

# 2011-2012 COMPETITIVE SCORING GUIDELINES Multifamily Finance

The application review process is a three stage process: Stage I is Scoring Criteria, Stage II is Financial Feasibility, and Stage III is Market Need. The following guidelines are designed to ensure applicants understand the scoring requirements for Phase I of the review process.

Projects will be reviewed on the basis of the documentation contained within the application. If documents on the scoring checklist are not submitted, then applications will not receive points in areas where documentation is required. It is the responsibility of the applicant to ensure all required documentation is submitted. Projects will be ranked according to their score. Those with the greater number of points will receive funding, **providing the project meets all financial and market requirements.**

Applications will be scored on the development team, project design & location, financial design / ready to proceed, and bonus opportunities. Applications must receive a minimum score of 250.

Although funds will be awarded to the highest scoring projects within their respective pools, KHC will make every effort to ensure funds are distributed geographically across the state. KHC reserves the right to award funding to a lower scoring project located in a congressional district where no other funds have been allocated.

## **DEVELOPMENT TEAM**

### **Capacity of the Development Team**

#### ***1. Monitoring/Compliance –***

This section of the scoring criteria includes developer, consultant, management agent, owner, applicant preparer, general partner's and/or non-profit partner's. Generally, for compliance and asset management issues, KHC will look back approximately one year (January 1, 2010) when evaluating the capacity of the various members of the development team. For production issues, KHC will look back approximately three years (January 1, 2008). However, KHC reserves the right to consider developmental concerns prior to this date if warranted. Development Team review will be conducted prior to application. KHC will consider the responsibility of the development team member when awarding points in capacity. For example, a consultant may have worked on a previously funded project that requested a forbearance on its debt service in subsequent years. Since this is outside of the responsibility of the consultant, KHC would not consider this when allocating a score in the capacity section for a new project in which that same consultant is involved. Likewise, capacity points will not be lowered in a proposed project due to the involvement of a management company that manages a previously funded project that experienced delays during production.

#### **Only one applies:**

- a. No member of the development team within the past year 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.

**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).

**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**

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. This includes occurrences such as having ample time to correct issues or findings but not doing so, expiration of the time period to make corrections or no effort made to make corrections.

- 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.)
- c. No member of the development team has a property previously financed by KHC that received a REAC score of 60 or below 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.

## **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, 2007 and the project has yet to be placed in service and/or close-out documentation remains to be submitted to KHC.
- 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. This includes funds recaptured from homeownership or rental projects and all funding sources including: Housing Credits, SMAL, HOME, Affordable Housing Trust Fund, Risk-Sharing, Housing Assistance Funds, Housing Development Funds, HOPWA, ESG, etc.
- 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. (This excludes Recovery Kentucky, Scholar House, Kentucky Domestic Violence Association and the Distressed Appalachian Initiatives).

- d. A member of the development team has been a part of a development team within the past three years that has developed and placed in service a KHC-financed multifamily project of at least ten units.

or

A member of the development team has been part of a development team within the past three years that has developed and placed in service a multifamily project in another state utilizing housing credit or tax exempt bonds.

### 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).

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.

- 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.
- 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.

### 4. **Sponsor Characteristics**

- a. Applicants must submit certification as described below to document they are an approved for-profit minority or female controlled and managed entity to receive points in this area (See Score sheet for points).

The definition of a for-profit minority or female owned and managed entity is:

- 1) If the firm is a corporation, such individuals must own at least 51 percent of each class of voting stock outstanding and 51 percent of the aggregate of all stock outstanding.
- 2) If the firm is a partnership, 51 percent of each class of partnership interest must be owned by socially and economically disadvantaged individuals and be reflected in the firm's partnership agreement.
- 3) If the firm is a limited liability company, at least 51 percent of each class or member interest must be owned by socially and economically disadvantaged individuals.

#### Minority Owned Business

For additional and more specific information on the requirements of the certification process for minority owned agencies the link for this certification is [www.mwbe.com/cert/certification.htm](http://www.mwbe.com/cert/certification.htm)

A for-profit minority-owned business is an enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated and controlled by minority group members. "Minority group members" are United States citizens who are Asian, Black, Hispanic and Native American.

Certification is done at a local or regional level. There is a charge for the non-refundable application fee. Certification must be renewed each year along with payment of annual fee. To find the certifying agency for the state of Kentucky go to the above web site.

