Minneapolis
City of Lakes

Community Planning & Economic Development

Lee Sheehy
Director

105 5th Avenue South – Suite 200
Minneapolis MN 55401-2534

Office 612 673-5095
Fax 612 673-5100
TTY 612 673-5154

February 10, 2006

TO: Interested Parties

RE: Modifications to the Low Income Housing Tax Credit Program for Spring, 2006 – Notice of 45 day Public Review and Comment Period

The Department of Community Planning and Economic Development (CPED) is responsible for administering the Low Income Housing Tax Credit Program (LIHTC) for the City of Minneapolis. Minneapolis is designated as a sub-allocator through the Minneapolis/St. Paul Joint Board and receives an allocation of tax credits each year.

The City is required to develop an Allocation Plan for the distribution of the tax credits. This qualified Allocation Plan along with a Procedural Manual provides a system for the allocation of tax credits and is subject to federally legislated and Board priorities.

CPED is seeking public review and comment regarding the attached proposed changes to the Qualified Allocation Plan for the Spring 2006 RFP process. Please send written comments to:

Dollie Crowther, CPED
Multi-family Housing
105 – 5th Avenue South, Suite 200
Minneapolis, Minnesota 55401-2534
(612) 673-5263
Dollie.Crowther@ci.minneapolis.mn.us.

All comments must be received no later than March 31, 2006.

THE MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD
LOW INCOME HOUSING TAX CREDIT PROGRAM
Minneapolis' Self Scoring Worksheet for Selection Points

PROJECT NAME:_____

ADDRESS: _____ CITY: _____

Please indicate below the Threshold criteria under which your project qualifies, and the selection and/or preference priority points for which you expect your project to qualify. The Authority will determine actual Threshold and Selection points which are to be awarded, based on the application and the documentation submitted. ***Do not claim points if you cannot provide documentation.***

Please Note: Restrictive covenants covering the rent restrictions and occupancy requirements presented at selection will be placed on the buildings) at the time of allocation.

THRESHOLD CRITERIA:

1. New construction or substantial rehabilitation in which, for the term of the extended use period, at least 75% of the total tax credit units are single-room occupancy units which are affordable by households whose income does not exceed 30 percent of the median area income;

2. New construction or substantial rehabilitation family housing projects that are not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75% of the total tax credit units contain two or more bedrooms and at least one-third of the 75% must contain three or more bedrooms;

3. Substantial rehabilitation projects in neighborhoods targeted by the City of Minneapolis or the City of Saint Paul for revitalization;

4. Projects in which at least 50% of the units are for mentally ill, mentally retarded, drug dependent, developmentally disabled, or physically handicapped persons, all as further described in Minnesota Statutes, Section 462A.222, Subdivision 3(c)(I)(3);

5. Projects which preserve existing subsidized housing which is subject to prepayment if the use of tax credits is necessary to prevent conversion to market rate use.

Minneapolis' Selection Priorities

Projects for which an application is submitted will be rated by the MCDA or PED, as appropriate, according to the selection and preference priority point system below. Each project will be awarded points according to the nature and character of the project as determined by the MCDA or PED, as appropriate. There will be a two step process for awarding points. The first step is the Selection Priorities and the second is the Preference Priorities.

A. MINNEAPOLIS' SELECTION PRIORITIES

	Selection Criteria	Maximum Points
1.	1.(a) The project is located in a city recognized redevelopment area and has been reviewed and is supported by staff/officials of the MCDA or City of Minneapolis (10 points); and	10
	1.(b) meets the goals of the City/County Task on Homelessness and the City of Minneapolis' Comprehensive Housing Affordability Plan and received support in writing from the city recognized citizen participation community planning council or a neighborhood-based planning organization which represents the geographic location of the project. (Support must be evidenced in writing.) (10 points)	10
2.	The project promotes family housing that is not restricted to persons 55 years old or older, for the Extended Use Period, whereby 25% or more of the rental units in the project have three or more bedrooms. Points are awarded as follows:	5-15

% of Units 3BR or Larger	Points Awarded
at least 25%	5
at least 50%	10
75% or more	15

3.	A tax exempt 501(c)(3) or 501(c)(4) non-profit organization, whose primary service area is the cities of Minneapolis and/or Saint Paul, is a material participant of the project. (i.e. project sponsor and participation as a general partner.) (5 points)	5
	Must have IRS 501(c)(3), or (4) approval from the IRS at the time of application, and meet requirements of Internal Revenue Code (IRC) (42(h)(5)(c)). (5 points)	
4.	The project provides suitable housing combined with supportive services for occupancy by homeless households. Homeless households shall be defined as a person or persons living in a shelter, on the streets, or doubled-up in housing not their own. The developer must provide satisfactory evidence in writing of a commitment from an appropriate social service agency to provide support services. (15 points)	

