



Amended 2018 Housing Tax Credit Qualified Allocation Plan Highlights

Below is a summary of the proposed amendments to the 2018 Housing Tax Credit Qualified Allocation Plan (QAP). See [full detail of the proposed changes](#) and visit [our website](#) for more information.

1. **Minimum Score** - Maintain the current minimum score for 4% tax credits at 40 points.

Why?

It was determined that raising the point threshold to 50 points would be difficult for certain types of developments to reach.

Through two of the amendments, a total of 13 additional points will be available to 4% tax credit projects.

Forty points was minimum score required until the 2014/2015 QAP, when it was lowered to 30 points as an incentive to increase the use of tax exempt bonds for multifamily developments.

2. **Meeting Minnesota's Affordable Housing Needs** - Add the requirement that a 4% tax credit project must meet at least one Strategic Priority Policy Threshold in the QAP. These strategic priorities include:

- Planned Community Development (which can include Senior housing)

- Economic Integration

- Preservation

- Supportive Housing

- Greater Minnesota Workforce Housing

- Access to Transit

- Tribal Developments

Why?

Developments seeking 9% tax credits are currently required to meet a strategic priority.

The strategic priorities reflect State housing priorities in both metro and greater Minnesota.

The strategic priority of Planned Community Development is a broad category where housing developments with local support that meet a local need, including senior housing, can qualify.

3. **Affordability** - Require owners of projects qualifying for 4% tax credits to maintain affordability for at least 20 years. Projects with long term affordability of at least 30 years can receive additional points toward the minimum score.

Why?

A priority of the Agency is to ensure long-term affordability of housing for low-income Minnesotans. This was emphasized to us in comments from several stakeholders from communities across the state

The Agency understands that a 30-year affordability requirement would affect the financial structure of some 4% tax credit projects. