

**DRAFT**

# **EXECUTIVE SUMMARY**

## **PROPOSED 2003 QUALIFIED ALLOCATION PLAN CHANGES**

### **GENERAL POLICIES AND GUIDELINES**

#### ***I General Policies and Guidelines***

- 1) **Add**- The 2003 Qualified Allocation Plan shall be effective for calendar years 2003 and 2004.
- 2) ***Initial***: The 2002 Qualified Allocation Plan shall forward commit 2003's credit authority and commit/allocate any remainder 2001 and 2002's credit authority.

***Revision***: The 2003/2004 Qualified Allocation Plan shall forward commit 2004's and 2005's credit authority during the 2003/2004 application cycle respectively and commit/allocate any remainder of 2002's and 2003's credit authority. (*General Policy and Guideline #1*)

- 3) ***Initial***: Applicants should verify prior to submitting an application to the Corporation for tax credits that they are in compliance with any and all programs they are participating in offered or administered by the Corporation. A request for noncompliance verification must be received by the Corporation at least ten (10) working days before submission of a tax credit application. An applicant, including all parties associated therewith, must be in compliance with any and all of the Corporation programs to participate in the application process. Applications will be disqualified that are proposed by an entity with existing major noncompliance findings for any development in which they are associated. The application fee is non-refundable.

***Revision***: Applicants should verify prior to submitting an application to the Corporation for tax credits that they are in compliance with any and all programs they are participating in offered or administered by the Corporation. A request for noncompliance verification must be received by the Corporation at least thirty (30) working days before the second Monday in March. An applicant, including all parties associated therewith, must be in compliance with any and all of the Corporation programs to participate in the application process. Applications will be disqualified that are proposed by an entity with existing major noncompliance findings for any development in which they are associated. The application fee is non-refundable. (*General Policy and Guideline #2*)

**Initial: Examples of minor noncompliance include, but are not limited to:**

- Isolated instances of administrative noncompliance (failing to execute the policies and procedures stated in the Mississippi Housing Tax Credit Compliance Manual).
- Less critical health and safety violations (minor leak under sink, etc.).

**Revision: Examples of minor noncompliance include, but are not limited to:**

- Isolated instances of administrative noncompliance (failing to execute the policies and procedures stated in the Mississippi Housing Tax Credit Compliance Manual).
- Violations that require correction but do not impair essential services and safeguards for residents.

- 4) **Initial:** The Corporation will not issue a reservation or commitment to a development requesting tax credits in excess of fifteen percent (15%) of the 2003 per capita component to fill the equity gap.

**Revision:** The Corporation will not issue a reservation or commitment to a development requesting tax credits in excess of fifteen percent (15%) of the 2004 and 2005 per capita component, as estimated by the Corporation, to fill the equity gap. (*General Policy and Guideline #16*)

- 5) **Initial:** Developments receiving tax credits in 2002 will be required to provide cost certifications after development completion. A cost certification must include all cost categories listed under “Cost Breakdown” in the 2002 tax credit application and conform to the requirements of the Corporation.

**Revision:** Developments receiving tax credits in 2003 or 2004 will be required to provide cost certifications after development completion. A cost certification must include all cost categories listed under “Cost Breakdown” in the 2003 tax credit application and conform to the requirements of the Corporation. (*General Policy and Guideline #30*)

- 6) **Initial:** As a condition of application for an allocation of Housing Tax Credits, the Corporation will require the applicant to complete Form 8821, Tax Information Authorization (Rev. 9-98) naming the Corporation as the appointee to receive tax information. The subject form will be included in and submitted with the application package. On line 3 of subject form, in addition to the type of tax, tax form number, and year of period, the following statement must be included in column (d): “Any related federal tax information pertaining to housing tax credits, including audit findings and assessments.”

**Revision:** As a condition for an allocation of Housing Tax Credits, the Corporation will require the tax credit recipients to complete Form 8821, Tax Information Authorization

(Rev. 9-98) naming the Corporation as the appointee to receive tax information. The subject form will be included in and submitted with the tax credit recipient's reservation package. On line 3 of subject form, in addition to the type of tax, tax form number, and year of period, the following statement must be included in column (d): "Any related federal tax information pertaining to housing tax credits, including audit findings and assessments." (*General Policy and Guideline #39*)

- 7) **Initial:** Manufactured and Modular housing units will not be considered acceptable for the developments under this QAP.

**Revision:** Modular housing units only will be considered acceptable for developments under this QAP provided that they are constructed in full compliance with the standards detailed in Exhibit 1, Minimum Modular Housing Requirements. (*General Policy and Guideline #45*)

## **APPLICATION CYCLE AND FEES**

### ***I Application Cycle***

**Initial:** February 18 - March 18, 2002

**Revision:** Begin the third Monday in February and end the third Monday in March

**Initial:** Credits not allocated or recaptured during the proposed competition will be carried forward to calendar year 2003 subject to Internal Revenue Service ruling.

**Revision:** Credits not allocated or credits recaptured during the proposed competition will be carried forward to the next calendar year subject to Internal Revenue Service ruling.

**Initial:** All inquiries regarding the QAP must be made prior to March 11, 2002. The Corporation will not provide any technical assistance beyond that day.

**Revision:** All inquiries of MHC Allocation staff, regarding the QAP application or its process, must be made prior to the second Monday in March. The Corporation will not provide any technical assistance beyond that day.

### ***II Fees***

**Revision:** Change **Servicing Fee** to **Allocation and Monitoring Fee**

**Revision:** Delete 1% of the servicing fee for the rental assistance pool and change fee structure to 2.5% being used for allocation and monitoring.

## **TAX EXEMPT BONDS**

**Add to 2<sup>nd</sup> paragraph-** In addition, Tax-Exempt Bond deals may not be subject to the same underwriting restrictions as proposed competitive tax credits developments.

### **SET-A-SIDES**

1) **Initial:** For 2002, the State of Mississippi will allocate credits from its 2003 per capita credit authority, unused credits from previous years, returned credits and national pool credits, if applicable.

**Revision:** For 2003 and 2004, the State of Mississippi will allocate credits from its 2004 and 2005 per capita credit authority, unused credits from previous years, returned credits and national pool credits, if applicable.

2) **Initial:** Non-profit entities will have available for 2002, ten percent (10%) of 2003's total credit allocation authority.

**Revision:** Non-profit entities will have available for 2003 and 2004 respectively, ten percent (10%) of 2004's and 2005's total credit allocation authority.

3) **Initial:** The Corporation will set-a-side for Rural Development (RD) Section 515 developments for 2002 three hundred fifty thousand dollars (\$350,000) of 2003's total credit allocation authority for tax credit applicants meeting the eligibility criteria contained within this plan.

**Revision:** **Delete** Rural Development (RD) Section 515 set-a-side.

4) **Initial:** The Corporation will set-a-side for Inner City Jackson three hundred fifty thousand dollars (\$350,000) of 2003's credit authority for developments located within the city of Jackson (Jackson State University area and Farish Street Historic District)

**Revision:** Delete this set-a-side due to lack of participation

5) **Initial:** The Corporation will set-a-side two hundred thousand dollars (\$200,000) of 2003's credit authority for developments located in a historic district.

**Revision:** Delete this set-a-side due to lack of participation

- 6) **Initial:** The Corporation will set-a-side for Gulf Coast Urban/Hope VI three hundred fifty thousand dollars (\$350,000) of 2003's credit authority. The Gulf Coast Urban area includes the three coastal counties of Hancock, Harrison and Jackson.

**Revision:** Delete this set-a-side.

- 7) **Initial:** The Corporation will set-a-side \$1,500,000 of 2003's credit authority for the Demonstration Program (My House, My Home).

**Revision:** The Corporation will set-a-side \$1,000,000 respectively of 2004's and 2005's credit authority for the Demonstration Program (My House, My Home).

- 8) **Add-** The state's four Congressional Districts will each receive \$300,000 of 2004's and 2005's credit authority.

- 9) **Add-** Hope VI will have a set-a-side of \$600,000 from 2004's and 2005's credit authority.