#### Minority Owned Business

Minority owned entities must provide articles of incorporation and other documentation as necessary to establish that they meet the criteria listed below as well as a formal certification from any state or federal government agency or professional association pertinent to the housing and/or construction industry

- Ownership: Fifty-one percent ownership by a minority. The applicant must share in all risk and profits commensurate with their ownership interest.
- Control and Management: Proof of active management of the business.

**Or**

#### Female Owned Business

Female owned entities must provide articles of incorporation and other documentation as necessary to establish that they meet the criteria listed below as well as a formal certification from any state or federal government agency or professional association pertinent to the housing and/or construction industry

- Ownership: Fifty-one percent ownership by a woman or women. The applicant must share in all risk and profits commensurate with her ownership interest.
- Control and Management: Proof of active management of the business. Women must possess the power to direct or cause to direct the management and policies of the business.

**Or**

#### Non-Profit Organizations

Non-Profit Organizations are required to materially participate in the development, operation of the development, ownership or management of the project..

A qualified Non-Profit Organization is one which is:

- Described in §501(c)(3) or (4) of the code and is tax exempt from tax under §501(a) of the code,
- Not controlled by a for-profit,
- Has as one of its exempt purposes as the fostering of low-income housing,
- Has been in existence for at least one year and
- Owns fifty-one percent of the general partnership interest of the ownership entity of the development.

## **B. PROJECT DESIGN AND LOCATION**

### **1. Building Design**

- a. Projects covering **100 percent** of the total exterior walls of every building with materials of brick, stone or HardiePlank™ Lap Siding or equal and documenting these materials in the specifications or work-write up shall receive additional points.

**Brick, stone or HardiePlank™**– Each and every building of the proposed project must have **50 percent** of the total exterior walls covered with materials of brick, stone or HardiePlank™ Lap Siding or equal plank and document these materials in the specifications or work write-up in order to receive points in this area (See Score Sheet).

b. **Energy Star**

Points under this section will be awarded for utilization of the following combination of Energy Star rated products and energy efficiency technologies during construction **Two of the following four choices must be utilized in each unit and incorporated into the specifications and/or work write-up:**

- Inclusion of Energy Star rated heating and cooling products. Homes equipped with heat pumps which have programmable thermostats shall be required to use “adaptive recovery” technology in order to prevent excessive use of electric back-up heating.
- All windows are Energy Star rated.
- Three or more of the following Energy Star qualified appliances: clothes washer, dishwasher, refrigerator, freezer, hot water heater or range hood. Projects which have an on site laundry facility, Energy Star washers and dryers in the facility will satisfy the requirement. Projects which have onsite laundry facilities can obtain points for providing energy star washers and dryers.
- All Energy Star qualified ceiling fans, light fixtures and ventilation fans.

Exception: Incidental fixtures such as storage and service areas (crawl space; attics; mechanical rooms, and medicine cabinet.)

**For new construction and rehabilitation projects will exceed the Energy Star design requirements by electing all four of the above options to qualify for increased scoring.**

**Note: Developer must clearly identify Energy Star products in the plans and specifications and/or work write-up. For application review purposes these must be identified collectively in one location.**

c. **Green Construction**

New Construction and Rehabilitation projects that incorporate in their plans and specifications Green Building techniques will receive these points if the project incorporates at least **six** of the Green Construction criteria’s outlined in Chapter 1, Application Requirements of the Rental Production Guidelines. They must be included

in either the specifications or work write-up and as a separate attachment indicating which green construction techniques will be utilized.

### 1. **Project Size**

Points will be awarded in this category based upon the following project sizes:

- 33 units or more
- 32 units or less

Please indicate in the application the number of total units (including both affordable and market) and refer to score sheet for points.

### 3. **Plans and Specifications**

**NOTE:** For scattered site projects, site plans must be submitted for at least 35% of the sites and **complete** preliminary plans must be submitted for each unit type. As an example, the project consists of 20 units, comprised of five, one bedroom units, ten, two bedroom units and five, three bedroom units, complete preliminary plans must be submitted for a one bedroom unit, a two bedroom unit and a three bedroom unit.

For further complete guidance on KHC Plans and Specification Requirements, and rehab submission requirements, refer to Rental Production Application and Chapter 1, Application Requirements of the Rental Production Guidelines.

