

Executive Summary
2011 Qualified Allocation Plan (QAP)
Proposed Revisions

*Revisions made per public comments are denoted in **bold blue font**. MHC's revisions made after the public comment period are shown in **green font**.*

Section 1: GENERAL POLICIES AND GUIDELINES (GPAG):

{NEW GPAG} Minimum Requirements

- Item #1** Applicants must elect to provide a minimum of at least
(a) 20% of the total residential units be rent restricted and occupied by tenants whose income is 50% or below the area median income (AMI)
OR
(b) 40% of the total residential units be rent restricted and occupied by tenants whose income is 60% or below the area median income (AMI)
- Item #2** **ADD** item #6 currently under *Section 1.4 Submission of Application*
An applicant cannot change the irrevocable set-aside election once the application has been received by the Corporation.
- Item #3** Applicants must commit to keeping the HTC residential units at the elected restricted rents for a minimum affordability period of thirty (30) years after the units are placed in service.
- Item #4** **ADD** item #3 currently under *Section 1.1 Administrative*
The minimum development size to be considered for a reservation of tax credits is twenty-four (24) units.
- Item #5** **ADD** item #6 currently under *Section 1.1 Administrative*
Applicants which are business entities must be legally formed and have authorization to do business in Mississippi as approved by the Secretary of State's Office before the submission of the tax credit applications. The authorization must accompany the application.
- Item #6** All developments must commit to provide, as per item B below, a minimum of two (2) community services in at least two (2) unrelated areas not otherwise typically present in low-income rental housing.

Examples of Community Services:

Personal Development

- i. Computer Classes
- ii. GED Training
- iii. Job Training
- iv. Foreign Language Courses

Counseling Programs:

- i. Homebuyer Education
- ii. Credit Counseling
- iii. Personal Budget
- iv. Mental Health Program

Child Development:

- i. After School Program
- ii. Child Care Services
- iii. Parenting Classes

Community Awareness Events /

Activities:

- i. Fire Safety
- ii. Health Fair
- iii. Drug and Alcohol Prevention
- iv. Crime Watch
- v. Health / Nutrition

[A.] Applicants must provide the following documentation in the application package:

- 1.) An **original** copy of the formal contractual agreement between the ownership entity and the service provider on the service provider's letterhead. The contract must be executed by both the owner applicant and service provider.
- 2.) MHC's Community Service Certification form for each community service (See attached Exhibit A)
- 3.) Each service must be listed on the HTC application form.

[B.] The tenant community services must be:

- 1.) Provided for a **minimum** of ten (10) years beyond the later of:
 - a. the placed in service date **or**
 - b. the date of the first class/service.
- 2.) Broad based and well designed to adequately address the various needs of the tenant base
- 3.) Provided each quarter and each service represented must be offered at least once per year at a time conducive to maximize tenant participation.
- 4.) Kept current as to changing tenant needs, economic conditions, and social change. Requests for changes from prior approved tenant community services must be made in accordance with MHC's Development Requests provisions under GPAG Section 1.8.

[C.] The development must maintain evidence that the services are being provided (e.g. service log book or activity reports). Additionally, property managers may be requested to provide additional services information in accordance with the most recent Compliance Monitoring Plan at the time of such request by MHC's Compliance Monitoring Staff.

Item #7 Owners of single family lease purchase developments are required to provide homebuyer training community services beginning three (3) years prior to the end of the initial compliance period. This training will include the following:

- a. Budget Counseling
- b. Credit Repair
- c. Foreclosure Prevention
- d. Home Maintenance Training
- e. Homeownership Readiness
- f. Computer Skills to enhance homeownership readiness

ADD

Item #8 Developments must have a minimum of ten percent (10%) of the total development costs in permanent financing from a federally regulated financial institution.

Section 1.1 Administrative

Page 1

Item #1- Change from 2010 to 2011 annual credit authority
The Mississippi Home Corporation (MHC) will allocate its ~~2010~~ 2011 annual credit authority (ACA) and any carry forward, returned or national pool credits.