	20% or more of the total units are homeless units (15 points) 10% to 19.99% of the total units are homeless units (10 points) 5% to 9.99% of the total units are homeless units (5 points)	5-15
5.	Projects that are not restricted to a particular age group in which, for the term of the Extended Use Period, at least 50% of the units are set aside and rented to persons: (5 points) (i) with a serious and persistent mental illness as defined in MN Statute Section 245.462, subdivision 20 paragraph (c); (ii) with a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended ; (iii) who have been assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in MN Statute Section 254A.092, Subdivision 2; (iv) with a brain injury as defined in MN Statute Section 256B.093, Subdivision 4, paragraph (a); or (v) with permanent physical disabilities that limit major life activities, if at least 50 percent of the units are accessible as provided under Minnesota Rules, Chapter 1340.	5
6.	The project provides resident support services (i.e. information and referral, advocacy, case management, self-reliance training, resident association and community building activities) contingent upon an agreement with an established organization providing such services to residents and financial plans demonstrating feasibility. (5 points)	5
7.	The applicant agrees to include in the Declaration or other agreements acceptable to the MCDA, as applicable, provisions acceptable to the MCDA that permit residents of the proposed project to materially participate as defined by Minnesota Statutes Section 273.124, subd. 6(b) in property management of the project. (5 points)	5
8.	The developer has a recommendation of support in writing for the project from a city recognized citizen participation community planning council, or neighborhood-based planning organization which represents the geographic location of the project, (a recommendation of support from the applicant is not eligible for points). (5 points)	5
9.	The project is located in a "non-impacted area" (as defined by HUD) of the City of Minneapolis, or outside a Qualified Census Tract. (See Exhibit C) (20 points)	20
10.	The project preserves below market rate subsidized low income housing which due to mortgage prepayments or foreclosure would be converted to market rate use. (5 points)	5
11.	Project that include Minnesota Green Communities design components (2 points).	2

12. The project constitutes the rehabilitation of an existing building for housing as follows: 5-15

(a) Rehabilitation per unit of $25,001 or more. (15 points)
(b) Rehabilitation per unit of $5,000 - $25,000. (10 points)
(c) The project will receive historic tax credits. (5 points)

13. The project has secured funding commitments from more than one funding source at the time of application and are documented with the amount, terms and conditions in writing from the designated contributor. Words synonymous with “consider” or “may” award are not valid or acceptable. (10 points) 3-10

(a) 60% or more of funding committed. (10 points)
(b) 30% to 59.9% of funding committed. (7 points)
(c) 10% to 29.9% of funding committed. (3 points)

14. The project has received a prior credit allocation from the Board and has received "significant subsidies", but due to a shortage in allocation available in a prior year Credits the project requires an allocation of Credits in the current year in order to be financially feasible and viable. (25 points) 25

15. Intermediary Costs (soft costs). Points will be given to projects on a sliding scale of intermediary costs based on the percentage of total project costs. For selected projects, this percentage will be enforced at issuance of the IRS Form 8609. 0-8
(0 - 8 points)

% of Total Project Cost	Points
0 - 15%	8
15.1 - 24%	6
24.1 - 30%	4
30.1 - 35%	2
35.1 - Over	0

16. Promotes economic housing integration. Points will be awarded for the election of the following percentage of low-income units to the total units in the project. Total units in the project may include adjacent homeownership project components or related phase. (1- 10 points) 1-10

% of Tax Credit Units/Total Units	Points
80 - 90%	1
70 - 79.9%	2
60 - 69.9%	3
50 - 59.9%	4
40 - 49.9%	6
30 - 39.9%	8
20 - 29.9%	10

MAXIMUM SELECTION PRIORITIES POINTS WHICH CAN BE AWARDED: Minneapolis: 170

B. Minneapolis' Preference Priorities

1. (For Minneapolis projects) points will be awarded to projects that extend the duration of the low-income use for the longest period. Projects receive 1 point for every five years over 20 years, to a maximum of 5 points, that the project is to remain as qualified low income housing, as provided in the proposed Declaration and financial plans demonstrating financial feasibility and viability to the satisfaction of MCDA. In order to qualify for points under this criteria, the developer must include the term of low income use in the Declaration and waive the option to terminate the Declaration after 15 years 0 – 5

2. Points will be awarded to Projects that serve the lowest income tenants. The following number of points will be awarded if, as verified by gross rent levels, (i) the average household income of tenants of the project in qualifying units is equal to the corresponding percentage of the Minneapolis/Saint Paul MSA median income adjusted for family size, shown below, (ii) the applicable fraction is at least the corresponding fraction shown below, and (iii) the rents for such units are not greater than 30% of the applicable income limit: 0 – 12

Percentage of Median Income	**Applicable Fraction of Low Income Units**		
	10% of all units	15% of all units	20% of all units
Serves 30.1 – 50% of median income	1 POINT	2 POINTS	4 POINTS
Serves less than 30% of median income	2 POINTS	4 POINTS	8 POINTS

MAXIMUM PREFERENCE CRITERIA POINTS THAT CAN BE AWARDED: 17