- a. If plans and specifications (and rehab submissions if applicable) meet all KHC requirements for “Application Submission” as listed in Chapter 1, Application Requirements of the Rental Application Guidelines, points will be awarded as specified on the score sheet.
- b. If plans and specifications (and rehab submissions if applicable) are submitted but require minor revisions to meet KHC requirements for “Application Submission” as listed in Chapter 1, Application Requirements of the Rental Application Guidelines, points will be awarded as specified on the score sheet.
- c. If plans and specifications (and rehab submissions if applicable) are incomplete, vague and/or require major revisions to meet KHC’s requirements for “Application Submission” as listed in Chapter 1, Application Requirements of the Rental Application Guidelines, or no plans or no specifications (or missing rehab submissions if applicable) are submitted , there will be no points awarded.

### 4. **Project Amenities**

Applicants that elect to include amenities in their projects will be required to provide and maintain these throughout the entire affordability period. The application must clearly state the type of amenities that are being offered for the project. In addition, the amenity should be appropriate for the type of project proposed.

Examples of acceptable amenities include but are not limited to:

- Washer/Dryer Hookups in the unit
- Security service/alarm in the unit
- Help/call system (type typically found in elderly and/or handicap units)
- Self cleaning oven
- Microwave
- Dishwasher
- Frost free refrigerator with icemaker
- Walk in closet
- Laundry facilities on-site
- Carpet
- Drapes
- Built in electric stove
- Fitness room on-site with fitness equipment.

Applicants can identify additional comparable amenities not listed and receive points.

Examples of unacceptable amenities include the following:

- A patrol around the apartment complex every few hours does not constitute as a security service/alarm provided in the unit.
- A resident checking on the well being of another resident does not constitute as a help/call system typically found in elderly and/or handicapped units.

## **5. Unique Marketable Attributes**

- a.** A community room is an area for the benefit of the tenants that is separate from other areas such as the office or laundry facility. This is a designated area where individual tenants and their families or groups of tenants can share common interests. A community room should not be confused with a Community Service Facility which is defined in KHC's Qualified Allocation Plan.
- b-d.** In order to receive points in the Unique Marketable Attributes area, pictures of the type of commercial grade equipment must be sent as an attachment. A higher quality of equipment and permanent type fixtures are expected in order to increase the life expectancy in projects of this type. The specifications should reflect the commercial grade equipment that will be used. In order to comply with Fair Housing, the community areas and playground areas must be made handicap accessible. This could include sidewalks and wider openings to playground, outdoor sitting/community areas and outdoor grilling areas. It is strongly suggested that you consult your insurance agent regarding the cost of insurance prior to pledging any playground, grilling areas or other outdoor equipment. The insurance for these amenities may be costly.
- e-f.** Additional storage areas and private patio/deck areas must be provided for individual units in order to receive points for these amenities. Any additional storage or patio/deck areas should be shown on the plans and specifications. Normal closet space and pantries will not be considered an additional storage area.
- g.** To receive point(s) in this area, the application narrative as well as the specifications must include a fenced back yard area with a single family unit.

All other amenities/ unique market attributes provided must be listed with a full description of that amenity in the narrative section of the application.

Examples of acceptable amenities/attributes include, but are not limited to:

- Off street parking
- Community garden
- Close proximity to public transportation
- Case management
- Area lighting form parking and common areas
- Vehicle shelter

Applicants can identify additional comparable amenities not listed and receive points.

Examples of unacceptable Amenities and Unique Marketable Attributes include the following:

- A grassy fenced area does not constitute as a playground.
- A dirt area with spray painted lines and a movable basketball goal does not constitute as a basketball court.
- A charcoal grill and a folding chair nearby does not constitute as an outdoor grill area with grills.
- A patio table with an umbrella does not constitute as a gazebo or covered structure.
- A swing set and/or play ground equipment from the local store designed for one or two children does not constitute as a type of play ground equipment necessary for an apartment complex. A commercial/industrial grade of equipment is expected especially in family designed complexes.

## **6. Site Design and Location**

- a. *Flood Plain*** – To receive points in this section a flood plain map must be submitted that shows the 100-year flood plain for the proposed development. The map must be prepared by a nationally accepted organization such as FEMA and the project site must be indicated on the map.

In the event a FEMA flood plain map is not available, a signed statement from a licensed surveyor stating that the property is not located in a flood zone or a letter from a local insurance company or local county office official can submit a letter certifying the project is not located in a flood zone will be accepted along with the project site indicated on the map.

If the property has been built up and is no longer in a flood zone, a licensed surveyor's report for the reclassification must also be attached. The report should clearly state that all land to be utilized for the project has been raised at least one foot (1') or more above the floodplain.

