1. The proposed housing is located in a census tract eligible as a Rural/Tribal Designated Area outside of the Metropolitan Area. **(4 points)**

D. QCT/Community Revitalization, Tribal Equivalent Areas, and Opportunity Zones (3 points):

1. The proposed housing is located in a QCT/ Community Revitalization Area, Tribal Equivalent Area, or Opportunity Zone **(3 points)**

To be eligible for the QCT/Community Revitalization criterion, the project must be located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and be part of a concerted plan that provides for community revitalization consistent with the definition described in the Community Development Initiative selection criteria.

E. Multifamily Award History (4 points):

1. Points will be awarded for communities that have not received an award or allocation of Funding or HTC from Minnesota Housing for a source of funding offered through the Multifamily Consolidated RFP/HTC Round 1, HTC Round 2, in any pipeline funding round if the funding source is available in the RFP/HTC Round 1, or for projects receiving an allocation of bonding authority from MMB with and an award of 4% Minnesota Housing HTCs for the last five years. Projects that received LMIR-only financing are excluded. Refer to the Multifamily Award History Methodology for more information. **(4 points)**

F. Black, Indigenous and People of Color-owned/Women-owned Business Enterprise (BIPOCBE/WBE) (1 to 7 points):

1. Ownership

BIPOCBE/WBE is a tribe or tribally-designated housing entity, tribal corporate entity, or another entity which is at least 51% owned by one or more BIPOC or women, and whose management and daily business operations are controlled by one or more BIPOC or women who own it. Provide documentation demonstrating that the entity meets the definition. This could include a signed and dated certification statement, qualifications form, ownership documentation, or other third party verification.

- a. Two or more of the following entities are BIPOCBE/WBE, as certified by the owner or executive director: the project sponsor, executive director or equivalent of a non-profit, executive director or equivalent of a governmental entity, general contractor, architect, or management agent. **(6 points)**

OR

- b. The project sponsor, executive director or equivalent of a non-profit, executive director or equivalent of a governmental entity, general contractor, architect, or management agent is a BIPOCBE/WBE, as certified by the specified owner or executive. **(4 points)**

2. Partnership

The project sponsor, general contractor, architect or management agent partners with a BIPOCBE/WBE entity with the goal of building the entity's capacity to develop, manage, construct, design or own affordable housing in the future. Examples include: (a) BIPOCBE/WBE entity performing as a joint venture partner with the general contractor to perform some defined portion of the general contractor role, (b) BIPOCBE/WBE entity entering into a joint venture or subcontracting with the architect to perform some defined portion of the design or supervision work. **(1 point)**

Provide an agreement executed between the partnering entity(ies) that defines specific duties and roles and explicitly states the goal of building the BIPOCBE/WBE's capacity to develop, manage, construct, design or own affordable housing in the future.

5. Efficient Use of Scarce Resources and Leverage

A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 points):

1. Applicants who have secured funding commitments for one or more **permanent capital funding sources** at the time of application must count the source in this calculation. Funding from Minnesota Housing and Funding Partners (i.e., Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentive Account) can only be included in the calculation if it was committed in a previous funding cycle/round.

Calculate your total using the formula below. Exclude any commitments for the amortizing first mortgage financing and any anticipated syndication proceeds from the current HTC request.

Total eligible funding secured, awarded or committed (excluding amortizing first mortgage and any anticipated proceeds from the current HTC request. If applicable, the portion of the first mortgage supported by Tax Increment Financing (TIF) amount can be included as a commitment) $\$ \underline{\hspace{2cm}}$ **divided by Total Development Cost** $\$ \underline{\hspace{2cm}}$ **equals Percentage of Permanent Capital Funding Sources Committed** $\underline{\hspace{2cm}}\%$ (round to nearest tenth):