Item #7- Move to *Section 1.4 Submission of Application*
All MHC forms and documents submitted with the application must be executed originals (unless otherwise noted). Documents submitted for review must be properly executed by all designated parties. Properly executed means fully completed, signed, dated, and/or notarized.

Item #8- Move second sentence of this GPAG to *Section 1.4 Submission of Application*
Failure to include application fee, elect a minimum set aside of rent restricted units, or sign the application form will disqualify the application for review during the specified cycle.

ADD GPAG #9 currently under *Section 1.4 Submission of Application*
Application fees and allocation/monitoring fees must be in the form of a cashier's check or money order made payable to Mississippi Home Corporation.

NEW Item-**ADD** Third sentence from GPAG #2 from *Section 1.4 Submission of Application*
The Corporation's staff interpretation of the documentation submitted with the application is final.

Section 1.2 Eligibility and Compliance

Page 2

Item #1- Revise language to read that applicants will not be eligible for an award of tax credits if there are any outstanding issues of major noncompliance that occurred **prior to one hundred twenty (120) days** before the close of the application cycle.
An applicant, including all parties associated therewith, must be free of any open issues of major noncompliance that occurred prior to the last full calendar quarter plus thirty (30) days prior to the close of the application cycle, to participate in the application process. Applicants will not be eligible for an award of tax credits if there are any outstanding issues of major noncompliance that occurred prior to one hundred twenty (120) days before the close of the application cycle.

Section 1.3 Development Types

This section will be revised to include the following development type subsections:

- Acquisition/Rehabilitation
- New Construction

Page 4

Item #7- This GPAG will become two separate GPAG's under this section (physical needs assessment and design quality standards certification)

For all rehabilitation properties, a physical needs assessment for each building and each unit must accompany the application certified by a licensed architect or engineer. Developments must meet MHC's Design Quality Standards to the extent possible and subject to the development's financial feasibility. Applicants are encouraged to meet the standards outlined in the NAAB Rehabilitation Guide.

For all new construction properties, the Minimum Design Quality Standards must be met and certified by a licensed architect or engineer. Any deviations must receive the Corporation's approval prior to submitting an application. This documentation must accompany the application.

Item #8- Move to QAP Section 13: Design Quality Standards

All single family type construction (single family detached houses, town homes, duplexes, and 4-plex units) must have, at a minimum, a two car carport for each unit.

Item #9- Move to QAP Section 13: Design Quality Standards

Housing components delivered to the site must meet MHC's "Site Delivered Housing Component Requirements" available on MHC's website www.mshomecorp.com or by calling 601.718.4642 or 800.544.6960.

Section 1.4 Submission of Application

Page 5

Item #5- **DELETED**

~~*An application will not be accepted if it is not properly executed and notarized.*~~

Item #7- Move to Section 1.5 Processing of Application

An application must provide documentation that it meets all threshold requirements listed in this plan. Documentation satisfying the five (5) threshold requirements must be included in the application and tabbed. Failure to tab this information will result in five (5) points being deducted from the applicant's ranking score total.

Section 1.5 Processing of Application

Page 7

NEW Item-**ADD** second paragraph on page 19 from QAP Section 7: Selection Criteria

Applications will be scored and ranked according to the applicable set-aside the owner elects in its tax credit application. Any unused, returned or national pool credit authority will be awarded to applications placed on a waiting list, ranked by scores statewide, during the application cycle.

Section 1.6 Applications Financial Feasibility Review

Page 7

Item #1 - Add Form FF-1 to documentation list. Change submission of cost waiver requests from ten (10) business days to fifteen (15) business days prior to application cycle opening date. Remove language regarding excessive Maximum Cost per Unit (MCPU) and revise to address the Maximum Construction Cost (MCC) per unit.

Construction/rehabilitation hard costs which exceed ~~the maximum construction cost per unit by \$10,000~~ *the Maximum Construction Cost (MCC) per unit by greater than ten percent (10%) must submit architect certified cost justification to the Corporation for review and approval at least ~~ten (10) working days prior to the start of an application cycle~~ fifteen (15) business days prior to application cycle opening date.*

Section 1.7 Funded Developments

Page 8

NEW Item-The Corporation will issue formal cycle announcement letters within five (5) business days after receiving Board approval.