**7. Neighborhood Renewal Efforts**

**a. Housing Characteristics**

Number of points will be determined based upon housing need which is derived from configuring the following numbers: number of units below poverty level, number of substandard housing units, number of vacant units and total number of housing units.

<b>County</b>	<b>CHNS</b>	<b>County</b>	<b>CHNS</b>	<b>County</b>	<b>CHNS</b>	<b>County</b>	<b>CHNS</b>
Adair	6	Allen	5	Anderson	3	Ballard	3
Barren	5	Bath	5	Bell	9	Boone	3
Bourbon	6	Boyd	5	Boyle	5	Bracken	4
Breathitt	8	Breckinridge	4	Bullitt	3	Butler	4
Caldwell	4	Calloway	6	Campbell	4	Carlisle	3
Carroll	5	Carter	5	Casey	6	Christian	6
Clark	4	Clay	9	Clinton	7	Crittenden	4
Cumberland	6	Daviess	4	Edmonson	4	Elliott	6
Estill	7	Fayette	6	Fleming	5	Floyd	7
Franklin	5	Fulton	8	Gallatin	4	Garrard	5
Grant	4	Graves	5	Grayson	5	Green	5
Greenup	4	Hancock	4	Hardin	4	Harlan	8
Harrison	5	Hart	5	Henderson	5	Henry	4
Hickman	4	Hopkins	4	Jackson	6	Jefferson	5
Jessamine	4	Johnson	6	Kenton	4	Knott	6
Knox	9	Larue	4	Laurel	5	Lawrence	7
Lee	7	Leslie	7	Letcher	6	Lewis	6
Lincoln	5	Livingston	3	Logan	5	Lyon	3
McCracken	6	McCreary	7	McLean	6	Madison	5
Magoffin	7	Marion	6	Marshall	6	Martin	10
Mason	5	Meade	4	Menifee	5	Mercer	4
Metcalfe	6	Monroe	7	Montgomery	5	Morgan	6
Muhlenberg	4	Nelson	4	Nicholas	5	Ohio	4
Oldham	2	Owen	5	Owsley	9	Pendleton	4
Perry	7	Pike	6	Powell	7	Pulaski	5
Robertson	5	Rockcastle	6	Rowan	7	Russell	6
Scott	4	Shelby	3	Simpson	4	Spencer	3
Taylor	6	Todd	5	Trigg	3	Trimble	4
Union	4	Warren	6	Washington	4	Wayne	7
Webster	4	Whitley	7	Wolfe	9	Woodford	3

**Please Note:** Regardless of the Community Housing Needs Score (CHNS), a Market Study /Need Analysis demonstrating need will still be required before KHC will fund any project.

**8. Preservation/Rehabilitation**

- a. Preserving existing affordable rental stock** - (minor rehabilitation or demolition rebuild is NOT included.) Minor rehabilitation is considered to be cosmetic appearance rehabilitation or normal day to day wear and tear rehabilitation. Projects that are rehabilitating existing affordable rental units in order to preserve

the rental stock will receive points in this area. Kentucky Housing Corporation defines preservation as the maintaining of existing units or maintaining the integrity of the original existing unit as closely as possible. Preservation can include the relocation of certain walls or major components such as plumbing or electrical systems, however the existing shell of the building must be maintained. This can include the reduction in units to update or modernize to meet the current market needs. Substantial building rehabilitation of at least \$20,000 per low income unit or 20% of adjusted basis, which ever is greater is required for scoring purposes.

- b. **Conversion of existing rental structure to affordable**--If submitting an existing unsubsidized project which has current rents at or below the affordable rent level, then points can be awarded for preservation. **However** documentation must be submitted showing the current rents as well as comparisons to the other market rate projects in the area. Please include a map indicating the location of the other market rate units in comparison to the proposed project. Substantial building rehabilitation of at least \$20,000 per low income unit or 20% of adjusted basis, which ever is greater is required for scoring purposes.

**Please submit pictures that show building(s) as an existing rental development and include rehab work in specifications or comprehensive work write-ups in order to receive points in this category.**

## **C. FINANCIAL DESIGN / READY TO PROCEED**

### ***Financial Feasibility***

#### ***Project Feasibility***

A project is financially feasible when **all** (including federal, state, local and/or Kentucky Housing) programmatic guidelines are met and the project is viable. Rents and expenses should be reasonable, the Sources and Uses must balance and the debt coverage ratio (DCR) meets KHC standards.

