

For the 2022-2023 Qualified Allocation Plan (QAP), Minnesota Housing staff engaged with over 400 interested parties across the state in 2020. Our primary focus in the 2022-2023 QAP was to make changes to better serve people and places most impacted by housing instability and housing disparities. We incorporated significant policy changes and made substantive changes to many scoring criteria as a result of the community engagement work.

The 2021 Multifamily Consolidated Request for Proposals (RFP) was the first funding round based on the 2022-2023 QAP and Self-scoring Worksheet (SSW), and we are just beginning to see the results from those changes. Aligning with our previous strategy, the proposed changes to the 2024-2025 QAP are more targeted and focused in areas where we can continue to leverage our equity work, expand and clarify our policies, and streamline our processes.

Summary of Engagement Feedback

For the 2024-2025 QAP update process, Minnesota Housing staff led and participated in several engagement opportunities from November 2021 through January 2022 to gather early feedback from a variety of stakeholders including local units of government, community-based organizations, economic development organizations, other state agencies, funding and collaborating partners, developers, and communities most impacted by housing needs. Staff received feedback on several key themes and recommendations, including:

- Clarify the Equitable Development criterion and application materials to better convey eligibility requirements.
- Continue to prioritize economic opportunity for people of color and indigenous communities to lead and participate in the development process by considering additional scoring incentives.
- Participants recommended changes to the geographic criteria to expand the definition to include tribal sponsored projects and provide more opportunities for projects that are sponsored by a tribe or located on tribal nation service areas.
- Participants recommend changes to the geographic criteria and the Rural Development/Small Project set aside to expand the definition to prioritize smaller, rural communities in Greater Minnesota.
- Minnesota Housing should continue to explore ways to simplify the criteria and application process for projects, including both the High Priority Homeless and People with Disabilities criteria.
- Continue to prioritize High Priority Homeless projects in the state while addressing potential need and resource fit complexities. There is a need for homeless units that are better tailored to meet the needs of the local community.
- Continue to prioritize projects that intend to serve People with Disabilities while addressing need and resource fit complexities. There is a need for units that better align the proposed population/household type with the planned resources and the needs of the local community.

- Prioritize smoke-free policies to address the Agency’s goal of creating and preserving safe and healthy housing.
- Address housing barriers that impact survivors of domestic violence and modify processes and protocols of the Housing Tax Credit (HTC) Program as reflected in the QAP, Compliance Manual, and related documents, as they pertain to the Violence Against Women Act (VAWA).

Self-Scoring Worksheet Proposed Changes

In addition to updates that will add clarifications and remove duplications, the initial proposed changes to the Self-Scoring Worksheet are summarized below. For reference purposes, the revisions are listed by Selection Category as listed in the in the current 2022-2023 Self-Scoring Worksheet (SSW) is included in parentheses.

- **Greatest Need Tenant Targeting** (Selection Category 1)
 - Permanent Supportive Housing for High Priority Homeless (HPH) –
 - Add language to address potential market issues in parts of the state where there are sufficient HPH units to meet local needs, to help ensure that projects are serving the needs of the local community.
 - Substantially reduce and streamline the application materials for the majority of projects that include units that will serve High Priority Homeless households. This change is expected to reduce the cost and time associated with submitting an application, and it will focus work on those projects that are selected.
 - People with Disabilities (PWD) –
 - Clarify documentation requirements to help ensure that projects are serving the intended population and are serving the needs of the local community.
 - Clarify language to address potential market issues due to resource misalignment. In some instances, applicants propose rental assistance that may not serve the intended population.
 - Substantially reduce and streamline the application materials for all projects that include units to serve People with Disabilities. Similar to the HPH category, this change is expected to reduce the cost and time associated with submitting an application and focus on those projects that are selected.
- **Servest Lowest Income for Long Durations** (Selection Category 2)
 - Preservation – Streamline and simplify the current two tiers into one category focused on preserving existing units with rents at or below the county 30% to 50% Multifamily Tax Subsidy Project (MTSP).
- **Increasing Geographic Choice** (Selection Category 3)
 - Workforce Housing – Add additional language to expand the hold harmless provision and modify how communities are evaluated and updated on an annual basis. The Agency will continue to evaluate job growth and long commute communities and add any new workforce communities with updated jobs numbers, but no communities

would be removed for the duration of the 2024-2025 QAP. This will help accommodate for the fluctuation in job growth due to the COVID-19 pandemic so that projects do not lose eligibility for what may be a temporary dip caused by job losses during the pandemic.

