

2014 Multifamily Finance Competitive Application Score Sheet (For All Projects)

Applicant Instructions :

Please enter data in the yellow-shaded cells only. The comment box at the bottom of this page is for your use to provide KHC with any information that may be necessary during the scoring process. The comment boxes in the individual scoring sections are for KHC use only.

You must submit the Excel version of the completed self-score sheet as an attachment to the application.

A minimum score of 220 is required for Housing Credit projects and 185 for Non-Credit projects must be received, or the application will **not** be reviewed for financial feasibility and will **not** receive funding. Please refer to the Multifamily Finance Guidelines for additional information.

Project Name:

Applicant Name:

Developer Name:

Consultant Name:

General Partner(s):
(with ownership percentage listed for each)

Application Type	Housing Credit	Non-Credit		
	<input type="checkbox"/>	<input type="checkbox"/>		
Housing Credit Pools (check all that apply, maximum of 2 pools)	Urban	Rural	Nonprofit	Community Impact
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Construction Type	New Construction/ Adaptive Reuse	Rehabilitation		
	<input type="checkbox"/>	<input type="checkbox"/>		

SCORING SUMMARY:	Possible Points	Applicant Self Score	KHC Preliminary Score*	KHC Final Score
A. DEVELOPMENT TEAM (Based on review prior to application; minimum 60 points required)	100	0	0	0
B. PROJECT DESIGN/ SITE LOCATION/ READINESS TO PROCEED	190	0	0	0
C. FINANCIAL DESIGN	115	0	0	0
TOTAL	405	0	0	0

**KHC preliminary score is subject to change and may increase or decrease before final score is determined.*

KHC Final Housing Credit Pool Awarded:

Applicant Notes to KHC:

A. DEVELOPMENT TEAM -- 100 points possible; minimum 60 points required

This section of the scoring criteria includes developer, general partner, consultant and management company. Generally, for production, compliance and asset management issues, KHC will look back to January 1, 2010 when evaluating the capacity of the various members of the development team. However, KHC reserves the right to consider developmental concerns prior to this date, if warranted. In addition, at its discretion, KHC may consider issues or areas of concern other than those identified in this section when determining the capacity score. Development team capacity review will be conducted prior to application. See guidelines for additional requirements.

CAPACITY OF THE DEVELOPMENT TEAM Selection Criteria	Possible Points	Self Score	KHC Preliminary Score	KHC Final Score
1. Monitoring/Compliance				
a. Only one of these apply:				
No member of the development team within the past 3 years has had any compliance and/or monitoring issues (excluding cured issues during the 30-day correction period), whether it is federal, statutory, or KHC policies.	20			
or				
One or more members of the development team has had noted noncompliance issues (federal, statutory, or KHC policies), but all have been corrected within six months after the close of the correction period, i.e., issuance of the IRS Form 8823 and/or closed review letter with open issues.	10			
or				
A member of the development team has been found to be directly or indirectly responsible for any project in which there is or were uncorrected noncompliance issues for more than six months from the close of the correction period (i.e., issuance of the IRS Form 8823 and/or closed review letter with open issues) and the member(s) of the development team have been notified and the noncompliance issue has been documented. IRS Form 8823(s) issued for acts of God or for reasons beyond the owner's control may be excluded, as determined by KHC or other Housing Finance Agency (HFA).	0			
or				
A member of the development team has had chronic and repeated compliance issues or findings of noncompliance and they have been notified and it has been documented by KHC or other HFA.	(-10)			
b. No member of the development team has requested a waiver or modification for pledged amenities or requested a deviation from project design. (This includes pre-8609(s) reviews and excludes equitable substitutions of amenities and/or project design elements as included in original application for funding. Such substitutions must be approved by KHC.)	10			
c. No member of the development team has a KHC-financed property that received a REAC score of less than 60 in its most recent inspection. KHC reserves the right to consult with HUD to ensure that no other HUD-financed project in which a member of the development team is involved has received a REAC score of 60 or below in its most recent inspection.	10			
d. A member of the development team has uncorrected compliance issues on a project funded entirely with Section 1602 Exchange funds. The compliance issues remain uncorrected beyond the established time period.	-40			