- a. 10.51% or more of funding secured, awarded or committed **(16 points)**
- b. 9.01% to 10.5% of funding secured, awarded or committed **(14 points)**
- c. 7.51% to 9.0% of funding secured, awarded or committed **(12 points)**
- d. 6.01% to 7.5% of funding secured, awarded or committed **(10 points)**
- e. 4.51% to 6.0% of funding secured, awarded or committed **(8 points)**
- f. 3.01% to 4.5% of funding secured, awarded or committed **(6 points)**
- g. 1.51% to 3.0% of funding secured, awarded or committed **(4 points)**

For scoring purposes, the documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, or statement of agreement or eligibility. Commitment documentation must state the amount and be executed or approved by the lender or contributor. Documentation containing words synonymous with "consider" or "may," (as in "may award") regarding the commitment will not be acceptable.

The list below includes potential Financial Readiness/Leverage Funding Commitments, but is not all inclusive:

- Syndication proceeds due to previously allocated or awarded HTCs: Syndication proceeds from HTCs allocated or awarded in a previous cycle/round may be included if verification is included in the application. Acceptable verification is an executed syndicator agreement or executed Letter of Intent

from the syndicator that is acceptable to Minnesota Housing. The executed Letter of Intent must be current within 15 days of submission of the application.

- Monetary grants/donations
- The portion of the amortizing first mortgage supported by payments in lieu of taxes (PILOT)
- Tax Increment Financing (TIF) and/or Property Tax Abatement: Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include a resolution from the local government unit indicating its intention to provide TIF or property tax abatement assistance. The anticipated amount must be included in the resolution or a letter from the local government unit.
- Deferred loans
- Grants from nonprofit charitable organizations converted to deferred loans. An award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the contribution. Documentation must evidence that the contribution is restricted for housing development uses and the contribution must be included as a development source.
- Historic Tax Credits: In addition to the commitment documentation, at the time of application provide written documentation of eligibility through evidence of Historic Register listing or approval of Part 1—Evaluation of Significance along with a syndicator/investor Letter of Intent.
- Funder commitments to modify existing debt¹² including: approval of assumption of debt and extension of loan term; commitments must contain no contingencies other than receipt of an HTC allocation or award. At the time of application, written documentation of approval from the funder clearly demonstrating that the approval is for the re-syndication/receipt of new deferred or HTC allocation or award, justifying the amount and the terms of the contribution must be provided.
- General Partner commitments can count as long as satisfactory documentation is provided. Examples include:
 - GP cash and seller loans
 - Deferred developer fee: The applicant must provide written documentation that the amount is committed as a source of funds that will be repaid from project cash-flows over the initial compliance period. For committed deferred developer fee that cannot be paid back within 10 years on a pro forma basis (based on the proforma submitted with the application), approval by the syndicator/investor is required.
 - Purchased reserves: Provide satisfactory documentation to determine that the reserves are available, will be purchased with the property and a commitment that they will be used as a permanent capital source. The documentation could include purchase agreement, financial statements, with a commitment letter from the applicant.
 - Energy or Sales Tax Rebate: Provide satisfactory documentation that the energy rebate will be funded at closing with general partner cash or a general partner loan.

NOTE: Financial Readiness to Proceed /Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.

B. Other Contributions (2 to 10 points):

¹² For Minnesota Housing's existing debt to count as committed the Request for Action (RFA) process must be completed **before** the application is submitted.

1. For projects that receive **non-capital contributions**. Contributions can come from any entity including the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization. Calculate your total using the formula below, and then select the appropriate option.

This calculation is based on the Total Development Costs. Do not use any exclusions. Total “Other” non-capital funding contributions and sources \$ _____ divided by Total Development Cost \$ _____ equals Other Contributions (rounded to the nearest tenth):

- a. 10.1% and above **(10 points)**
- b. 8.1 to 10.0% **(8 points)**
- c. 6.1 to 8.0% **(6 points)**
- d. 3.5 to 6.0% **(4 points)**
- e. 1.0 to 3.4% **(2 points)**

At the time of application, written documentation from the contributor justifying the amount and the terms of the contribution must be provided and be consistent with current market comparable costs. The documentation must be in the form of a project specific Letter of Intent, city or council resolution, letter of approval, statement of agreement or eligibility, or memorandum of understanding.