- **Supporting Community and Economic Development** (Selection Category 4)
 - Equitable Development – Add language to help refine and clarify documentation requirements.
 - Refine Qualified Stakeholder Group requirements to:
 - Further define and clarify entities that qualify as a Qualified Stakeholder group.
 - Help ensure representation and meaningful community participation and engagement to directly center community voices in the development process.
 - Add language to refine the requirement of the Qualified Stakeholder Group letter that is submitted with the application.
 - Black, Indigenous and People of Color-owned/Women-owned Business Enterprises –
 - Create a new incentive for diverse ownership opportunities by adding a new tiered point option for ownership/sponsorship.
 - Expand diverse community partners by increasing the total points.
 - Modify the incentives for participation and add two opportunities for points for projects that meet one of three partnership scenarios.
 - Rural/Tribal – Revise the rural/tribal methodology to a two-tier scoring category based on the population of a community and recalibrate the points to help ensure balance between smaller rural areas and urbanize areas in Greater Minnesota.
 - Qualified Census Tract (QCT)/Community Revitalization, Tribal Equivalent Areas, and Opportunity Areas –
 - Language to clarify when a Community Development Plan is required
 - Language to clarify that the hold harmless provision is applicable to QCT selection criterion.
- **Efficient Use of Scarce Resources and Leverage** (Selection Category 5)
 - Financial Readiness to Proceed/Leverage Funds – Refine the language to clarify documentation required for Historic Tax Credit projects.
- **Unacceptable Practices** – Eliminate QAP specific language in the Self-scoring Worksheet that can result in penalties or disqualification. The policy currently only applies to HTC projects, but the Self-scoring Worksheet is used for both HTC projects and projects funded with only deferred loans.

Qualified Allocation Plan Proposed Changes:

The QAP will be reviewed to clarify requirements and streamline. The proposed policy changes are anticipated to include:

- Increase the development limit from \$1,350,000 to \$1,700,000 to reflect cost changes and help meet project needs.
- Rural Development/Small Project Set-Aside (RD set-aside)
 - Increase the RD set-aside amount from \$375,000 to \$425,000.
 - Expand the Rural Development definition to match the definition in the Rural/Tribal Methodology.
 - Increase the maximum number of units from 12 to 24 to create more flexibility, opportunity for preservation, and to align with common RD project sizes.
- Administrative Updates
 - Add language to allow discretion for supplemental HTC requests if the project was a partial allocation.
 - Add language to allow discretion to allow additional extensions to submit carryover requirements.
 - Eliminate any references to prior HTC forms that have become unnecessary.
 - Add language to clarify that administrative, non-material modifications are allowed.

Next Steps

The full language of the QAP and SSW will be released in early June. Opportunities for feedback and public comment are listed below.

The formal comment period is anticipated to begin on Monday, June 6, 2022 and close on Wednesday, June 29, 2022 at 5:00 p.m. CT. Minnesota Housing will consider all comments received through this deadline. Presentation and final action on the 2024-2025 QAP are expected to occur at Minnesota Housing’s board meeting that will be held on Thursday, November 17, 2022. All times are Central Time (CT).

Date/Time	Activity
Monday, June 6, 2022 – Wednesday, June 29, 2022 Public comment period closes at 5:00 p.m. CT on June 29, 2022	Public Comment Period Email to: htc.mhfa@state.mn.us , or By phone at: 651.297.5142, or By mail to: Attn: Tamara Wilson, Minnesota Housing 400 Wabasha Street North, Suite 400 St. Paul, MN 55102-1109
Thursday, June 9, 2022 9:30 a.m. – 10:30 a.m. CT	Minnesota Housing discussion and webinar
Tuesday, June 14, 2022 2:00 p.m. – 4:00 p.m. CT	Minnesota Housing Partnership/Metropolitan Consortium of Community Developers co-sponsored discussion with Minnesota Housing
Tuesday, June 28, 2022 10:00 a.m. – 11:00 a.m. CT	Public hearing
Wednesday, June 29, 2022 5:00 p.m. CT	Public comment period closes
Late September/Early October 2022	Second public release and public comment period
Thursday, November 17, 2022	Minnesota Housing board meeting: final action