



February 22, 2008

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Multi-family Housing  
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Minneapolis, MN 55401

Dear Dollie,

Thank you for the opportunity to provide input and engage in dialogue related to potential changes to the 2009 Minneapolis/St. Paul Housing Finance Board Qualified Allocation Plan. With low income housing tax credits becoming an increasingly competitive and valuable resource, it is essential that the language in the QAP continue to accurately reflect current local housing policies, goals and priorities. We believe it is important to provide a balance between the City's goals of poverty deconcentration *and* community revitalization. Accordingly, MCCD is providing the following comments for consideration:

**MCCD recommends adding the following new selection criteria:**

- **Located on a Mass Transit Corridor:** Adding a selection criterion for projects located on a mass transit corridor is consistent with the St. Paul criteria, and with Minneapolis goals to target investment to commercial and community corridors in the City. "Mass transit corridor" may be defined in various ways. For example, the St. Paul QAP awards 10 points to projects that are located within a ¼ of a mile of a mass transit stop on a primary transit corridor as listed in the Saint Paul Transportation Policy Plan and 5 points to any project located within a ¼ mile of any other transit stop.
- **High Density Development:** Adding a selection criterion for projects with a high density of units is consistent with St. Paul criteria, and with Minneapolis goals to grow by increasing the City's density. Again, "high density" can be defined in various ways. The St. Paul QAP defines it as projects that have an overall density equal to or greater than 30 units per acre and awards these project 5 points.

**MCCD recommends the following changes to existing selection criteria:**

- **Selection Criteria #4: Supportive Housing for Homeless.** MCCD supports an expansion of the points awarded for supportive housing for homeless households. As currently written, the maximum number of points (15) is awarded to projects where 20% or more of the units are homeless units. Project A is 100% supportive housing for homeless households and includes 40 units, while Project B has 5 units of supportive housing for homeless households and includes 25 units (20%). Both projects receive the full 15 points, while Project A provides significantly more units of supportive housing. With the City's goal to end homelessness, we feel that a better way to allocate city resources is to recognize the projects that include a substantial proportion of supportive housing units. Providing services in 100% supportive housing may be more financially feasible and viable over the long-term as economies of scale

are reached, as opposed to having a few units in a number of buildings. This change does not have to be achieved by adding additional points, but rather by revising the current scoring system.

- **Selection Criteria #7: Material Participation of Residents.** We recommend that this item be eliminated from the QAP. Material participation of residents is seldom claimed, and is difficult for the City to track and monitor over time. We believe that this language referred to a leasehold co-op model, which is rarely used in today's market.
- **Selection Criteria #10: Add Blight Remediation in Impacted Areas.** We recommend changing this criterion to recognize the importance of blight remediation in impacted areas. We suggest changing this item to "Rehab or stabilization of existing housing stock in impacted areas; or blight remediation in an impacted area that is not already designated as a redevelopment area."
- **Selection Criteria #16: Economic Integration.** With the City's goal of increasing economic integration, we believe that there should be a two-part scoring system – one for projects in impacted areas and one for non-impacted areas. As currently written, the fewer affordable units there are in a development, the higher the project scores. However, we strongly feel that the city should maximize the number of affordable units in non-impacted areas by flipping the scoring criteria. A dual scoring system could be as follows:

<b>Economic Integration</b> % of Tax Credit Units/Total Units	<b>Impacted Areas</b> Points	<b>Non-Impacted Areas</b> Points
90%	1	10
80-89.9%	2	8
70-79.9%	3	6
60-69.9%	4	4
50-59.9%	6	3
40-49.9%	8	2
20-39.9%	10	1

Again, we appreciate the opportunity to discuss with you the proposed changes and offer additional suggestions. Our primary objective is to ensure that the limited available public subsidies are directed to projects serving those most in need, while at the same time paving the way for market driven development by creating investments in undercapitalized neighborhoods. As you know, the nonprofit developers that comprise the membership of MCCD have a long history of developing quality affordable housing in the city. Their expertise developed over the years is an invaluable resource that we hope the city will tap.