2. Production				
a.	No member of the development team has been involved in a project awarded Housing Credits or other KHC funding prior to December 31, 2010, and the project has yet to be placed in service and/or close-out documentation remains to be submitted to KHC.	20		
b.	No member of the development team has had funds recaptured by KHC within the past 3 years; development team was notified and it has been documented. Recapture event is due to not meeting KHC-imposed deadlines.	10		
c.	A member of the development team within the past three years has requested to exchange (swap) previously awarded Low Income Housing Tax Credits for a newer year.	(-5)		
d.	The Developer or Consultant has been a part of a development team within the past seven years that has developed and placed in service a KHC-financed multifamily project of at least ten units. Qualifying projects must be identified in the application.	15		
	or			
	The Developer or Consultant has been a part of a development team within the past three years that has developed and placed in service a multifamily project in another state utilizing multifamily resources from the state housing finance agency.	5		
e.	A member of the development team has been involved in a project that was awarded Housing Credits or other KHC funding but did not fulfill the pledged scoring areas. Negative points equivalent to the points originally awarded to the related project will be deducted from the subsequent project being scored in the current funding round. Example: Prior project was awarded 15 points for pledging two Energy Star features, but there is only one Energy Star feature when the project completed, resulting in a 15 point deduction to the project in the current funding round.			
3. Asset Management				
a.	No member of the development team has been involved in a KHC-financed project that has been delinquent for 75 days or more on debt service payments or any KHC-maintained escrow accounts. (Without a KHC-approved forbearance).	10		
	or			
	A member of the development team has been involved in a KHC-financed project that has been delinquent for 75 days or more on debt service payments or any KHC-maintained escrow accounts. This also includes Housing Credit projects in which another lender is involved and KHC is informed of such delinquent status by the third party lender.	(-5)		
b.	Within the past year, a member of the development team has been involved in a project which previously received KHC funds and has requested a forbearance.	(-5)		
c.	No member of the development team is involved with a project in which the most recent review by KHC of the audited financial statements and/or compilation revealed a ranking of critical.	5		
TOTAL DEVELOPMENT TEAM POINTS: 100 possible; 60 required minimum		100	0	0
KHC Review Comments:				

B. PROJECT DESIGN, LOCATION & READINESS TO PROCEED Selection Criteria - 190 Points Possible	Possible Points	Self Score	KHC Preliminary Score	KHC Final Score
1. Building Design (check all that apply)				
Exterior:				
<p>a. 100 percent of the exterior walls are either brick, stone, or HardiePlank (or similar) per building.</p> <p style="text-align: center;">or</p> <p>50 percent of the exterior walls are either brick, stone, or HardiePlank (or similar) per building.</p> <p><i>Documentation of materials must be included in the specifications or work write-up. Exterior veneer must be shown on plans.</i></p>	15			
Energy Efficiency:				
<p>b. Project incorporates Energy Star design features.</p> <p><i>(Two of the five choices noted in the guidelines must be included in the specs or work write-up; Energy Star checklist must be included with application).</i></p> <p style="text-align: center;">or</p> <p>Project exceeds Energy Star design requirements -or- project will utilize the HERS rating system.</p> <p><i>(Four of the five choices noted in the guidelines must be included in the specs or work write-up; Energy Star checklist must be included with application. Projects using the HERS rating system must demonstrate a home energy rating lower than 70 based on the RESNET scoring system. (Refer to KHC Multifamily Guidelines).</i></p>	15			
<p>c. Project exceeds 2009 International Energy Conservation Code (IECC) by 20%.</p> <p><i>ResCheck certificate(s) as proof energy efficiency exceeds the 2009 IECC by 20% is submitted along with inclusion of foundation-to-roof wall detail with the application's preliminary plans.</i></p>	25			
Green Building:				
<p>d. Overall project design includes green construction techniques.</p> <p><i>(A minimum of six of the green construction techniques noted in the guidelines must be included in the plans, specs or work write-up; green construction checklist must be submitted with application).</i></p>	15			
2. Plans and Specifications				
<p><i>Based upon the preliminary plans, specifications, or work write-up submitted, plans and specifications must be detailed enough to determine the following:</i></p>				
<p>a. Plans are submitted to proper scale and satisfy KHC guidelines for preliminary plans. Scattered site projects must submit a minimum 35% of site plans and complete preliminary floor plans for all respective unit designs. Specs are in proper format identified in the guidelines.</p> <p style="text-align: center;">or</p>	15			
<p>b. Both plans and specs are submitted but one of the two will require revision(s) in order to satisfy KHC guideline requirements for preliminary plan or specs.</p> <p style="text-align: center;">or</p>	5			
<p>c. Neither plans or specs satisfy KHC guidelines.</p>	0			

