

**Selection Criteria for Projects in Impacted Areas:**

The point structure for projects in impacted areas has 17 selection criteria. A proposal needs at least 20 points in two selection criteria (“Financial Soundness and Management” and “Economic Integration”) to meet the minimum point threshold and 80 points in all categories to meet the total point threshold. A proposed project must meet both the minimum and total point thresholds to be considered for funding.

1. **Financial Soundness and Management** (Maximum # of points - 25 )  
A project can receive up to 10 points for being underwritten according to the CPED's underwriting standards (Attachment #5); up to 5 points for the percentage amount of other funding sources which have been secured; up to 5 points for the quality of the management plan, and up to 5 points for the developer's experience in developing and operating projects of this type. With respect to the operating fees of the project, the following should be considered: A 5 to 8% vacancy estimate, sufficient operating reserves and reserves for replacement, a 1.2 debt service coverage, and sufficient cash flow to cover any unforeseen expenses. Projects are to be underwritten with these projections: a 4% annual operating cost increase and a 2% annual income increase.
2. **Economic Integration** (Maximum # of points - 20)  
Project meets the mixed-income goals on basis of percentage of low-income units (affordable to 50% of MMI) to the total number of units.

<u>Percentage of Low-Income Units</u>	<u>Points</u>
20% of total units	15
40%	20
60%	10
80%	5
100%	5

3. **Ratio of Soft Costs to Total Project Costs** (Maximum # of points - 8)  
Points given to projects on a sliding scale of intermediary (soft) costs based on the % of total project costs. For the purposes of this provision, “Costs of Intermediaries” shall be consistent with MHFA.

<u>% of Total Project Cost</u>	<u>Points</u>
30.1% - 35%	2
24.1% - 30%	4
15.1% - 24%	6
0% - 15%	8

4. **Family Housing** (Maximum # of points - 20)

The project provides family housing whereby 25% or more of the rental units project have three or more bedrooms. Points are awarded as follows:

<u>Percentage of Units 3+ BR</u>	<u>Points</u>
At least 25%	10
At least 50%	15
At least 75% or more	20

5. **Design Quality and Compatibility** (Maximum # of points - 10)  
Projects are evaluated to insure quality construction and aesthetically pleasing design which is compatible with the neighborhood. The City Planning Department will be part of this review.
  
6. **Provision of Resident Support Services** (Maximum # of points - 10)  
Preference given to projects that provide resident support services or establish a strong, integrated referral system. Examples of support services include information and referral, advocacy, case management, self-reliance training, formation/existence of a resident association, and community building activities.  
  
System in place to provide support services - 10 points  
Strong, integrated support referral system - 5 points
  
7. **Plan Conformance** (Maximum # of points - 10)  
Preference to projects which conform to the City of Minneapolis Consolidated Plan, Comprehensive Plan, and/or to a city-adopted neighborhood plan document.
  
8. **Proximity to Transit and Jobs; Density** (Maximum # of points - 15)  
Preference to projects that demonstrate transit access and proximity to jobs (oriented to primary commercial and community corridors) and proposed project contributes to the City's goal to "promote future growth" through new higher-density housing development. Points to be awarded for project's contribution to this goal given consideration of unique site characteristics to be determined in consultation with the City's Planning Department staff.
  
9. **Project-Based Section 8 Program Assistance** (Maximum # of points - 10)  
Project owner agrees to apply for 1) Project-based Section 8 units and obtains a letter of support from Minneapolis Public Housing Authority, or 2) For other ongoing project assistance such as the HUD Supportive Housing Program.
  
10. **Housing for Homeless (at 30% or less of MMI)** (Maximum # of points -10)  
Project provides housing units for homeless households; household income must be 30% or less of MMI.  
  
40% of total units at <30% = 10 points  
20% of total units at <30% = 5 points

11. **Long-Term Affordability** (Maximum # of points - 10)  
 Preference is given to those projects that demonstrate the ability to serve tenants for the longest period of time. The project must either cash flow for the period of proposed affordability or an operating deficit fund must be established at the beginning of the project.
 

30 years or more	10 points
25 years or more	8 points
20 years or more	5 points
15 years or more	3 points
  
12. **Preservation, Rehabilitation, Stabilization** (Maximum # of points - 5)  
 Project provides preservation, rehabilitation, and stabilization in impacted areas.
  
13. **Senior Housing** (Maximum # of points - 10)  
 Senior independent rental congregate and/or assisted living meeting development goals and objectives of the Minneapolis Senior Housing Policy.
  
14. **Neighborhood Support** (Maximum # of points - 5)  
 Proposed project is supported by the recognized neighborhood organization based on review of design and land use issues.
  
15. **Expiring Tax Credits** (Maximum # of points - 5)  
 Proposed project results in preserving long-term affordability of expiring tax credit units.
  
16. **Leverage** (Maximum # of points - 10)  
 Project must leverage additional resources. The point structure is:
 

<u>Leverage Ratio</u>	<u>Points</u>
5 private dollars for every 1 AHTF-dollar, or 5 private & other public dollars	10
for every 1 AHTF dollar, or	8
3 private dollars for every 1 AHTF dollar, or	6
3 private & other public dollars	
for every 1 AHTF dollar, or	4
3 other public dollars for every 1 AHTF dollar	2
  
17. **Community Housing Development Organization** (Maximum # of points - 5)  
 Project is owned, developed or sponsored by a Community Housing Development Corporation (CHDO) as defined by HUD.

**Selection Criteria for Projects in Non-Impacted Areas:**

The point structure for projects in non-impacted areas has 18 selection criteria. A proposal needs at least 20 points in two selection criteria ("Financial Soundness and Management" and "Economic Integration") to meet the minimum point threshold and 85 points in all categories to meet the total point threshold. A proposed project must meet both the minimum and total point thresholds to be considered for funding.

1. **Financial Soundness and Management** (Maximum # of points - 25)  
A project can receive up to 10 points for being underwritten according to the CPED'S underwriting standards (Attachment #5); up to 5 points for the percentage amount of other funding sources which have been secured; up to 5 points for the quality of the management plan, and up to 5 points for the developer's experience in developing and operating projects of this type. With respect to the operating fees of the project, the following should be considered: a 5 to 8% vacancy estimate, sufficient operating reserves and replacement reserves, a 1.2 debt service coverage, and sufficient cash flow to cover any unforeseen expenses. Projects are to be underwritten using these projections: a 4% annual operating cost increase and a 2% annual income increase.
2. **Economic Integration** (Maximum # of points - 20)  
Project meets the mixed-income goals on basis of percentage of low-income units (affordable to 50% of MMI) to the total number of units.

<u>Percentage of Low-Income Units</u>	<u>Points</u>
20% of total project units	10
40%	15
60%	20
80%	10
100%	10

3. **Ratio of Soft Costs to Total Project Costs** (Maximum # of points - 8)  
Points given to projects on a sliding scale of intermediary (soft) costs based on the % of total project costs. For the purposes of this provision, "Costs of Intermediaries" shall be consistent with MHFA.

<u>% of Total Project Cost</u>	<u>Points</u>
30.1% - 35%	2
24.1% - 30%	4
15.1% - 24%	6
0 - 15%	8

4. **Family Housing** (Maximum # of points - 20)  
The project provides family housing whereby 25% or more of the rental units in the project have three or more bedrooms. Points are awarded as follows:

<u>% of Units 3+ Bedroom</u>	<u>Points</u>
At least 25% or more	10
At least 50% or more	15
At least 75% or more	20

5. **Design Quality and Compatibility** (Maximum # of points -10)  
Projects are evaluated to insure quality construction and aesthetically pleasing design which is compatible with the neighborhood. The City Planning Department will be part of this review.
6. **Provision of Resident Support Services** (Maximum # of points - 10)  
Preference given to projects that either provide resident support services or establish a strong, integrated referral system. Examples of support services include information and referral, advocacy, case management, self-reliance training, formation/existence of resident association, and community building activities.
- System in place to provide support services - 10 points  
Strong, integrated support referral system - 5 points
7. **Plan Conformance** (Maximum # of points - 10)  
Preference to projects which conform to the City of Minneapolis Consolidated Plan, Comprehensive Plan, and/or a city-adopted neighborhood plan document.
8. **Proximity to Jobs and Transit; Density** (Maximum # of points - 15)  
Preference to projects that demonstrate transit access and proximity to jobs (oriented to primary commercial and community corridors) and proposed project contributes to the City's goal to "promote future growth" through new higher-density housing development. Points to be awarded for project's contribution to this goal given consideration of unique site characteristics to be determined in consultation with the City's Planning Department staff.
9. **Project-Based Section 8 Program Assistance** (Maximum # of points - 10)  
Project owner agrees to apply for 1) Project-based Section 8 units and obtains a letter of support from Minneapolis Public Housing Authority, or 2) For other ongoing project assistance such as the HUD Supportive Housing Program.
10. **Housing for Homeless (at 30% or less of MMI)** (Maximum # of points - 15)  
Project provides housing units for homeless households; household income must be 30% or less of MMI.
- 60% of total units at <30% = 15 points  
40% of total units at <30% = 10 points  
20% of total units at <30% = 5 points

11. **Long-Term Affordability** (Maximum # of points -10)  
 Preference is given to those projects that demonstrate the ability to serve tenants for the longest period of time. The project must either cash flow for the period of proposed affordability or an operating deficit fund must be established at the beginning of the project.

30 years or more	10 points
25 years or more	8 points
20 years or more	5 points
15 years or more	3 points

12. **New Construction or Positive Conversion** (Maximum # of points - 5)  
 Project provides new construction and positive conversion in non-impacted areas. NOTE: Positive conversion means conversion in any manner of units that do not currently have affordable rents to units with affordable rents or conversion of non-residential property to affordable rental housing.

13. **Incorporates MHOP Units** (Maximum # of points - 12)  
 Two points for projects that incorporate MHOP units as at least 5% of the total units. An additional two points for each additional percentage up to 10% for a total of 12 points.

Percentage of Units	Points
5%	2
6%	4
7%	6
8%	8
9%	10
10%	12

14. **Senior Housing** (Maximum # of points - 10)  
 Senior independent rental congregate and/or assisted living meeting development goals and objectives of the Minneapolis Senior Housing Policy.

15. **Neighborhood Support** (Maximum # of points - 5)  
 Proposed project is supported by the recognized neighborhood organization based on review of design and land use issues.

16. **Expiring Tax Credits** (Maximum # of points - 5)  
 Proposed project results in preserving long-term affordability of expiring tax credit units.

17. **Leverage** (Maximum # of points - 10)  
 Project must leverage additional resources. The point structure is:

<u>Leverage Ratio</u>	<u>Points</u>
5 private dollars for every 1 AHTF-dollar, or 5 private & other public dollars for every 1 AHTF dollar, or	10 8
3 private dollars for every 1 AHTF dollar, or 3 private & other public dollars for every 1 AHTF dollar, or	6 4
3 other public dollars for every 1 AHTF dollar	2

18. **Community Housing Development Corporation (CHDO)**  
(Maximum # of points - 5)  
Project is owned, developed or sponsored by a community housing  
development corporation.