A review of the submitted underwriting model along with the information in the overall 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, as defined above, with the changes. If the changes cause the project to no longer be financially feasible, the project will not receive funding.

#### ***Development Team Creditworthiness***

Applicant must submit all required documentation on the application checklist in order for Kentucky Housing to determine if the entity is financially feasible. If documentation is not submitted to determine this review, the application will be denied.

If the applicant is applying for funds that require a guarantee, then the appropriate financial documents will be reviewed to confirm the ability to guarantee the level of funding requested. If funds are being pledged to the project, the bank statements will be reviewed to verify adequate funds are currently available.

If the applicant is applying for funds that do not require a guarantee, then the appropriate documents are reviewed to show credit worthiness. The review will verify that the applicants'

other business ventures and/or personal finances, where applicable, are handled in an effective, efficient manner. Discrepancies between credit reports and financial statements are a red flag. Low paydex scores for business reports and low FICO scores for personal credit reports are also red flags and may require more information to be requested. Near term liabilities that the applicant is not likely to satisfy or financial statements that do not match tax returns are also areas that may require further explanation.

Other than review for cash pledged or guarantees provided, the review is to find a track record that the proposed owner/developer has a history of managing finances in an efficient manner in his/her other business practices and is an acceptable risk to Kentucky Housing to develop this project.

**NOTE: Kentucky Housing reserves the right to request additional financial information as needed. Kentucky Housing deals with all financial information in a confidential manner. This information is never shared with any other entities.**

**1. Leverage**

Excludes Housing Credit Equity, SMAL or any amortizing debt. KHC subsidies include AHTF and HOME (due at maturity and forgivable at maturity).

- a.** If requesting 0 percent of total development costs in KHC subsidy, points will be awarded in accordance with the score sheet.
- b.** If requesting up to 10 percent of total development costs in KHC subsidy, points will be awarded in accordance with the score sheet.
- c.** If requesting 10.1-15 percent of total development costs in KHC subsidy, points will be awarded in accordance with the score sheet.
- d.** If requesting 15.1 percent or more of total development costs in KHC subsidy, no points will be awarded.

Example:

HOME deferred loan	\$ 300,000
Conventional Loan	\$1,000,000
HC Equity	<u>\$1,500,000</u>
Total Development Costs	\$2,800,000

For the purpose of determining how much is being requested from KHC, all KHC funds except Housing Credit equity should be totaled. In this example, since the Housing Credit equity is not included, the total requested from KHC is \$300,000.

The next step is to divide the Kentucky Housing funds requested in the form of a grant, deferred forgivable or deferred loan by the total development costs:

$$\$300,000 / \$2,800,000 = 10.71 \text{ percent}$$

These numbers are a mathematical example only for illustrative purposes and are no way intended to indicate the level of funding that is acceptable from any source.

## **2. Debt Coverage Ratio**

Applications that meet KHC guidelines for DCR without adjustments to the underwriting model, shall receive points in this section. The DCR must be at least 1.25 in year one (unless a lower DCR is required by RD, FHLB or the equity provider. KHC does not consider a floor DCR as requirement) and stay positive through year 15.

## **3. Maximum Allowable Fees**

Projects that have the construction-related maximum allowable fees within the correct limits (Please see QAP) shall receive points in this section.

## **4. Cost Containment**

Projects that remain within the KHC Cost Containment limits shall receive points in this section. Projects which obtain approval from KHC to exceed the KHC Cost Containment limits will not be eligible for this scoring category. All projects seeking to exceed the KHC Cost Containment limits must adhere to the policies outlined in the QAP.

## **5. Tax Exempt Bonds and 9% Tax Credit**

Applicants requesting 9% housing credits who are also submitting an application for tax-exempt bonds to fund a separate project within the Commonwealth of Kentucky may qualify to receive points if they have (i) contemporaneously submitted an application for KHC's multifamily tax-exempt bond financing, (ii) identified an investor who will purchase the 4% housing credits, and (iii) engaged an underwriter who will market or place the tax exempt bonds.

## **6. Funding Commitments – non KHC**

In order to receive points in this area, applicants that are bringing other sources of funds into the project (other than Kentucky Housing funds) can receive additional points based upon the commitment of funds letter that is submitted. The letter needs to be specific as to the terms of the funding and should be on the funding source's letterhead.