<p>3. Floodplain</p> <p>a. Project is not located in a flood zone or waterway.</p> <p><i>Proof must be submitted in one of the following forms (local jurisdiction database info is not acceptable):</i></p> <p>a.) FEMA map with the project location clearly marked showing the project located outside of floodplain.</p> <p>b.) Flood determination certificate indicating the project site is not in a floodplain. The certificate must be from a Flood Zone Determination Company listed by FEMA.</p> <p>c.) A signed, stamped and dated letter from a licensed surveyor stating the project site is not located within a floodplain. Projects in which any portion of a property is located in the floodplain on a FEMA map must submit a signed, stamped and dated survey showing location of floodplain and all existing building structures.</p>	20			
<p>4. Zoning</p> <p>a. Site is properly zoned. If no zoning exists, the applicant must submit a letter from the county judge executive or mayor who has jurisdiction, indicating this is the case.</p> <p style="text-align: center;">or</p> <p>b. The site is not properly currently zoned for its intended use, but a zoning change is imminent. The applicant must submit a letter from the local zoning board or mayor which states that the zoning change has already been through the necessary process and approval is imminent. The letter must also indicate when the final approval for the zoning change will be issued. All zoning changes must be approved and in place by the technical submission due date.</p> <p><i>A local zoning map that shows the classification of the proposed site and neighboring sites and a detailed description of what is allowed in each zoning classification must be provided as an attachment (see application checklist). The location of the site must be clearly indicated on all copies of the map. A letter from the local zoning board or governing authority which indicates the proper zoning classification must also be attached.</i></p>	15			
	5			
<p>5. Preservation of Existing Affordable Housing</p> <p>a. For projects proposing the preservation of an existing affordable housing development previously assisted with Housing Credits in which the initial 15-year compliance period has expired, one point will be awarded for each additional year beyond the initial 15-year compliance period, for a maximum of 10 points. Note: Applicant must provide the initial KHC-assigned KY # tax credit identifier number.</p> <p style="text-align: center;">or</p> <p>b. For projects proposing the preservation of an existing affordable housing development that also receives project-based rental assistance (i.e., Rural Development, HUD or KHC) on at least 50% of the units, and has not had substantial rehabilitation since its original placed-in-service date, one point will be awarded for each additional year beyond the initial 15-year compliance period, for a maximum of 10 points. Note: Project is not required to have prior participation in the Housing Credit program.</p>	10			
	10			
<p><i>Points will not be awarded if the new/proposed owner has past non-compliance issues identified during the development team capacity scoring for which it received negative points.</i></p>				

6. Creation of Units in Underserved Counties or Conversion of Units from Vacant, Foreclosed or Bank-Owned Properties

NOTE:
 - A maximum of two projects will be funded in each underserved county, including Frankfort and Franklin County.
 - A project may only receive points in one of the following categories: a, b or c (i or ii).

- a. The proposed project includes new rental units (new construction or adaptive reuse) in a county with no KHC-supported developments for the previous 10 years. Refer to KHC's Web site for a list of Kentucky counties and number of KHC-supported developments.

or

- b. The proposed project includes new rental units (new construction or adaptive reuse) in a county with no KHC supported-developments for the previous 5 years. Refer to KHC's Web site for a list of Kentucky counties and number of KHC-supported developments.

or

- c. The proposed project will convert vacant, foreclosed structures or bank-owned properties into rental housing. Points are awarded based on the number of affordable rental units that are converted from the vacant, foreclosed or bank-owned structure as a percentage of the project's total units.

 - i. At least 50% of the units will be developed from space that was previously vacant, foreclosed, or bank owned.

or

 - ii. More than 50% of the units will be developed from space that was previously vacant, foreclosed, or bank owned.

If any space in the existing structure will be used for a purpose other than affordable housing, the applicant must state the intended use of the remainder of the vacant structure.

7. Site Control

All site control documents must be fully executed and sufficiently identify the subject property. Acceptable forms of site control are: a) property deed; b) current purchase contract (if the purchase contract expires prior to closing, must provide proof that the property can be purchased prior to closing); c) current option to purchase (must be extended through announcement period and contain a clause for renewal, if no renewal clause, then proof must be provided evidencing the means to purchase the property prior to closing); or d) current lease agreement/option to lease (lease period must be through entire affordability period).