Item #1- Move to current *Section 1.1 Administrative*
The Corporation will make reservation recommendations to its Board of Directors at its regularly scheduled board meeting ~~following~~ not more than one hundred and twenty (120) days after the close of the cycle.

Items #2 & 3 will be combined

The Corporation will issue Commitment Letters within twenty (20) days of the deadline for submitting executed Reservation Letters. The original reservation and original commitment letters must be returned to the corporation.

Section 1.8 Development Requests

Page 10

Item #1 - **ADD** Owner's Physical or Mailing address change to list of standard requests. **ADD** to Community Services item that owners must also provide a new Community Services Certification form **ADD** language that owner's must contact MHC's Compliance Division for all development requests after Forms 8609 have been issued.

Item #3 - **ADD** \$250 application fee for additional credit requests. MHC will also develop a separate additional credits application form which is available on our website. Applicants are encouraged to inquire of credit availability prior to submission. All application fees are non-refundable.

NEW Item-All other requests aside from those listed under item #1 in this section must be submitted in writing providing a detailed explanation along with supportive documentation.

Section 2: DATES AND FEES

1. Page 13, item 2.1 Application Cycle: Change dates of Application Period from April 5-9, 2010 to April 25-29, 2011.
2. Change all listings of 2010 to 2011.
3. Page 13, item 2.2 Technical Assistance: Change Technical Assistance Deadline date from March 26, 2010 to April 15, 2011.
4. Page 14, Chart 1 (Important Dates): Change deadline dates to:
Application Workshop.....February 2, 2011
Public Hearing Notification Deadline.....April 6, 2011
Last day to hold a Public Hearing.....April 10, 2011
Cost Justification Request Deadline.....April 4, 2011
Other Requests pertaining to the application.....April 4, 2011
Technical Assistance Deadline.....April 15, 2011 @ 5:00 p.m.
Application Cycle Deadline.....April 29, 2011 @ 2:00 p.m.
Site Control Options Contract Expiration Date.....October 26, 2011
5. Page 14, Chart 2 (Fees):
NEW item 8 8609 Reprocessing Fee- Minimum \$25 fee for up to ten (10) Forms 8609 and \$1.50 for each additional form if owners fail to report any discrepancies within seven (7) business days.
NEW item 9 HUD Subsidy Layering Review- \$1,500 per development

Section 5: ACA (ANNUAL PER CAPITA AUTHORITY) SET-ASIDES

1. Change all reference to 2010 to 2011
2. Non-Profit Set-Aside: Add language that non profit entity must be 501(C)(3) entities. Clarify that non-profit must have at least 51% ownership interest throughout the initial fifteen (15) year compliance period.
3. Single Family Lease Purchase: ~~Reduce from 40% of per capita authority after reduction for Non-Profit and Congressional Districts set asides to \$1.5 million. (DELETED per public comment)~~
4. Historic/Preservation (ADDED per MHC): ~~Reduce from \$750,000 to \$500,000~~ Increased to \$1 million.
5. **ADD NEW** Elderly set-aside \$500,000

Section 7: SCORING*see attached *SELECTION CRITERIA* document (Exhibit B) for new selection criteria sub-categories

Site Location

- **(NEW)** 5 pts if no HTC awards in the ~~primary market area~~ **zip code (revised per public comment)** within the last 5 years

Development Characteristics

- Community Services
DELETE this scoring item. Added to new minimum requirements under GPAG section
- Amenities (Max. 12 pts)
 - 5 pts for two (2) amenities.
 - 8 pts for four (4) amenities.
 - ~~Up to 4 additional pts for more than four amenities~~ Additional point(s) per amenity up to a maximum of 12 pts in this category

Remove swimming pool

Add sprinkler water pad

Add fitness center with minimum 5 pieces of equipment

Add language that multiple conference rooms/facilities for services will be treated as a community building when located within single building residential developments (ex. Multiple story elderly complex)

Washer and dryer connections will not qualify as an amenity if washers & dryers are provided in each unit

Require detailed drawing of community building to include business center and its equipment be shown

Add laundry facilities with a minimum of one (1) washer and dryer per every six (6) residential units for preservation developments

Add laundry facilities with a minimum of four (4) washers and dryers for new construction developments which provide washer & dryer connections in all residential units.