Examples of other non-KHC funds include Federal Home Loan Bank Affordable Housing Program (AHP) funds, HUD HOPE VI funds, HOME or CDBG funds from a local government. Loan commitments should list the rate, term and amount of the loan and grant commitments should list the grant amount.

- a.** If *all* other funding has been committed, points will be awarded in accordance with the score sheet. A copy of the firm commitment that includes all terms and the amount of the funding source on the funding agency's letterhead must be submitted,
- b.** If *some* of the funding sources have been committed, then the applicant can receive points in accordance with the score sheet, by providing a firm commitment letter (on the funding source letterhead) that includes all terms and the amount of the funding source. Pre-application or invitations to apply for HUD or RD financing will satisfy this level.

## **7. Rental Assistance Commitment**

Section 8 or Rural Housing rental assistance is secured for 100% of the units.

Section 8 or Rural Housing rental assistance is secured for less than 100% of the units.

Applicants will need to provide evidence of current rental assistance, or copies of the security instruments from the assistance provider reflecting the projects award of rental assistance. Both new and existing rental assistance projects will qualify for scoring purposes.

## **8. Housing Credit Commitment**

In order to receive points in this area, applicants can receive additional points based upon the commitment letter that is submitted. The letter needs to be specific as to the terms of the funding and should be on the equity provider's letterhead.

- a. Projects requesting Housing Credit have submitted a firm commitment from their equity provider or a letter of intent which clearly represents the equity providers willingness to purchase the credits at the stated terms.
- b. Projects requesting Housing Credit have submitted a letter of interest from an equity provider which does not adequately represent the project and contains very little detail of the transaction (no pay in schedule, cents on the dollar other financing and terms etc.).

It is in KHC's sole discretion to determine the points awarded for Housing Credit Commitments and all determinations by KHC will be final.

## **9. Historic Tax Credits**

Projects using Historic Tax Credits, a letter of intent from an investor to purchase the credits is provided, no SHPO approval.

## **10. Donated land, materials and/or labor and other subsidies**

- a-c** In order to receive points for commitments of donated land, materials and/or labor (valued at \$10,000 or greater), a commitment letter should be submitted detailing the donated materials or labor and the value of the donation. Material and labor donations need to be \$10,000 or higher for scoring purposes. This section does not include donated cash. Furthermore, for KHC's purposes furnishings are not considered materials. While the donation of furnishings is permitted, such donations may not be used as "Other Funding" for scoring purposes in this section.

## **11. Zoning/Infrastructure**

Applicants must submit proper zoning documentation to receive points in this category. Documentation must be one of the following:

- a. If site is already properly zoned, points will be awarded in accordance with the score sheet. 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.**

**NOTE: If no zoning exists, the developer must submit a letter from the county judge executive or mayor indicating that this is the case to receive points.**

- b. All infrastructure is adjacent (on the properties edge) to the site or already on the site.

## **12. Site Control**

Proof of site control must extend through the award announcement period. Applicants **MUST** have one of the following as proof of site control in order to receive points in this area:

- Property Deed
- Current Purchase Contract
- Current Option to Purchase
- Current Lease Agreement/Option to Lease (through the entire affordability period)

**For additional guidance on Site Control requirements, please refer to Chapter 1 of the Rental Production Application and Programmatic Guidelines.**

- a. If applicant has the appropriate form of site control as listed above, points will be awarded in accordance with the score sheet. For projects proposing scattered sites, where 50% or more of the sites are non-contiguous you must provide the appropriate proof of site control for at least 35% of the total sites to receive points in this area.
- b. If applicant has some site control but not on all sites or if project is proposing scattered sites and has site control for less than 35% of the sites, points will be awarded in accordance with the score sheet.

#### **D. BONUS OPPORTUNITIES**

Listed below is an opportunity to earn an additional 25 points just by double checking what you are sending into KHC is a complete application. By doing these few simple things you can make sure your application is the best you can make it, as well as, receive additional points. There are **no exceptions** in receiving these bonus points.

1. **ALL** attachments checked on the check list **MUST** be submitted to receive five bonus points.
2. One (1) original and four (4) copies of all application attachments **MUST** be submitted to receive five bonus points. Attachment documentation may be up loaded to your application. All application attachments must be received by KHC either electronically or in hard copy.
3. Self-scoring sheet **MUST** be completed and attached to receive five bonus points.
4. Underwriting model, application, and funding source commitments all match and are accurate to receive ten bonus points