For scattered site projects with six or more buildings, where 50% or more of the sites are non-contiguous, proof of site control must be provided for 35% or more of the total sites.

Deed restrictions affecting the proposed site must be submitted for review.

- a. Has site control (on all sites). If it is a scattered-site project where 50% or more of the sites are non-contiguous, site control must be obtained for at least 35% of the sites. (Please refer to guidelines.)

or

- b. Has some site control (but not on **all** sites). Scattered-site project has less than 35% site control.

10			
5			
5			
10			
15			
5			

10. Nonprofit Supportive Housing Pool

Applicants proposing permanent supportive housing must provide a supportive service plan. The plan must address the following items, and must include letters of service commitment and a commitment to refer targeted households to the project. The letter of referral must state an estimate of households to be referred on an annual basis. Note: if the project is applying in multiple pools, the points in this category will only be applied if the project is funded in the nonprofit supportive housing pool.

- a. The population being served and the experience the support provider has serving that population.
- b. How the supportive service plan will address the needs of the specific population.
- c. How the success of the supportive services plan will be evaluated; the formal and informal methods that will be used to evaluate success of the development in meeting the individual needs of the residents, as well as addressing overall issues of the population.
- d. How residents will be linked to services not directly offered by the primary service provider.
- e. The source of funding for the services and how the project plans to sustain supportive service provisions over the life of the compliance period.

Each supportive housing service plan will be evaluated for completeness and likelihood of long term success. Applications adhering to KHC's principles of supportive housing and include a supportive service plan that thoroughly addresses each item, and contain a committed source of funding, will be awarded 25 points.

TOTAL PROJECT DESIGN, LOCATION, AND READINESS TO PROCEED POINTS: 190 possible

5				
5				
5				
5				
5				
190	0	0	0	

KHC Review Comments:

C. FINANCIAL DESIGN

Selection Criteria - 100 Points Possible

The Financial Design section will be scored based on the revisions made to the underwriting model during the underwriting review. The underwriting model submitted with the application, along with the information contained in the application, will be reviewed. If a contradiction exists between the underwriting model and the application, the information in the underwriting model will be used. The project must remain financially feasible (all program guidelines met, rents and expenses reasonable, balanced Sources and Uses, debt coverage ratio meets KHC standards), after underwriting changes are made. If the changes cause the project to no longer be financially feasible, the project will not receive funding. If it is found that a project is not financially feasible, regardless of the points scored, the application will be rejected. In addition, the applicant must submit all required financial review documentation in order for KHC to determine the credit worthiness of the development team. If the documentation is not submitted for this review, the application will be denied.

	Possible Points	Self Score	KHC Preliminary Score	KHC Final Score
1. Debt Coverage Ratio (DCR) and Cash Flow				
<p><i>Applications that meet KHC guidelines for DCR and project cash flow, after KHC's underwriting analysis, shall receive points in this section. A DCR of at least 1.20 is required in year one for all projects, except Risk Sharing projects which require a 1.25 DCR in year one. KHC requires the DCR and cash flow of credit only projects to remain positive through year 15. Projects with KHC loan funds must remain positive through the applicable affordability period. KHC may make adjustments for items including, but not limited to, rents, utility allowances, construction expenses, annual expenses and allowable fees, as well as any requirements of the syndicator. When calculating the DCR, KHC will go out 2 decimal places.</i></p>				
a. Project meets KHC guidelines for DCR and cash flow after KHC's underwriting analysis and any necessary adjustments.	15			
2. Cost Containment				
<p><i>Projects that remain within the correct applicable KHC cost containment limit will receive points in this section. KHC's cost containment guidelines can be found on KHC's Web site under Housing Production, Multifamily Finance, Reference Materials. Projects that obtain prior approval from KHC to exceed the applicable KHC cost containment limit will not be eligible for this scoring category. All projects seeking to exceed the KHC cost containment limit must adhere to the policies outlined in the QAP.</i></p>				
a. Project is within KHC's cost containment guidelines.	25			
3. Maximum Allowable Fees				
<p><i>All applicants will be limited to the applicable fee structure as stated in KHC's Multifamily Finance Guidelines, regardless of the total project costs. When calculating the fee percentage, KHC will go out 2 decimal places.</i></p>				
a. All project-related fees are within the applicable maximum limits. (Refer to KHC Multifamily Finance Guidelines)	15			