- Preserves ~~Lost Housing~~ Existing Low-income Housing Units (revised per MHC)
~~Replaces former preserves existing housing units criterion (all other items deleted except lost housing)~~ (DELETED per public comment)

Evidence of loss must be from public records, documents from local courthouse, or MEMA; **ADD- HUD/RD. Developments must be rebuilt on the same site with no more than the same number of original units.**

KEEP- Loss of Rental Assistance (revised per public comments)

- Quality Enhancements
Change “lowboy toilets” to water efficiency toilets

Development Team Characteristics

- Developer Experience
~~DELETE this scoring item.~~ **(Retained per public comments)**

KEEP- 10 pts for developments that PIS since January 1, 2008

Applicants will submit development experience forms to be completed by other state HFAs or affordable housing agencies for verification.

OR

5 pts for MS housing tax credit developments that PIS since January 1, 2005

- Management Experience
Changed to Management Performance
Documentation will include letter/certification of acceptable performance from HFAs
MHC will edit form to allow HFAs responses
Points will not be awarded for excessive instances of major noncompliance over the previous 3 years
- Preservation, Hope VI, or Historic
Delete Historic from this category and create a new separate Historic scoring component worth 20 points **(Added per MHC)**

Development Financing

- **(NEW)** 5 pts for additional financing (FHLB or grants)
- ~~(NEW) 5 pts for permanent financing from a regulatory lending institution of at least 25% of TDC~~ **(DELETED per public comments)**

Page 28

Over Concentration

- ~~Increase from previous two years to three years~~ **KEEP at previous two years (Revised per MHC)**
- Remove exception for Directed Six Counties (George, Hancock, Harrison, Jackson, Pearl River, and Stone)

- Add language stating that market studies will be analyzed by third party market reviews to determine market area need for units, existing and proposed. MHC will make allocations within the market area limited to the determined market need.
- **NEW- MHC will fund only one (1) development in each primary market area, as defined by the market study, if at least one development has been funded within the previous two (2) years. Historic/Preservation developments are exempt from this restriction. (Added per MHC)**

Page 29

Tie Breakers

Add new item- Priority funding will be given to Phase I, II, etc. for multi-phased developments submitted within the same cycle that remained tied after applying the above tie-breakers.

Section 8: THRESHOLD FACTORS

Permanent Financing Commitment

Page 31

Changed to **Development Financing** (to include construction)

Firm Financing Commitment(s) from Lenders

NOTE- *The construction and permanent financing amounts listed on the application form must not exceed those listed in the financing letters.*

Firm Construction Loan and Permanent Loan commitment letters for the financing of the proposed development must be included with the application. A combined letter, Construction/Permanent Loan Firm Commitment, including the requirements of this section is permissible.

Construction Financing

The **Construction Loan Lender's Firm Commitment Letter** must be of an amount and term that, when added to the equity infusion, is sufficient to complete the development within the timelines set forth within the QAP. The term should allow for the units within the development to be placed in service and meet any rent up and debt coverage ratio requirements of the permanent lender. To be considered a firm commitment the document must contain the verbiage:

“This is a firm commitment for construction financing of the referenced development.”

The letter must not contain any material condition(s), with the exception of those listed below:

- Obtaining 221(d)(4) guarantees;
- Obtaining tax credits;
- Final acquisition of site or land and building, as appropriate;

- Complete drawings and/or specifications;
- Firm cost estimates;
- Environmental review.

Permanent Financing

The **Permanent Loan Lender's Firm Commitment Letter** must allow for the time required to complete construction and extend for a term of not less than fifteen (15) years from the development's Placed-In-Service date. To be considered a firm commitment the document must contain the verbiage:

"This is a firm commitment for permanent financing of the referenced development."