Thank you for taking these comments into consideration.

Sincerely,

Jim Roth  
Executive Director

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)(1)(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.

**A. MINNEAPOLIS' SELECTION PRIORITIES**

Selection Criteria	<u>Maximum Points</u>								
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 City of Minneapolis (10 points); and	10								
1.(b) meets the goals of the <b>Heading Home Hennepin Plan</b> 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								
<table border="0"> <thead> <tr> <th style="text-align: left;">% of Units</th> <th style="text-align: center;">Points Awarded</th> </tr> </thead> <tbody> <tr> <td>3BR or Larger at least 25%</td> <td style="text-align: center;">5</td> </tr> <tr> <td>at least 50%</td> <td style="text-align: center;">10</td> </tr> <tr> <td>75% or more</td> <td style="text-align: center;">15</td> </tr> </tbody> </table>	% of Units	Points Awarded	3BR or Larger at least 25%	5	at least 50%	10	75% or more	15	
% of Units	Points Awarded								
3BR or Larger 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)	5								
(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.

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|-----|--|----|
| 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 CPED, as applicable, provisions acceptable to CPED 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) (15 points)   | 15 |
| 10. | Rehabilitation or stabilization of existing housing stock in impacted areas (5 points)   | 5  |
|     | <p>The project is located in an "impacted" area (as defined by HUD) of the City of Minneapolis, or inside a Qualified Census Tract and either:</p> <p>i. The project preserves below market rate subsidized low income housing which due to mortgage prepayments or foreclosure would be converted to market rate use.</p> <p><b>OR</b></p> <p>ii. Substantially rehabilitates existing housing.</p> |    |
| 11. | Rehabilitation projects incorporating green/sustainable elements consistent with the Minnesota Overlay to the Green Communities Criteria and/or National Green Communities Criteria. (5 points)<br>New construction projects must comply with Green Communities Criteria.  | 5  |

**EXHIBIT E**  
**SELF SCORING WORKSHEET**

12. The project constitutes the rehabilitation of an existing building for housing as follows:
- (a) Rehabilitation per unit of \$25,001 or more. (15 points) 5-15
  - (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)
- (a) 60% or more of funding committed. (10 points) 3-10
  - (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 points) 0-8

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

**EXHIBIT E**  
**SELF SCORING WORKSHEET**

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	Impacted Area Points	Non-impacted Area Points
90%	1	10
80 - 89.9%	2	8
70 - 79.9%	3	6
60 - 69.9%	4	4
50 - 59.9%	6	3
40 - 49.9%	8	2
20 - 39.9%	10	1

17. **The project is located in a node or corridor well-served by transit where multi-family housing development is encouraged.** **5 - 10**

**The project is located within .25 miles (10 points):**

- 1. Of a fixed guideway transit station (LRT, BRT or Commuter Rail stations) or a Primary Transit Network Map from the Minneapolis Plan for Sustainable Development ([http://www.ci.minneapolis.mn.us/planning/docs/02\\_primary\\_transit\\_network\\_1Dec07.pdf](http://www.ci.minneapolis.mn.us/planning/docs/02_primary_transit_network_1Dec07.pdf))**

**OR**

- 2. Of a bus stop on Metro Transit's High Frequency Network at the following or current web link (<http://metrotransit.org/serviceinfo/hf-frequency/hf-frequencymap.pdf>)**

**The project is located within .25 miles of any other transit stop (5 Points)**

18. The project has a high density of units. Points will be given to those projects that have an overall density equal to or greater than 30 units per acre.

**MAXIMUM SELECTION PRIORITIES POINTS WHICH CAN BE AWARDED: Minneapolis: 183**

**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 CPED. 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

<b>Percentage of Median Income</b>	<b>Applicable Fraction of Low Income Units</b>		
	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**