4. Housing Credit Commitment

Equity commitments must contain the specific terms for the purchase of credit (credit pricing, amount of annual credit anticipated, total equity investment, pay-in schedule, identify the amounts of required fees and required reserve account amounts, etc.). The commitment must be on the equity provider's letterhead, identify the project name and be dated and signed. Equity commitments must be current and relative to the project seeking funding from KHC. It is KHC's sole discretion to determine the points awarded for housing credit commitments and all determinations will be final.

a. Projects requesting Housing Credit have submitted a firm commitment or a letter of intent from their equity provider that clearly represents the equity provider's willingness to purchase the credits at the stated terms and meets the standards outlined above.

or

b. Projects requesting Housing Credit have submitted a letter of interest from their equity provider that does not adequately represent the project and contains very few details of the transaction (see required terms above).

15

0

5. Federal Historic Tax Credits

At least 50% of the total units must be located in eligible historic buildings in order for a development to receive points in this category.

a. Projects proposing Federal Historic Tax Credits must provide a letter of intent from an investor to purchase the credits. **(A copy of Part I of the "Evaluation of National Register Status" as submitted to SHPO must also be provided - see application checklist).**

5

6. Funding Commitments (non-KHC)

Applicants that are bringing other sources of funds into the project (non-KHC funds) must submit a commitment letter from the outside funding source(s) identified in the KHC application and underwriting model. The letter(s) must be specific as to the amount and terms of the funding and must be on the funding source's letterhead, dated and signed by an authorized representative of the entity providing the funds. Commitment letters must be current and relative to the project seeking KHC funding. Refer to the Multifamily Guidelines for further guidance.

Other non-KHC funds may include, but are not limited to, Federal Home Loan Bank, HUD HOPE VI, HOME or CDBG funds from a local government. KHC will accept evidence of an application for non-KHC fund along with a written guarantee from the developer that if they are not awarded the funds for which they applied, the developer will contribute the amount of funds for which it applied (developer must also include evidence of its financial ability to guarantee the funds). Loan commitments must list the rate (actual and effective rate, if applicable), term and amount of the loan, as well as the expiration of the commitment, if applicable. Grant commitments must list the grant amount and expiration, if applicable. Commitment letters may contain standard due diligence and verification requirements of the lender.

If one or more non-KHC funding source does not have a commitment letter that meets the standards described above, or if a commitment letter is not submitted, no points will be awarded in this category.

a. All funding commitments are firm and documentation has been submitted to KHC (exclusive of Housing Credit equity). Pre-application or approval letters from RD or HUD are eligible for points in this section.

or

b. Some funding commitments are firm and some are letters of intent.

20

15

<p>7. Leveraged Funds</p> <p>A maximum of 20 points will be awarded for leveraged funds proposed as a <u>permanent</u> investment in the project. "Leveraged funds" is defined as: KHC amortizing loans with at least a 3.5% interest rate and a term of at least the length of the affordability period, up to a maximum 30 years (40 years for Risk Sharing loans) AND/OR other non-KHC resources. The percentage will be determined by dividing the amount of non-KHC resources and KHC amortizing resources, with an interest rate of at least 3.5%, by the project's total development cost. Non-KHC resources include all sources of funding in the proposal except LIHTC equity or deferred developer fee. Construction or bridge loans will not be included in this calculation. When calculating the percentage of leveraged funds, KHC will go out two decimal places.</p>				
<p>a. For new construction or adaptive reuse projects, two (2) points will be awarded if leveraged funds are at least 6% of the total development costs, with an additional two (2) points for every additional one percent (1%) of leveraged funds, up to a maximum of 20 points if leveraged funds are at least 15 percent (15%) of the total development cost.</p>	20			
<p style="text-align: center;">or</p>				
<p>b. For rehabilitation of existing housing units, two (2) points will be awarded if leveraged funds are at least 21 percent (21%) of total development costs, with an additional two (2) points for every additional one percent (1%) of leveraged funds, up to a maximum of 20 points if leveraged funds are at least 30 percent (30%) of the total development cost.</p>	20			
<p>Note: Any contributions to the project by any member of the development team must be in writing, guaranteed by the contributor, and cannot be reduced after the conditional commitment of KHC resources have been awarded.</p>				
<p>TOTAL FINANCIAL DESIGN POINTS: 115 possible</p>	115	0	0	0
<p>KHC Review Comments:</p>				