Additionally, **the letter must contain** the following items:

- Loan amount;
- Interest rate;
- Loan term;
- Loan amortization term;
- Closing and funding conditions;
- Loan security requirements
- Repayment provisions, to include permissible pre-payment options.
- Execution by the lender AND Dated Acceptance by the borrower, the ownership entity listed in the MHC Tax Credit application form.

The **letter must not contain** any material condition(s), with the exception of those listed below:

- There being no adverse material change in the credit or financial condition of the borrower from the date of issuance of the letter and the time of funding the firm commitment;
- ~~A sale of tax credits at a price not less than \$XXX.XX; (DELETED per public comments)~~
- Obtaining 221(d)(4) guarantees;
- An as completed appraisal of not less than \$XXX.XX;
- Environmental review.
- Any other conditions must receive prior approval from MHC at least five (5) business days prior to the cut-off date of MHC assistance prior to the tax credit cycle.

Section 10: FINANCIAL FEASIBILITY STANDARDS

Page 39 10.5 MHC's Discretionary Eligible Basis Boost

ADD-

Additionally, MHC will develop a listing of areas in the state which will be treated as difficult development areas (DDA's). Eligibility will be based on production of housing

units that will serve special needs populations (elderly, homeless, **physically and mentally disabled, or veterans**).

Page 40 **10.6 Per Unit Cost (Determining Maximum Construction Cost (MCC) per unit)**

MHC will focus on adjusting this formula to evaluate development hard costs based on the current affordable housing market versus the total development cost. This will allow better measurement of the actual construction cost per development without any skewing for soft costs which will inevitably vary per deal.

MHC has established new MCC per unit limits based on data obtained in the 2009 and 2010 tax credit applications and actual construction cost information reported for recent HTC deals completed during this period also. MHC has eliminated its maximum cost per unit formula for projected estimated total development costs (TDC) and will now measure HTC developments' maximum construction costs (MCC) per unit by these standards. Developments whose construction costs fall below or exceed these limits will be subject to scoring adjustments as follows [See Exhibit C]: (ADDED per MHC)

Less than MCC limit per unit	5 points
More than 10% over MCC limit per unit	-5 points

Section 13: DESIGN QUALITY STANDARDS

THESE STANDARDS ARE BEING REVIEWED FOR INDUSTRY COMPLIANCE.

Page 47 Overall Single Family Requirements

NEW Item- Add GPAG #8 currently under Section 1.3 Development Types (all single family units must have min. 2 car carport)

NEW Item-SFLP developments must have a minimum of two (2) elevations per plan with no more than fifteen percent (15%) of the total units having the same elevations. The elevations cannot be located side by side and there must be at least (3) different elevations between them. The different elevations must be staggered throughout the development to create variation in the street scene. (ADDED per MHC)

Page 48

NEW Item-EXTERIOR

- 1) Structures of two or more stories must be a minimum of sixty percent (60%) brick or cementitious product. (Added per MHC)**
- 2) If vinyl siding is used, it must be certified through VSI's Program and be installed by a certified installer. Additional information can be obtained at <http://www.vinylsiding.org/certifiedinstaller>. (Added per public comments)**
- 3) Color variations throughout the development is encouraged. (Added per MHC)**
- 4) Add GPAG #9 currently under Section 1.3 Development Types (site delivered housing components)**

Page 49

NEW Item- **PARKING:**

All multifamily developments must have a minimum of two (2) parking spaces per unit OR 1.5 spaces per unit for elderly properties. **MHC will allow a waiver of these parking requirements subject to the local jurisdiction's parking requirements. (ADDED per public comments)**

Section 15: FORM 8609 REQUEST DOCUMENTS

Require copy of Form SS-4 for **all** developments at time of 8609 request.