### **THRESHOLD FACTORS**

#### ***Documentation of Need***

Staff will consult with syndication community for any suggestions regarding our current market study requirements.

### **SELECTION CRITERIA**

- 1) **Initial:** Pg. 20

The Corporation will reduce the minimum score required to seventy (70) points for acquisition/rehabilitation or rehabilitation developments that utilize federally subsidized financing and are committed to providing one hundred (100%) percent of the units set-a-side for tenants at or below sixty percent (60%) of the county median gross income for forty (40) years or longer. Federally subsidized financing does not include HUD insured mortgages placed with conventional lenders at market interest rates.

**Revision:** The Corporation will reduce the minimum score required to seventy (70) points for preservation developments that are committed to providing one hundred (100%) percent of the units set-a-side for tenants at or below sixty percent (60%) of the county median gross income for forty (40) years or longer.

2) **Initial:** The applicant elects either the 20/50 or 40/60 minimum set-a-side election and either:  
(Scoring component #1)

a. The development sets a side forty percent (40%) or greater of the units for persons at or below fifty percent (50%) of the Area Median Gross Income of the county where the development is located and executes an Extended Land Use Agreement committing to serve tenants at this income level for a period of forty (40) years or longer, or

**10 pts.**

b. The development sets a side at least twenty percent (20%) but less than forty percent (40%) of the units for persons at or below fifty percent (50%) of the Area Median Gross Income of the county where the development is located and executes an Extended Land Use Agreement committing to serve tenants at this income level for a period of forty (40) years or longer. **05 pts.**

**Revision:**

a. The development sets a side at least twenty percent (20%) of the units for persons at or below fifty percent (50%) of the Area Median Gross Income of the county where the development is located and executes an Extended Land Use Agreement committing to serve tenants at this income level for a period of forty (40) years or longer. **10 pts.**

3) **Initial:** The development is located in a county where, according to the 1990 Census Report:  
(Scoring Component #3)

**Revision:** Changes will be made for this scoring component in accordance with updated census information due to be released in August 2002.

4) **Initial:** The development targets large families by including three or more bedrooms in at least twenty-five percent (25%) of its units.  
**10 pts.**  
(Scoring Component #4)

**NOTE: No development is eligible for both large family and elderly points.**

**Revision:** The development targets large families by including three or more bedrooms in at least twenty-five (25%) of its units. **05 pts.**

- 5) **Initial:** Development offers tenants community services in at least two (2) areas and provides at least two (2) significant amenities not otherwise required by the entity providing financing or typically present in low-income rental housing. **15 pts.**  
(Scoring Component #5)

Significant Amenities

- Washer and dryer connections in individual units

**Revision:**

Significant Amenities

- Washer and dryer connections in individual units must have capability to service side by side units or opposite wall units.

- 6) **Initial:** The development preserves existing developments serving low income residents that would be lost due to conversion to market rate, loss of rental assistance, foreclosure or default, and mortgage prepayment. Documentation of default and endangerment of foreclosure must be provided by the permanent financing entity. **05 pts.**  
(Scoring Component #7)

**Revision:** The development preserves existing developments serving low income residents that would be lost due to conversion to market rate, loss of rental assistance, foreclosure or default, and mortgage prepayment. To be eligible, the development must be currently in danger of conversion, foreclosure, or default. Documentation of default and endangerment of foreclosure must be provided by the permanent financing entity forcing the foreclosure action. **05 pts.**

- 7) **Development-based rental assistance** **07 pts.**  
(Scoring Component #9)

**Initial:**

- b. A plan which identifies which units will be set-a-side for housing assistance payments.
- d. Commits to providing rental housing assistance payments for a period not less than fifteen (15) years from the placed in service date.

**Revision:**

- b. A plan which identifies which units will be set-a-side for housing assistance payments. In determining which tenants are most eligible to receive rental assistance, first preference should be given to elderly tenants and second preference to single parent households.

- d. Commits to providing rental housing assistance payments for a period not less than five (5) years from the placed in service date.