For scoring purposes, the documentation must state the amount and must be executed or approved, at a minimum, by the contributor. Documentation containing words synonymous with “consider” or “may” (as in “may award”) regarding the contribution will not be acceptable.

The list below includes potential Other Contributions but is not all inclusive:

- Land donation or write-down of the development site. Documentation used to determine the market value must be submitted. This could include an appraisal, assessment information, broker opinion with comparable properties, or other data deemed acceptable by Minnesota Housing.
- In-kind work and materials that benefit the project are donated at a lower or no cost.
- Local government reduction, donation or waiver of project specific costs, assessments or fees (e.g., SAC/WAC, Park Dedication Fees)
- Reservation land not subject to local property taxes. Documentation must include the amount and term (up to term of the Minnesota Housing deferred loan or LURA). Calculate net present value (NPV) by using NPV discounted by applicable federal rate (AFR) for the term.
- Reservation land with long-term low cost leases
- Funder commitments to modify existing debt¹³ including: debt forgiveness; forgiveness of interest payable; reduction in interest rate (measured as amount of interest saved over term of loan). Commitments must contain no contingencies other than receipt of an HTC allocation or award. At the time of application, written documentation from the funder justifying the amount and the terms of the contribution must be provided.

¹³ For Minnesota Housing’s existing debt to count as committed the Request for Action (RFA) process must be completed before the application is submitted.

- Tax Increment Financing (TIF) and/or Property Tax Abatement for properties that cannot support an amortizing first mortgage. Calculate the net present value (NPV) using the applicable federal rate (AFR) for the term of the TIF or Property Tax Abatement. Provide satisfactory documentation that the contribution is committed to the development at the time of application. The documentation must include a resolution from the local unit of government indicating its intention to provide TIF and/or Property Tax Abatement assistance. The anticipated amount must be included in the resolution or a letter from the local unit of government. The documentation should include the TIF or Property Tax Abatement analysis from the local unit of government or its consultant.
- Payments in lieu of taxes for properties that cannot support an amortizing first mortgage. Documentation must include the amount and term (up to the term of the Minnesota Housing deferred loan or LURA). Calculate the net present value (NPV) using the applicable federal rate (AFR) for the term of the abatement (up to the term of the Minnesota Housing deferred loan or LURA).

NOTE: Financial Readiness to Proceed /Leveraged Funds and Other Contributions selection criteria cannot be claimed for the same sources.

C. Intermediary Costs (1 to 6 points):

1. Intermediary costs are third-party service costs related to the project development. Excluded costs are Park Dedication Fees, Surveys, Soil Borings, Payment and Performance Bond Premium, Sewer-Water Access Charge, Furnishing and Equipment, Hazard and Liability Insurance, and Building Permits.

Projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For selected projects, this percentage may be enforced at the time of closing for deferred loans or at issuance of the IRS Form 8609 for HTC developments. Calculate your total using the formula below.

Intermediary cost amount \$_____ divided by Total Development Costs \$_____ Equals Intermediary Percentage _____% (rounded to the nearest tenth):

- a. 0.0 to 15% (6 points)
- b. 15.1 to 20% (3 points)
- c. 20.1 to 25% (2 points)
- d. 25.1 to 30% (1 point)

6. Building Characteristics

A. Universal Design (3 points):

1. The project will incorporate Universal Design Features. A Universal Design unit is a unit that includes all Minimum Essential Universal Design Features, along with eight Optional Features for units in a new construction or adaptive re-use project, and four Optional Features for units in a rehabilitation project. Type A accessible units (as referenced in Minnesota Housing’s Rental Housing Design and Construction Standards) also meet the definition of a Universal Design Unit.