ADD- Copy of lease purchase orientation manual for all SFLP developments

NEW 8609 Processing Timeline

1. A request for IRS Form(s) 8609 must include a complete package (see MHC's 8609 Request Form) and must be received by MHC within one hundred eighty (**180**) days of the placed in service date.
2. This request must be received at least thirty (30) business days prior to the date that the developer/investor needs the form for tax filing purposes. **EXCEPTION:** If IRS Form(s) 8609 is requested during the one-hundred and twenty (120) day tax credit cycle review period then the request will be worked on a time available basis and the thirty (30) business day turnaround noted above will not be in effect until the end of the 120 day cycle review period.
3. IRS Form(s) 8609 requests will be received by MHC on a first-come, first-serve basis. If during the review it is noted that the 8609 request package is incomplete or incorrect the developer will be notified of the short-comings and asked to appropriately correct the documentation. Any priority that the package previously had will be lost and it will be put back in line at the time the corrected information is received. Should it later be found that the application is still incorrect or missing information then the same procedure will be followed.

EXHIBIT A

COMMUNITY SERVICE CERTIFICATION FORM

One form must be completed for every Tenant Community Service to be offered to the tenants. The below described service (or an approved comparable substitute service) must be provided for the entire compliance period. All services will be monitored during annual audits.

Development

Development Name _____
Development Location _____
Targeted Population

Owner

Owner Name _____
Mailing Address _____
Contact Name _____ Title _____
Telephone Number _____ Email _____

Service Provider

Provider Name _____
Address _____
Contact Name _____ Title _____
Telephone Number _____ Email _____
Website _____

Service Information

Type of Service _____

Service Description

Frequency If other, specify:

Location If off-site,specify:

Length of Initial Term _____

Annual Cost of Program
Developer _____
Tenant _____

Certification

I hereby certify that the foregoing information is true and correct. Additionally, all information represented herein is supported by the attached contract.

SERVICE PROVIDER

By: _____
Its: _____
Date: _____

APPLICANT

By: _____
Its: _____
Date: _____

EXHIBIT B SELECTION CRITERIA

2010 QAP	2011 QAP
Site Location	
2 QCT/DDA 5 Development Location (County)	2 QCT/DDA 5 Development Location (County) 5 No HTC awarded w/in the zip code in the last 5 yrs
7 TOTAL	12 TOTAL
5%	8%
Development Characteristics	
5 Extended Use beyond 30 years 8 Community Services 12 Amenities 10 Preserves Existing Low Income Housing Units 15 SFLP 15 Presevation, HOPE VI, or Historic 10 Rental Assistance 5 Mixed Income 10 Quality Enhancements	5 Extended Use beyond 30 years 12 Amenities 10 Quality Enhancements 5 Preserves Existing Low Income Housing Units 15 SFLP 15 Presevation or HOPE VI 10 Rental Assistance 5 Mixed Income 20 Historic
90 TOTAL	97 TOTAL
66%	63%
Targeting Population	
10 Deeper Targeting (20% @ 50% AMI) 10 Large Fam/Elderly	10 Deeper Targeting (20% @ 50% AMI) 10 Large Fam/Elderly
20 TOTAL	20 TOTAL
15%	13%
Development Team Characteristics	
10 Development Experience 10 Management Experience 10 Application Workshop	10 Development Experience 10 Management Performance 10 Application Workshop
30 TOTAL	30 TOTAL
22%	19%
Development Financing	
5 Preservation Revolving Loan Fund	5 Preservation Revolving Loan Fund 5 FHLB, other Grants
5 TOTAL	10 TOTAL
4%	6%
137	154

EXHIBIT C

MHC's MAXIMUM CONSTRUCTION COST (MCC) PER UNIT

MULTIFAMILY

<u>DEVELOPMENT</u>	<u>PER UNIT COST</u>
Acquisition/Rehabilitation	
Less than 60 units	\$ 37,500.00
More than 60 units	\$ 65,000.00
New Construction	
Family	\$ 95,500.00
Elderly/Special Needs	\$ 105,500.00

SINGLE FAMILY

<u>DEVELOPMENT</u>	<u>PER UNIT COST</u>
Townhomes/Duplexes/ 4-plex	\$ 96,000.00
Detached Units	\$ 125,000.00