**Initial:** *Developments that meet all of the above but commits to providing rental assistance payments for a period not less than ten (10) years.* **04 pts.**

**Revision:** Delete this portion of the scoring component

- 8) **Initial:** *Developments that set a side 100% of its units for the elderly population age fifty five (55) or older, or developments that set a side 100% of its units for persons that meet the requirements as defined by Rural Development or the Department of Housing and Urban Development for elderly housing and accessibility for handicapped persons, and meet the following requirements. (Scoring Component #11)* **05 pts.**

**Revision:** Delete this scoring component. Currently, MHC is exploring alternative ways to assist the elderly population. Staff is researching alternative scoring components.

- 9) **Community Support.** (Scoring Component #12) **05 pts.**

**Initial:**

- b. Applicant must publish two (2) notices advertising the public hearing. A notice may not be published within three (3) days of the prior published notice.

**Revision:**

- b. Applicant must publish two (2) notices advertising the public hearing. A notice may not be published within three (3) days of the prior published notice. There must be three (3) separate days between the publication of the first and second notice. (Ex. If first notice is published on January 1 then the second notice may not be published prior to January 5. Days 2, 3, & 4 are not acceptable.)

- 10) **Initial:** *For developments requesting consideration under the readiness criteria, the applicant must include in the tax credit application the information stated below:* **10 pts.**  
(Scoring component #13)

- b. Drawings depicting: *(items b-e for new construction)*

**Revision:**

- b. Drawings depicting: *(items b-d for new construction)*

- 11) **Add-** The development is a Preservation or Hope VI development. **05 pts.**



(Scoring Component # 19)

**Note:** Developments that are eligible for points in this category will not be eligible to receive points for large family or preserving existing low income housing developments.

12) Pg. 30

**Initial:**

**One (1) point will be deducted if an applicant proposes a development in an area that has received 3+ tax credit awards in the previous two (2) years. See attached tax credit recipient list for 2001 and 2002.**

**Revision:**

**One (1) point will be deducted if an applicant proposes a development in an area that has received 3+ tax credit awards in the previous two (2) years. See attached tax credit recipient list for 2002 and 2003(will be updated for year 2004 to include years 2003 and 2004).**

- Applicant Rating form will be revised to reflect all changes of the scoring components after final revisions are made.
- Readiness Criteria Checklist and Certification will be updated to reflect applicable corrections.
- Citizen Participation Process Guideline form will be revised to reflect changes under the *Community Support* scoring component.

## **APPLICATION**

- I** Computer Support Specialist will work out any problems with the diskette.
- II** Page 32u: *Affordable Housing Income Residential Units*- change Unit Size in Single Family to Unit Size in Square Footage.
- III** Page 32x: *Market Residential Units*- change Unit Size in Single Family to Unit Size in Square Footage.

## **MAXIMUM COST (MC) PER UNIT**

- I** ***Determining Maximum Cost (MC) Per Unit Formula: Pg.40***

**Initial:**

**Rural Development (Statewide)  
Conventional Financing**

\$40,000.00

(Key City-Biloxi)	\$49,549.00
(Key City-Jackson)	\$49,549.00
(Key City-Greenville)	\$49,549.00

**Department of Housing and Urban Development**

(Key City-Biloxi)	\$49,549.00
(Key City-Jackson)	\$49,549.00
(Key City-Greenville)	\$49,549.00

***Revision:***

**Rural Development (Statewide)** \$44,000.00

**Conventional Financing**

(Key City-Biloxi)	\$69,000.00
(Key City-Jackson)	\$69,000.00
(Key City-Greenville)	\$69,000.00

**Department of Housing and Urban Development**

(Key City-Biloxi)	\$69,000.00
(Key City-Jackson)	\$69,000.00
(Key City-Greenville)	\$69,000.00

**COMPLIANCE MONITORING PLAN SUMMARY**

*I* Staff will make necessary changes to date references throughout this section.

**ATTACHMENTS**

1. Add revised 2003 Tax Credit Application Guidelines to attachments section.
2. Recipient list attachment will be revised to reflect allocations for years 2002 and 2003.
3. Previous Participation Form will be changed to require experience from the past three (3) years instead of ten (10) years.