Select one:

- a. An elevator building with 100% of the assisted units meeting the definition of a Universal Design Unit **(3 points); OR**
Number of units _____
- b. A non-elevator building with at least 10% of the assisted units meeting the definition of a Universal Design Unit **(3 points)**
Number of units _____

A list of the required Minimum Essential Universal Design and Optional Features can be found in the Universal Design Worksheet.

B. Smoke Free Buildings (1 point):

1. The Project will institute and maintain a written policy prohibiting smoking in all the 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)**

C. Enhanced Sustainability (1 to 5 points):

The Project will incorporate additional sustainability criteria into its design. **Applicant must complete the “How Will Criteria Be Implemented” column within the applicable year’s Multifamily Intended Methods Worksheet and clearly explain how each selected Optional Criteria point and alternative building performance pathway (Tier 3) will be implemented.** The selected Optional Criteria point total on the Multifamily Intended Methods Worksheet must reconcile with the minimum number of Optional Criteria points required for applicable tier, if claiming Tier 1 or Tier 2 points.

Applicants can select Tier 1, Tier 2, Tier 3; or a combination of Tiers 1 and 3 or Tiers 2 and 3; for a maximum of five points.

1. **Tier 1:** Project will include at least two times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined within the applicable year’s Minnesota Overlay to Enterprise Green Communities Criteria and as claimed in the Multifamily Intended Methods Worksheet **(1 point)**
2. **Tier 2:** Project will include at least three times the minimum number of Optional Criteria points, in addition to the Required Mandatory Criteria, as outlined within the applicable year’s Minnesota Overlay to Enterprise Green Communities Criteria and as claimed in the Multifamily Intended Methods Worksheet **(2 points)**

3. **Tier 3:** Project will conform to at least one of the following alternative building performance pathways as claimed in the Multifamily Intended Methods Worksheet **(3 points):**

- a. Pathway 1¹⁴ - (applicable to new construction and rehab) – Project meets Minnesota B3 Sustainable Building 2030 (SB 2030) Energy Standard
- b. Pathway 2¹⁵ - (applicable to new construction only) – Project meets Enterprise Green Communities Certification Plus Standards
- c. Pathway 3 - (applicable to rehab projects only) – Project meets 2020 Enterprise Green Communities Criteria – Criterion 5.1b Building Performance Standard

To receive selection points for Pathway 3, the project must follow the Performance Pathway as described in the applicable year's Minnesota Overlay to Criterion 5.1b by providing an Energy Rater Index (ERI) Pathway by achieving one of the following Home Energy Rating System (HERS) Index thresholds:

- i. A HERS Score of 80 or less for properties built on or after 1980
- ii. A HERS Score of 100 or less for properties built before 1980
- iii. A post-rehab HERS Index score at least 15% less than pre-rehab HERS Index.

¹⁴ Follow Minnesota B3 Sustainable Building 2030 (SB 2030) Energy Standard. Compliance with SB 2030 Standard is achieved by a combination of on-site renewable energy generation and energy efficiency. Projects meeting SB 2030 Standard are evaluated for compliance during design, during construction, and for a period of 10 years of occupancy. Compliance will be monitored through the B3-MSBG Tracking Tool.

¹⁵ Follow 2020 Enterprise Green Communities Criteria – Criterion 5.2b Moving to Zero Energy: Near Zero Certification or Criterion 5.4 Achieving Zero Energy requirements. Actual enrollment of project with Enterprise Green Communities Criteria is not required, however to monitor compliance, certification with Department of Energy (DOE) Zero Energy Ready Home (ZERH), Passive House Institute US (PHIUS), Passive House Institute Classic (PHI), or other program outlined in the applicable criteria is required.

7. Unacceptable Practices (-1 to -35 points)

Minnesota Housing may impose penalty points for unacceptable practices as identified in the QAP.

Total Points

TOTAL DEVELOPER CLAIMED POINTS:

TOTAL MINNESOTA HOUSING AWARDED POINTS: