Project Description

Pastoret Terrace Redevelopment
127-129 East 1st Street

This project entails the redevelopment of the historic Pastoret Terrace building in the East First Street portion of the Central Business District. The 127-year old Pastoret building is a signature work of Duluth's most distinguished architect and remains one of his most significant structures. For the last 100 years, the building - known as the Kozy Apartments - has provided Single Room Occupancy (SRO) housing to the community's lowest income residents; in 2010, the building contained 50 units. A major fire that year gutted significant portions of the building, and it is currently vacant and blighted, condemned for occupancy.

The Pastoret Terrace is a contributing resource to the Duluth Commercial Historic District, and the building has been approved as a 'certified historic structure' by the Minnesota State Historic Preservation Office (SHPO) and the National Park Service. This qualifies the project for both state and federal historic tax credits, and ensures that the restoration of the building will be completed in accordance with the Secretary of the Interior's Standards for historic rehabilitation, thus preserving one of the community's most significant historic resources. Two significant project components will affect the building façade: (1) the removal of the non-historic Kozy Bar addition (circa 1924) and restoration of the original street-level façade of the building; and (2) the potential reconstruction of missing historic elements - cupola, dormers and porches - that were part of the original 1887 design but removed in the 1920s. These project activities will be undertaken only after design approval by both MN SHPO and the National Park Service in accordance with the approved Rehabilitation Plan.

This project will redevelop the Pastoret building, providing 40 units of affordable workforce housing together with supportive commercial activities in an adjacent building in a subsequent phase of development. The restoration of a majority of the affordable downtown housing units lost as a result of the fire conforms with the City's initiatives to foster housing for the growing downtown workforce in support of preservation and affordable housing policies, as cited in the City's Comprehensive Plan; the Consolidated Plan for Housing & Community Development 2010-2014; the Duluth East Downtown, Hillside and Waterfront Charrette Report and Plan; and the Hillside Neighborhood Revitalization Plan of November, 2012.

Pastoret, LLC has engaged Sand Companies, Inc. (Sand) to co-develop, design and construct the Pastoret Terrace. Sand has nearly 20 years of experience in workforce communities with over 1,000 units developed and built since 1995. In addition, Sand has developed, designed and constructed over 287 multifamily units in historic buildings.

Pastoret Terrace will provide 40 workforce housing studio units in downtown Duluth for individuals. These units will serve individual men and women, elderly, and young single adults. Pastoret Terrace will have 36 units with rents at 50% area median income (AMI) and 4 units with rents at 30% AMI. In addition to the 40 units, Pastoret Terrace will also have laundry facilities, offices for property management and service coordinator, and community space.

With renovation, Pastoret Terrace can once again provide residents a place to call home in downtown Duluth. By combining the Federal and State Historic Tax Credits with low income housing tax credits, the City of Duluth and its residents will be able to rehabilitate a historic building and provide needed housing to the residents of Duluth.

Pastoret Terrace

Duluth, Minnesota

Projected Sources and Uses of Funds

April 27, 2014

Projected Sources

Equity - Federal Historic Tax Credit	$	1,265,414
Equity - State Historic Tax Credit	$	1,211,567
Equity - Low Income Historic Tax Credit	$	6,213,316
Tax Increment Financing	$	300,000
City of Duluth HRA Loan	$	150,000
City of Duluth Pre-Development Grant	$	7,500
Deferred Loan - Minnesota Housing RFP Request	$	267,740
TOTAL PROJECTED SOURCES OF FUNDS	**$**	**9,415,537**

Projected Uses

Acquisition - Site & Existing Structure	$	700,000
Historic Rehabilitation	$	5,637,300
New Construction	$	581,400
Environmental & Remediation	$	340,000
Contingency	$	592,800
Pre-Opening, Marketing & Furnishings	$	77,000
Builders Risk & RE Taxes	$	40,000
Professional Fees	$	821,842
Title & Closing Expenses	$	40,000
Financing Fees & Expenses, Construction Interest	$	482,937
Operating Reserves	$	102,258
TOTAL PROJECTED USES OF FUNDS	**$**	**9,415,537**

NOTE: FOR DISCUSSION PURPOSES ONLY. THESE PROJECTIONS ARE BASED ON ESTIMATES. ACTUAL RESULTS MAY DIFFER OR MAY BE AFFECTED BY FUTURE OR UNFORESEEN EVENTS.

HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA

222 EAST SECOND STREET
P.O. BOX 16900 • DULUTH, MINNESOTA 55816-0900
PHONE 218/529-6300 • FAX 218/529-6344 • TTY 218/529-6321

EQUAL HOUSING OPPORTUNITY

CERTIFICATE OF RECORDING OFFICER

I, Richard W. Ball, being the duly appointed and qualified acting Executive Director of the Housing and Redevelopment Authority of Duluth, Minnesota, do hereby verify that the attached Resolution was duly and regularly adopted at a duly constituted meeting of the aforesaid Authority, and that the attached Resolution is a true, full and correct transcript of the original thereof as so adopted.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of April, 2014.

Executive Director

RESOLUTION NO. 3360-13
EXPRESSING INTENT TO CREATE AND ADMINISTER A TAX INCREMENT FINANCE DISTRICT FOR PASTORET DEVELOPMENT

WHEREAS, the Housing and Redevelopment Authority has worked with the City of Duluth, Local Initiatives Support Corporation, and other partners on creating a vision for neighborhood revitalization in the Central Hillside neighborhood, and downtown areas, and has identified the need for affordable housing to meet community needs in this area; and

WHEREAS, a fire in the former Kozy Bar building in Downtown Duluth at 127 – 129 East First Street, also previously known as the Pastoret Terrace building, has created a significant blighting influence in the downtown area of the Central Hillside, and has reduced the number of affordable housing units for low income individuals; and

WHEREAS, Pastoret LLC has been working on redevelopment plans for the rehabilitation of this historic building, and has asked the Housing and Redevelopment Authority to undertake the development of a tax increment financing plan to assist in financing the rehabilitation and creation of approximately 40 units of affordable housing; and

WHEREAS, it is anticipated that successful rehabilitation of the building and the creation of 40 units of affordable housing will require assistance in the form of Tax Increment Financing in order to achieve financial feasibility;

NOW THEREFORE BE IT RESOLVED, that subject to approval of the Duluth City Council, and further verification of development financing need that substantiates that but for the use of Tax Increment Financing the Pastoret Terrace Rehabilitation and housing development plan would be unable to proceed, the HRA intends to create and administer a Tax Increment Finance district limited in terms sufficient to minimally meet financial requirements of the development in compliance with state statutes.

Ex. Dir.

February 26, 2013

STATEMENT OF PURPOSE:

This resolution expresses intent to create a Tax Increment Finance district as needed subject to City Council approval and verification of financial necessity for the Pastoret Terrace Rehabilitation project proposed by Pastoret LLC to create approximately 40 units of affordable housing consistent with City plans for neighborhood revitalization.

2 P3.1 **SECOND AVENUE ELEVATION**

3/16"=1'-0"

1 P3.1 **FIRST STREET ELEVATION**

3/16"=1'-0"

SCALZO ARCHITECTS, LTD.
1901 South Street
Duluth, Minnesota 55812
Tele: 218.722.4319
Fax: 218.722.3535

PROJECT:
PASTORET TERRACE
129 EAST 1ST STREET
DULUTH, MINNESOTA 55805

OWNER:
PASTORET PARTNERS, LLC.
11 E. SUPERIOR STREET - SUITE 552
DULUTH, MINNESOTA 55802

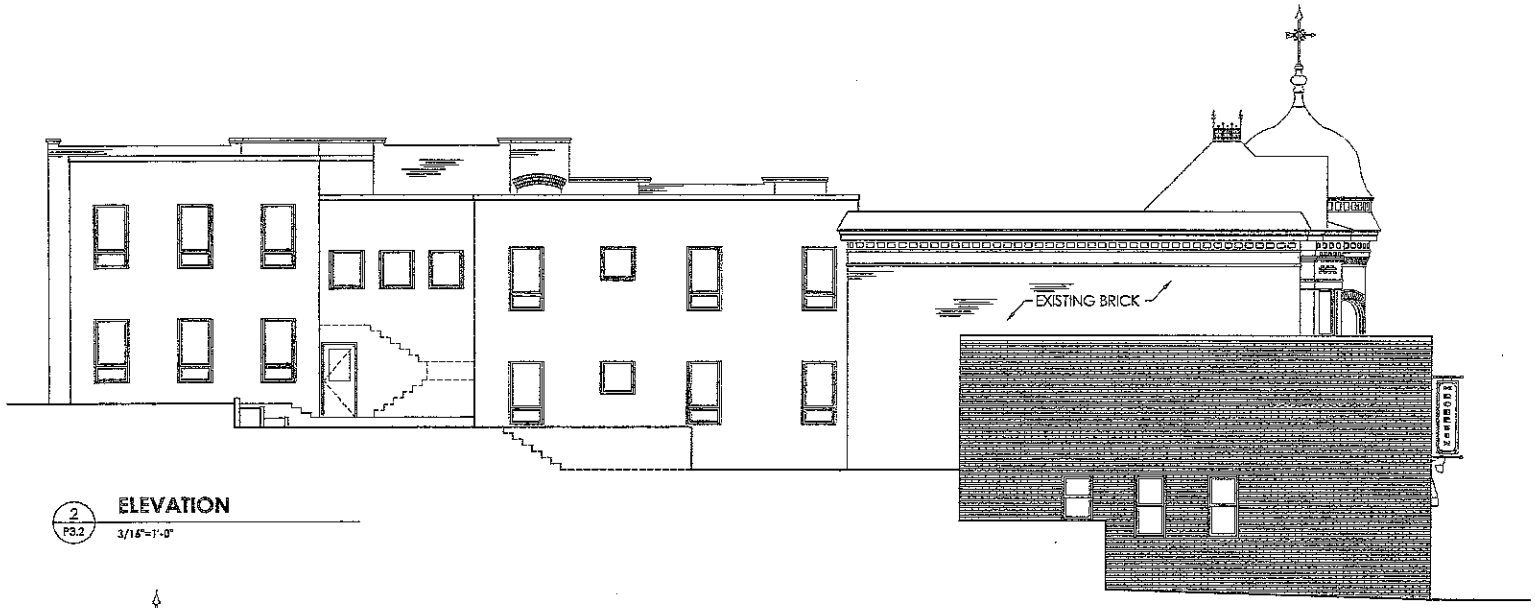
ELEVATIONS

REVISIONS:

DATE:
DRAWN: TJS
CHECKED: WBS
PROJECT: 1263

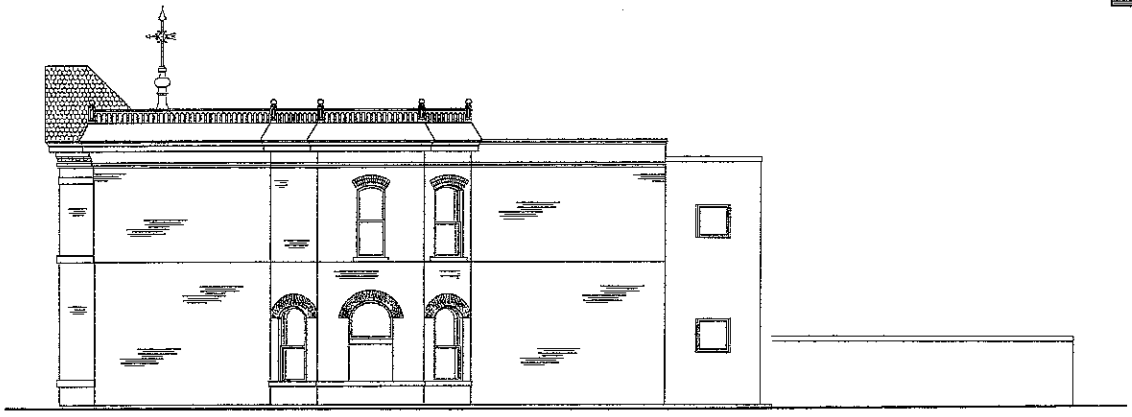
0 2" FULL SCALE

SHEET NO.
P3.1



2 P3.2 **ELEVATION**

3/16"=1'-0"



1 P3.2 **ALLEY ELEVATION**

3/16"=1'-0"

SCALZO ARCHITECTS, LTD.
1901 South Street
Duluth, Minnesota 55812
Tele: 218.722.4319
Fax: 218.722.3535

PROJECT:
PASTORET TERRACE
129 EAST 1ST STREET
DULUTH, MINNESOTA 55805

OWNER:
PASTORET PARTNERS, LLC.
11 E. SUPERIOR STREET - SUITE 552
DULUTH, MINNESOTA 55802

REVISIONS:

DATE:
DRAWN: TJB
CHECKED: WBS
PROJECT: 1263

0 FULL SCALE

SHEET NO.
P3.2

Minnesota Housing Finance Agency

Self-Scoring Worksheet
Amended 2014/2015 Housing Tax Credit Program

Development Name: Pastoret Terrace

Development Location: 127-129 East 1st Street, Duluth, Minnesota

Development City: Duluth, Minnesota

Please note the following:

1. Minimum Point Requirements:
   - Request for Minnesota Housing Finance Agency (Minnesota Housing) administered tax credits from the State's volume cap must demonstrate the project is eligible for not less than 30 points.
   - Request for tax credits in association with Tax Exempt Bonds over and above the State's allocation of Housing Tax Credits must demonstrate the project is eligible for not less than 30 points.
   - Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the Procedural Manual, or to revise proposal features, and associated scoring, to ensure the project meets the requirements.
2. Documentation of Points:
   - Indicate the selection and/or preference priority points expected for your project. Where multiple points per section are available please check the appropriate box (☐) for points claimed. **Attach directly to this self-scoring worksheet, a separate detail sheet and documentation that clearly supports points claimed. Minnesota Housing will determine actual selection points awarded – points will not be awarded unless documentation is provided along with the application to justify the points claimed.**
3. Extended Duration:
   - All projects with the exception of those obtaining tax credits in association with Tax Exempt Bonds over and above the State's allocation of Housing Tax Credits must maintain the duration of low-income use for a minimum of 30 years. The owner agrees that the 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 that the Section 42 income and rental restrictions shall apply for the period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low income housing project.
4. Design Standards:
   - The project must meet the requirements in the Minnesota Housing Finance Agency 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 Large Family Housing points are claimed/awarded or points are claimed/awarded which require specific design elements (i.e. High Speed Internet).
5. A Declaration of Land Use Restrictive Covenants:
   - Covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.
6. Affirmative Fair Housing:
   - 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 minority 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. <u>All applicants must submit an Affirmative Fair Housing Marketing Plan at the time of application documenting an acceptable plan to carry out an affirmative marketing program.</u>

ROUND 1 – MINIMUM THRESHOLD REQUIREMENTS

For applications submitted in Round 1, all applicants statewide must meet one of the following threshold types. Please indicate the Threshold item you meet:

A. In the Metropolitan Area:

1. ☐ New construction or substantial rehabilitation in which, for the term of the extended use period (term of the Declaration of Land Use Restrictive Covenants), at least 75 percent of the total tax credit units are single room occupancy units with rents affordable to households whose income does not exceed 30 percent of the area median income.

2. ☐ 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 Declaration of Land Use Restrictive Covenants), at least 75 percent of the total tax credit units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; or

3. ☐ Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

B. Outside the Metropolitan Area:

1. ☒ Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data such as local council resolution submitted with the application. (For Threshold Letter – Sample Format, see HTC Procedural Manual, Reference Materials Index.)

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 Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons:

1. ☐ with a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c);

2. ☐ with a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended;

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 percent of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

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 tax credits 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.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

1. Household Targeting — **3 to 10 Points** — 3 ____

Choose one of the following:

☐ **Large Family Housing** - The proposal is for a project that provides family housing that is not restricted to persons 55 years old or older. At least 75 percent of the total tax credit units must contain two or more bedrooms. The tenant selection plan must give preference to families with minor children. – ***10 Points***

☐ **Single Room Occupancy Housing** - At least 50 percent of the total tax credit units must be one bedroom or less with rents affordable to households whose incomes do not exceed 30 percent of AMI. – ***10 Points***

☐ **Special Populations** - At least 25 percent of the total units are set aside and rented to special populations* – ***10 points***

☒ **Special Populations** - At least 10 percent of the total units are set aside and rented to special populations* – ***3 points***

***Special Populations** – Projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period (Declaration of Land Use Restrictive Covenants), a percentage of the units are set aside and rented to persons with the following disabilities:

(a) a serious and persistent mental illness as defined in Minn. Stat. § 245.462, subdivision 20, paragraph (c);
(b) a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended;
(c) 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.
(d) a brain injury as defined in Minn. Stat. § 256B.093, Subdivision 4, paragraph (a); or
(e) permanent physical disabilities that substantially limit major life activities, if at least 50 percent of the units in the project are accessible as provided under Minnesota Rules Chapter 1341.

The applicant must contact the human services department for the county where the project will be located to discuss the proposal. The applicant must submit a letter from the human services department indicating that its staff has reviewed the proposed project, and stating whether there is a need for such housing and if the project would be eligible for funds to assist with the social service needs of the residents.

In addition, if the project will be delivering supportive services to residents in these units, the applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Multifamily Rental Housing Common Application Request for Proposal Guide, and the Multifamily Rental Housing Common Application Checklist.

Selection Priorities	Developer Claimed	Minnesota Housing Awarded

2. Strategically Targeted Resources — **10 to 12 Points** 12 ____

☒ The proposal is for the rehabilitation of an existing structure – ***10 points***

Note that for all HTC rehabilitation proposals:

- the amount of rehabilitation must exceed:
  a) $5,000 per low-income unit for the project; and the greater of
  b) $6,500 qualified basis per low-income unit per building [as annually increased by cost of living adjustment per Section 42(e)(3)(D)]; or
  c) 20 percent of the adjusted basis.

Calculation is based on rehabilitation hard costs and cannot include intermediary costs or soft costs identified in the application; plans and/or scope of work provided at the time of application.

☒ The rehabilitation proposal is part of a community revitalization or stabilization plan – ***2 additional points***

Must be evidenced by a letter from the city verifying that the proposed project is part of an approved community revitalization area as established by resolution or other legal action.

OR

☐ The proposal is for new construction and will utilize existing sewer and water lines without substantial extensions –***10 points***

3. Economic Integration — **2 to 5 Points** 0 ____

☐ The proposed housing provides project economic integration by providing at least 25 percent but not greater than 80 percent of the total units in the project as qualified HTC low income units (does not include full-time manager or other common space units) * - **2 points**

OR

To promote economic integration, projects are awarded points for being located in higher income communities that are close to jobs.

☐ ***First Tier*** - The proposed housing is located in a census tract eligible for **3 point**

☐ ***Second Tier*** - The proposed housing is located in a census tract eligible for **5 points**

Economic integration areas maps and census tract listing are found on Minnesota Housing's website: http://www.mnhousing.gov/idc/groups/public/documents/webcontent/mhfa_012464.pdf . Additionally, find economic integration area map overlays in the agency's community profiles interactive mapping tool (http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1373870285684&pagename=External%2FPage%2FEXTStandardLayout).

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

4. Workforce Housing Communities **5 Points** 5 ____

Points are awarded for projects located in or near a city or township needing workforce housing (having a large number of jobs or job growth). In this QAP the communities identified for the "Top Growth" communities in the 2013 QAP will continue to receive priority points in the 2014/2015 QAP. In the metropolitan area, project locations must be within 5 miles of a workforce housing city or township. In Greater Minnesota, project locations must be within 10 miles of a workforce housing city or township. (Workforce Housing Communities list and maps) http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_012445.pdf Additionally, find proximity to workforce housing in the agency's community profiles interactive mapping tool (http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1373870285684&pagename=External%2FPage%2FEXTStandardLayout).

NOTE: A development can only receive points in this scoring section under either the 2013 "Top Growth" Communities criteria or the 2014/2015 Workforce Housing Communities criteria, and cannot receive points under both criteria.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

5. Federal/Local/Philanthropic Contributions **2 to 10 Points** 10 ____

Points are awarded for projects that are receiving contributions from the federal government; a local unit of government; an area employer; and/or a private philanthropic, religious or charitable organization.

Identity of Interest exclusion: Contributions from any part of the ownership entity will be considered general partner cash and excluded from the calculation unless the contributions are awarded by local units of government or nonprofit charitable organizations pursuant to a funding competition.

Total federal/local/philanthropic contributions $3,202,221 divided by Total Development Cost $9,415,537 equals (rounded to the nearest tenth)

- ☒ 20.1% and above – ***10 points***
- ☐ 15.1 – 20% – ***8 points***
- ☐ 10.1 – 15% – ***6 points***
- ☐ 5.1 – 10% – ***4 points***
- ☐ 2.1 – 5% – ***2 points***
- ☐ 0 – 2% – ***0 points***

Federal/Local/Philanthropic Contributions include:

- Monetary grants/donations
- Tax increment financing - calculate Net Present Value (NPV) by using NPV discounted by Applicable Federal Rate (AFR)
- Tax abatement (calculate NPV by using NPV discounted by AFR)
- Land donation or city write down of the development site
- In-kind work and materials donated at no cost
- Local government donation/waiver of project specific costs, assessments or fees (eg. SAC/WAC)
- Reservation land not subject to local property taxes
- Reservation land with long-term low cost leases
- Deferred loans with a minimum term that is co-terminus with the HTC Declaration with an interest rate at or below the AFR
- Grants from nonprofit charitable organizations converted to deferred loans with a minimum term that is co-terminus with the HTC Declaration with an interest rate at or below the AFR. Award letter from the nonprofit charitable organization contributor must be provided at the time of application verifying the project specific (restricted) contribution
- Below Market Interest Rate (BMIR) Loans –calculate NPV based on the difference between the AFR and the BMIR rate (eg. RD 515, NHASDA first mortgage).
- Historic Tax Credits

To qualify for points for tax increment financing or tax abatement, there must be satisfactory documentation that the contribution is committed to the development at the time of application.

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. In the case of Historic Tax Credits, at the time of application written documentation of eligibility through evidence of Historic Register listing or approval of **Part 1**—Evaluation of Significance.

Within 6 months of the date of selection (Minnesota Housing Board selection date) the applicant must provide Minnesota Housing with documentation of a firm commitment, authorization or approval of the federal/local/philanthropic contribution(s). The documentation must state the amount, terms and conditions and 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 considered acceptable. Lack of acceptable documentation will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

6. **Financial Readiness to Proceed** — **2 to 14 Points** 6 ____

Minnesota Housing shall award points to applicants who have secured funding **commitments** for one or more permanent funding sources at the time of application except that commitments for funding from Minnesota Housing and Funding Partners (i.e. Minnesota Department of Employment and Economic Development, Family Housing Fund, Greater Minnesota Housing Fund, Metropolitan Council Local Housing Incentive Account) are only included if obtained in a previous funding cycle/round.

Commitment documentation must state the amount, terms and conditions and be executed or approved by the lender or contributor and the applicant. Documentation containing words synonymous with "consider" or "may", (as in "may award") regarding the commitment will not be considered acceptable. Deferred Developer fee is not considered a permanent source of funding.

The calculation below must exclude first mortgage financing and any anticipated proceeds from the current tax credit request.

Syndication proceeds from tax credits 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 which is acceptable to Minnesota Housing;
The executed Letter of Intent must:

- Be current within 15 days of submission of the application
- Contain a projected closing date for the development
- Contain a projected equity price for the purchase of the credit
- Contain a detailed explanation of the assumptions being used by the syndicator to arrive at the projected equity price

Total eligible funding secured, awarded or committed (excluding first mortgage financing and any anticipated proceeds from the current tax credit request) $3,202,221 Divided by Total Development Cost (excluding first mortgage financing and any anticipated proceeds from the current tax credit request) $9,415,537 equals Percentage of Funds Committed 34.0% (round to nearest tenth)

- ☐ 70% or more of funding secured, awarded or committed – ***14 points***
- ☐ 60% to 69.9% of funding secured, awarded or committed – ***12 points***
- ☐ 50% to 59.9% of funding secured, awarded or committed – ***10 points***
- ☐ 40% to 49.9% of funding secured, awarded or committed – ***8 points***
- ☒ 30% to 39.9% of funding secured, awarded or committed – ***6 points***
- ☐ 20% to 29.9% of funding secured, awarded or committed – ***4 points***
- ☐ 10% to 19.9% of funding secured, awarded or committed – ***2 points***
- ☐ 9.9% and below of funding secured, awarded or committed – ***0 points***

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

7. Intermediary Costs (Soft Costs) — 1 to 6 Points — 6 — ____

Points will be given to projects with the lowest intermediary costs on a sliding scale based on percentage of total development costs. For HTC selected projects, this percentage will be enforced at issuance of the IRS Form 8609.

Intermediary cost amount: $1,399,779 divided by Total Development Costs $9,415,537 Equals Intermediary Percentage 14.9% (rounded to the nearest tenth).

- ☒ 0 .0 – 15% – ***6 points***
- ☐ 15.1 – 20% – ***3 points***
- ☐ 20.1 – 25% – ***2 points***
- ☐ 25.1 – 30% – ***1 point***
- ☐ 30.1 & over – ***0 points***

8. Unacceptable Practices — -10 to -25 Points — 0 — ____

Minnesota Housing will impose penalty points for unacceptable practices as identified in Chapter 3 G. of the Housing Tax Credit Procedural Manual.

9. Eventual Tenant Ownership — 1 Point — 0 — ____

The proposal must include a financially viable plan to transfer **100 percent** of the HTC unit ownership after the end of the 15-year compliance period from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership") of the project to tenant ownership.

The unit purchase price at time of sale must be affordable to buyers with incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant) or time of purchase. The plan must incorporate an ownership exit strategy and the provision of services including homeownership education and training. The Declaration of Land Use Restrictive Covenants will contain provisions ensuring compliance with these home ownership program commitments by the Owner. (Refer also to Chapter 4 W of the HTC Procedural Manual for additional information.)

Until the time the HTC units are purchased by qualified tenants or in the event the HTC units are not acquired by qualified tenants, the owner will extend the duration of low-income use for the full extended use period (30 years).

Selection Priorities	Developer Claimed	Minnesota Housing Awarded

10. Temporary Priority – Foreclosed Properties **5 or 10 Points** 0 ____

The proposal addresses a temporary housing priority and is eligible for the award of points by the Commissioner or the Board of the Minnesota Housing Finance Agency pursuant to authority cited in the Rules of the Minnesota Housing Finance Agency.

(Note: Points cannot be taken in this section for a Temporary Priority if a priority section has been specifically created for it elsewhere in this self-scoring worksheet.)

Priority is given to applications proposing to acquire and rehabilitate a "Foreclosed Property" (A home or residential property has been foreclosed upon if any of the following conditions apply: a) the property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or b) the property owner is 90 days or more delinquent on tax payments, or c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, contractor, developer, or end user.) or are located in a Foreclosure Priority Area identified by Minnesota Housing. In cases where the project involves a "Foreclosed Property", the proposed project cannot be a conversion (adaptive reuse/conversion to housing from another use).

The project must consist of a minimum of 12 units and all units must be located on one parcel or contiguous site.

Points may be claimed for only one of the following (maximum of ten (10) points):

- ☐ For applications proposing to acquire and rehabilitate a Foreclosed Property or redevelop vacant land involved in a foreclosure action which is located in one of the designated Foreclosure Priority Areas. – **10 points**
- ☐ For applications proposing to acquire and rehabilitate a Foreclosed Property or redevelop vacant land involved in a foreclosure action which is not located in one of the designated Foreclosure Priority Areas. – **5 points**
- ☐ For applications proposing a project to acquire and rehabilitate a property that is located in one of the designated Foreclosure Priority Areas. – **5 points**

For applications proposing to acquire and rehabilitate a project which has been foreclosed, applicant must provide at the time of application;

- Evidence of applicant's ownership rights to the property
- Narrative which clearly identifies (1) the number of tenant leases which are valid and in force and (2) the terms and conditions of those leases which would have a direct impact on Minnesota Housing's analysis and underwriting of the project proposed in the application.

Note: Failure to acquire good title to the property will result in the reevaluation and adjustment of the tax credits or RFP award, up to and including the total recapture of tax credits or RFP funds.

Foreclosures Priority Areas maps and zip code listing are found on Minnesota Housing's website: http://www.mnhousing.gov/idc/groups/public/documents/webcontent/mhfa_012465.pdf . Additionally, find foreclosure priority area map overlays in the agency's community profiles interactive mapping tool (http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1373870285684&pagename=External%2FPage%2FEXTStandardLayout).

Selection Priorities	Developer Claimed	Minnesota Housing Awarded

11. Preservation of Federally Assisted Units **25 to 40 Points** ()

DEFINITION - Any housing receiving project based rental assistance, operating subsidies, or mortgage interest reduction payments under a U.S. Department of Housing and Urban Development ("HUD") or U.S. Department of Agriculture Rural Development ("RD") program that is not scheduled to sunset or expire. NAHASDA is eligible for points under Imminent Risk of Loss provided that criteria 1.b. and 1.c. are met, and eligible for points under High Risk of Loss provided that either criterion 2.a. or 2.b. is met.

In order to obtain the related points, the owner shall 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 must not evict existing subsidized residents and must continue to renew leases for those residents.

☐ **Imminent Risk of Loss – 30 Points**

1. To obtain these points, the existing federal assistance must be at risk of loss within three years of application date due to prepayment/opt-out/mortgage maturity and conversion to market rate housing.

   Attach evidence (narratives), including eligibility dates, with copies of relevant expiring contracts, loan documents that describe the ability to pre-pay the financing including required approvals and/or penalties AND documentation to fully evidence all of the following:

   ☐ a. Location in either a jobs growth area or household growth area (as published by Minnesota Housing); and

   ☐ b. Market for conversion evidenced by significant rent differential and 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. The property's ability to command market rents as evidenced by direct comparison to local market comparable units and amenities. Conversion scenario must result in sufficient additional revenue to support improvements and amenities necessary to match market comparable units.

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

Attach completed "Market Conversion" workbook.

☐ **High Risk of Loss – 25 Points**

1. To obtain these points, the existing federal assistance must be at risk of loss under one of the following two thresholds:

   ☐ Contract expiration/opt-out or mortgage maturity/prepayment within six years of application date and the local need for subsidized units can be demonstrated by data evidencing rent-burdened population (as published by Minnesota Housing): Cost Burdened Lower Income Renters You can find this information in the agency's community profiles interactive mapping tool

   or

   ☐ Contract expiration/opt-out or mortgage maturity/prepayment within six years of application date and property is located in either jobs growth area or household growth area (as published by Minnesota Housing); Preservation Geographic Priority Areas

AND

either 2a. or 2b. is true.

2. Reason for high risk of loss:

   2a. ☐ Critical physical needs identified by third party assessment to support the following conclusions:

i. As-is condition of a property's physical component(s) does not meet:
   1. HUD's Uniform Physical Condition Standards (UPCS), or
   2. For building exterior components and mechanical systems for which UPCS does not provide a measure, critical need(s) supported by an independent third party professional certification, and

ii. Repair/replacement of major physical plant components have been identified which will result in 15+ years sustained operations of federally assisted units, and

iii. Identified scope of critical physical needs exceeds the available reserves.

Attach evidence of most recent REAC score or RD classification, outstanding code violations or other inspection results that threaten sustained operations under the federal assistance.

Evidence of inspection results is not required for NAHASDA.

Attach completed "Determination of Critical Physical Needs" workbook.

OR

2b. ☐ A change in ownership is necessary due to deterioration of capacity as evidenced by threat to units remaining decent, safe, and affordable due to events such as:

i. Bankruptcy/insolvency

ii. Self-determination of diminishing or insufficient capacity by nonprofit board

NOTE: Points cannot be claimed/awarded for both Imminent Risk of Loss and High Risk of Loss.

☐ **Number of units preserved – 1-10 additional points**

1. To obtain these points, score for the appropriate number of federally assisted units proposed for preservation:

1a. Metro or Greater Minnesota MSA*

☐ 12-30 units – **1 point**
☐ 31-60 units – **3 points**
☐ 61-100 units – **7 points**
☐ 101+ units – **10 points**

* Greater Minnesota MSA (Metropolitan Statistical Area) as defined by HUD: Duluth, St. Cloud, Fargo/Moorhead, Rochester, Mankato, Lacrosse, Grand Forks, Minneapolis/St. Paul MSA outside of the 7 county metro (including Chisago, Isanti, Sherburne, and Wright Counties)

1b. Greater Minnesota / Rural

☐ 8-20 units – **3 points**
☐ 21-40 units – **5 points**
☐ 41+ units – **10 points**

Greater Minnesota MSA's and preservation household and job growth communities' maps and census tract listing are found on Minnesota Housing's website: Census Tracts. Additionally, find these details the agency's community profiles interactive mapping tool

NOTE: Points cannot be claimed/ awarded for Preservation of Federally Assisted Units if points are claimed/ awarded for the same units under the Rental Assistance preference priority.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

12. Preservation of Existing Housing Tax Credit Units **7 or 10 Points** ()

These points are available only to existing Minnesota Housing tax credit projects applying for tax credits from Minnesota Housing's competitive allocation process (consolidated RFP) and qualified tax exempt projects applying for a preliminary determination letter from Minnesota Housing as the credit allocator.

To obtain the related points, the existing tax credit housing must meet all of the following:

1. The development received a Minnesota Housing allocation of housing tax credits and is eligible to exercise their option under the provisions of Section 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (Qualified Contract) within the next 12 months (developments that have exercised their option to opt out under the Qualified Contract process are not eligible for points in this category); and
2. Applicant agrees to maintain the Housing Tax Credit Units in the development for at least 30 years; and
3. The proposal will not result in the displacement of existing low and moderate income residents;
4. The development must claim and be eligible for points under Serves Lowest Income Tenants/Rent Reduction.

AND either 5a. or 5b. is true (check one)

5a ☐ **Imminent Risk of Loss –10 points**

Attach evidence including eligibility dates and copies of relevant documents that describe option to file for Qualified Contract and to fully evidence both of the following:

☐ Market for conversion evidenced by significant rent differential and 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

☐ The property's ability to command market rents as evidenced by direct comparison to local market comparable units and amenities. Conversion scenario must result in sufficient additional revenue to support improvements and additional amenities necessary to match market comparable units.

Attach completed "Market Conversion" workbook.

5b. ☐ **High Risk of Loss – 7 Points**

Due to:

☐ Critical physical needs identified by third party assessment to support the following conclusions:

i. As-is condition of a property's physical component(s) does not meet:
   1. HUD's Uniform Physical Condition Standards (UPCS), or
   2. For building exterior components and mechanical systems for which UPCS does not provide a measure, critical need(s) supported by an independent third party professional certification, and

ii. Repair/replacement of major physical plant components have been identified which will result in 15+ years sustained operations of Housing Tax Credit units; and

iii. Identified scope of critical physical needs exceeds the available reserves.

Attach evidence of most recent UPCS findings, outstanding code violations or other inspection results that threaten sustained operations under the housing tax credit program.

Attach completed "Determination of Critical Physical Needs" workbook.

OR

☐ A change in ownership is necessary due to deterioration of capacity as evidenced by threat to units remaining decent, safe, and affordable due to events such as:

i. Bankruptcy

ii. Self-determination of diminishing or insufficient capacity by nonprofit board

NOTE: Points cannot be claimed/awarded for both Imminent Risk of Loss and High Risk of Loss.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

13. Stabilization **5 Points** 0

These points are available only to properties with existing federally assisted units or previously funded by tax credits or deferred loans from Minnesota Housing or Interagency Stabilization Group (ISG) partner funders that are not also claiming points for Preservation of Federally Assisted Units or Preservation of Existing Housing Tax Credit Units.

Applicants must provide narratives to support the approach of a planned, long term and cost effective stabilization that meets all of the following criteria:

☐ **Stabilization**

1. Suitability for long term stabilization:
   a. 15 or more years have passed since initial loan closing or most recent tax credit placed in service date; and
   b. Operating feasibility shows duration of at least 20 years; and
   c. ISG vote to confirm collaborative funder commitment and feasibility of the development's stabilization proposal;

AND

2. Collaborative relationship in place:
   a. Property claims and is deemed eligible for the following points:
      i. Financial Readiness to Proceed - Minimum of 6 points; and
      ii. Federal/Local/Philanthropic Contributions - Minimum of 8 points;

AND

3. Affordability and Cost Effectiveness:
   a. Property claims and is deemed eligible for points under preference priority of Serves Lowest Income Tenants/Rent Reduction; and
   b. Property claims and is deemed eligible for points under preference priority of Cost Containment.

NOTE: Points cannot be claimed in this Stabilization category if points are claimed in the Preservation of Federally Assisted Units or the Preservation of Existing Tax Credit Units categories.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

14. Permanent Housing for Individuals Experiencing Long-Term Homelessness — 5 to 110 Points — Developer Claimed: 5 — Minnesota Housing Awarded: ____

Minnesota Housing Competitive Round or Tax Exempt Points ("non-Bonus" points) – *5 or 10 Points*

"Non-Bonus" points will be awarded to permanent housing proposals in which a minimum of 5% (rounded up to the next full unit) of the total units, but no fewer than 4 units are set aside and rented to households experiencing long-term homelessness as defined in Minnesota Rules, Chapter 4900.3705:

- ☒ 5% to 9.99%, but no fewer than 4 units – ***5 points***
- ☐ 10% to 49.99%, but no fewer than 7 units – ***7 points***
- ☐ 50% to 100%, but no fewer than 20 units – ***10 points***

Minnesota Housing Competitive Round or Non-Tax Exempt Points ("bonus" points) – *100 Points*

100 points ("bonus points") will be available until a total of $1,922,000 (estimated 25 percent of Minnesota Housing's administered credit authority) in tax credits are awarded for qualifying permanent housing proposals for households experiencing long-term homelessness selected in the 2015 Housing Tax Credit competitions. Once this maximum amount is reached, the 100 points ("bonus" points) will no longer be awarded for the remaining 2015 Tax Credit Program competitive funding rounds. If qualified per the requirements of this section, applicants may claim the "bonus points". Minnesota Housing will make point reductions relating to the "bonus points" funding limits following its review of all applications in the funding round which claim these points. Qualified proposals may earn a maximum of 10 points ("non-bonus" points) and may continue to compete in the appropriate set-aside.

To receive points under this category, the proposal must meet all of the following conditions:

a) the applicant must complete and submit the Supportive Housing application materials, including the narratives, forms and submittals identified in the Multifamily Rental Housing Common Application Request for Proposal Guide, and the Multifamily Rental Housing Common Application Checklist; and
b) 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.

A proposal which is awarded scoring points from this category and is selected to receive tax credits will be required to comply with the Long-Term Homelessness reporting requirements as defined by Minnesota Housing. The Tax Credit Declaration of Land Use Restrictive Covenants, including a specific Rider to the Declaration, will contain performance requirements related to these long-term homelessness units and will be recorded with the property.

15. High Speed Internet Access — 1 Point — Developer Claimed: 1 — Minnesota Housing Awarded: ____

The development will provide High Speed Internet access via installation of all appropriate infrastructure and connections for cable, DSL or wireless internet service to every unit in the development. This will be a design requirement if points are taken.

Selection Priorities	Developer Claimed		Minnesota Housing Awarded

16. Minimizing Transportation Costs and Promoting Access to Transit — 2, 4 or 5 Points — 5 ____

Points will be awarded for Transit Oriented Developments or developments that promote Access to Transit.

Metropolitan Area:

To receive 5 Points for Transit Oriented Development in the Metropolitan area, a development must be:

☐ Located within one half mile of a completed or planned LRT, BRT, or commuter rail station

To receive 4 Points for proximity to public transportation in the Metropolitan area, a development must be:

☐ Located within one quarter mile of a fixed route stop on Metro Transit's Hi-Frequency Network

To receive 2 Points for proximity to public transportation in the Metropolitan area, a development must be:

☐ Located within one quarter mile of a high service public transportation fixed route stop; or

☐ Located within one half mile of an express bus route stop; or

☐ Located within one half mile of a park and ride; or

Greater Minnesota:

To receive 5 points for promoting access to transit, a development in Greater Minnesota must be:

☒ Located within one quarter mile of a public transportation fixed route stop; or

☐ Located within a census tract that is within 5 miles of 2,000 low and moderate wage jobs for urban census tracts, or within 5 miles of 5,000 low and moderate wage jobs for rural census tracts, **AND** meets **BOTH** of the following:

- ☐ **The proposed housing is within one half mile of at least four different types of facilities listed below.** Attach a map identifying the property location with exact distances to at least four of the following facility types: supermarket/convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood serving retail, office building/employment center; and
- ☐ **The proposed housing has access to demand response/dial-a-ride* services during standard workday hours.** Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

To receive 2 Points for promoting access to transit, a development in Greater Minnesota must be:

☐ Located between one quarter mile and one half mile of a public transportation fixed route stop; or

☐ Located within one and one half mile of a park and ride served by fixed route public transportation; or

☐ Located within a census tract that is within 5 miles of 2,000 low and moderate wage jobs for urban census tracts, or within 5 miles of 5,000 low and moderate wage jobs for rural census tracts, **AND** meets one of the following:

- ☐ **The proposed housing is within one mile of at least four different types of facilities listed below.** Attach a map identifying the property location with exact distances to at least four of the following facility types: supermarket/convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood serving retail, office building/employment center; or
- ☐ **The proposed housing has access to demand response/dial-a-ride* services during standard workday hours.** Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

*Minnesota Department of Transportation defines dial-a-ride as: *"A demand-responsive service in which the vehicle is requested by telephone and vehicle routing is determined as requests are received. Origin-to-destination service with some intermediate stops is offered. Dial-A-Ride is a version of the taxicab using larger vehicles for short-to-medium distance trips in lower-density subregions".*

At the time of application, the applicant must submit a map identifying the location of the project with exact distances to the eligible public transit station/stop and include a copy of the route, span and frequency of service.

Access to transportation maps and census tract listings are found on Minnesota Housing's website: http://www.mnhousing.gov/idc/groups/public/documents/webcontent/mhfa_012466.pdf . Additionally, find these details in the agency's community profiles interactive mapping tool.

17. Smoke Free Buildings **1 Point** ____

One (1) point will be awarded for projects that 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 project must include a non-smoking clause in the lease for every household.

Projects awarded a point in this scoring criteria will be required to maintain the smoke-free policy for the term of the declaration.

* The written policy must be submitted with the application and should 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 owner but must be included in the written policy.

Preference Priorities	Developer Claimed		Minnesota Housing Awarded
1. Serves Lowest Income Tenants/Rent Reduction 5 to 13 Points	10		____

Scores are based on gross rent level including utilities before rental assistance. Eligible units must have rents affordable to households whose incomes do not exceed 30 percent or 50 percent of median income without rental assistance.

In addition to the elected income limit of 50 percent or 60 percent AMI for the full term of the declaration (refer to the Minimum Set-Aside), the applicant agrees to maintain deeper rent structuring for which selection points are requested.

Applicants may choose either option 1 or 2, and in addition, option 3 for the development. This selection will restrict rents only (tenant incomes will not be restricted to the 50 percent or 30 percent income level by claiming points in this section).

☒ Option 1 – A project in which 100 percent of the HTC unit rents representing 40 units are in the county 50 percent HUD area median rent limit – ***10 points***

☐ Option 2 – A project in which at least 50 percent of the HTC unit rents representing _____ units are at the county 50 percent HUD area median rent limit – ***5 points***

OR

☐ Option 3 – In addition to Option 1 or 2, a project that further restricts 30 percent of the above restricted units to the county 30 percent HUD area median rent limit representing _____ units – ***3 additional points***

NOTE: If points are claimed/awarded for this category, then no points may be claimed/awarded from the selection priority category of Rental Assistance for the same units.

IMPORTANT

All 50 percent rent restricted units must meet the 50 percent area median rent for a minimum of five years after the last placed in service date for any building in the property. After the five year period has expired, rent may be increased to the 60 percent rent limit over a three year period with increases not to exceed the amount listed in the table below, provided that more restrictive threshold, selection priority or funding requirements do not apply.

All 30 percent rent restricted units must meet the 30 percent area median rent for a minimum of five years after the last placed in service date for any building in the property. After the five year period has expired, rent may be increased to the 40 percent rent limit over a three-year period with increases not to exceed the amount listed in the table below, provided that more restrictive threshold, selection priority or funding requirements do not apply.

YEAR	30% of 50% Rent Levels	30% of 30% Rent Levels
1 – 5	30% of 50%	30% of 30%
6	30% of 53%	30% of 33%
7	30% of 57%	30% of 37%
8	30% of 60%	30% of 40%

Minnesota Housing will incorporate these restrictions into the Declaration of Land Use Restrictive Covenants. The applicant must demonstrate to sole satisfaction of Minnesota Housing that the property can achieve these reduced rents and remain financially feasible [IRC § 42(m)(2)]. Points are 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).

Preference Priorities	Developer Claimed	Minnesota Housing Awarded

2. Rental Assistance — **4 to 21 Points** — 4 — ____

Priority is given to an owner that submits with the application a **fully executed binding commitment** (i.e. binding Resolution/binding Letter of Approval from the governing body) for project based rental assistance awarded in accordance with 24 CFR Ch. IX, Section 983.51 or are effectively project based by written contract (e.g. NAHASDA).

The assisted units must be located in buildings on the project site. **For the purpose of this section, if a proposal contains existing project based assisted units, these units will be counted towards meeting required Rental Assistance percentages.**

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

A current request for Minnesota Housing Rental Assistance will not receive Rental Assistance points. A past award of existing Rental Assistance will be counted toward meeting the required percentages. Indicate the applicable combinations of the below components. Points for A, B, C and D cannot be claimed in any combination.

☐ (A) For developments agreeing to set aside and having the required binding commitment for 100 percent of the total units for project based rental assistance – ***17 points***

☐ (B) For developments agreeing to set aside and having the required binding commitment for at least 51 percent of the total units for project based rental assistance – ***13 points***

☐ (C) For developments agreeing to set aside and having the required binding commitment for at least 20 percent but under 51 percent of the total units for project based rental assistance – ***10 points***

☐ (D) For developments agreeing to set aside and having the required binding commitment for at least 10 percent but under 20 percent of the total units for the project based rental assistance – ***6 points***

☐ (E) For selection components A, B or C above, if, in addition, the above binding commitments are coupled with a binding commitment to provide the project based rental assistance for a minimum 10 year new or remaining contract term – ***4 points***

☐ (F) For selection components A, B or C above, if, in addition, the above binding commitments are coupled with a binding commitment to provide the project based rental assistance for a 4 to 9 year new or remaining contract term – ***2 points***

NOTE: If points are claimed/ awarded under any of the above, then no points may be claimed/ awarded from the preference priority categories of Serves Lowest-Income Tenants/Rent Reduction for the same units.

NOTE: Points cannot be claimed/ awarded under the Rental Assistance preference priority if points are claimed/ awarded for the same units under the Preservation of Federally Assisted Units selection priority.

☒ (G) For developments that cooperatively develop a housing plan/agreement to provide **other** Rental Assistance (e.g. Section 8, portable tenant based, formal recommendation for McKinney Vento Shelter Plus Care rent assistance, or other similar programs approved by Minnesota Housing) to meet the existing need as evidenced at application by a letter of intent signed by both the applicant and the local housing authority or other similar entities – ***4 points***

To receive these points, the applicant must comply with all program requirements for the assistance for which priority points were given, 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 housing tax credits.

As a condition of Carryover or 8609, the applicant must submit a copy of the fully executed contract for the project-based rental assistance to be included in the development.

For project based rental assistance in conjunction with a binding commitment for an "extended term contract" at time of application the applicant must submit a binding commitment for the "extended term contract" for project based assistance for a minimum of 4 or 10 years which is signed by the Local Housing Authority or other similar entity. As a condition of Carryover or 8609, the applicant

Preference Priorities	Developer Claimed		Minnesota Housing Awarded

must submit a fully executed copy of the "extended term contract" for the project based assistance to be included in the development.

For Other Rental Assistance (e.g.., Section 8, portable tenant based, formal recommendation for McKinney Vento Shelter Plus Care rent assistance or other similar rent assistance programs approved by Minnesota Housing), at time of application the applicant must submit a letter of intent to cooperatively develop a housing plan/agreement which is signed by the applicant and Local Housing Authority or other similar entity along, with the completed Agreement to Utilize Public Housing and Section 8 Waiting Lists. As a condition of Carryover or 8609, the applicant must submit a fully executed copy of the cooperatively developed housing plan/agreement.

3. QCT/Community Revitalization — **1 Point** 1 ____

A point is awarded to projects that are located in a Qualified Census Tract (See Qualified Census Tract – Reference Materials Index) and are part of a concerted plan that provides for community revitalization. This must be evidenced by a letter from the city verifying that the proposed project is part of an approved community revitalization area as established by resolution or other legal action.

4. Cost Containment — **4 Points** 4 ____

Four points will be available to the 50% of developments with the lowest costs within each development type/location group (subject to the methodology described in Revised Cost Containment Methodology. Applicants may claim these points and Minnesota Housing will make point reductions following its review of costs for all applications in the funding round.

Applications seeking 4% tax credits for use in conjunction with tax exempt bonds are not eligible to claim points through this Cost Containment priority. Only applications seeking tax credits through Minnesota Housing's 9% Competitive application process for tax credits are eligible to claim points through this priority.

NOTE: Proposals that believe they have contained their costs should select these points.

Only proposals that claim cost containment points on the self-scoring worksheet and are awarded points through the process described above will receive cost containment points.

CAUTION: If a project receives points under this criterion, failure to keep project costs under the applicable cost threshold will be considered an unacceptable practice and result in negative 4 points being awarded in the applicant's next tax credit submission.

If developers are concerned about their costs and keeping them within the "applicable cost threshold," they should not claim the cost-containment points.

Preference Priorities	Developer Claimed		Minnesota Housing Awarded
TOTAL POINTS	73		

Developer Claimed **Minnesota Housing Awarded**

Under penalty of perjury, Owner hereby certifies the information provided herein is true and accurate.

Name of Owner:

By: _____
(Signature)

Of: _____
(Name of Legal Entity)

Its: _____
(Title) (Managing General Partner)

_____
(Print or type name of signatory)

Note: 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 which are not initially claimed by the Applicant/Owner. Many performance obligations are created by the claiming of certain scoring points. As such, Minnesota Housing cannot and will not assume the position of creating any such performance obligations on behalf of the Applicant/Owner. In addition, applications funded under the Joint Powers Agreement must also comply with the suballocators selection criteria defined in their Qualified Allocation Plan.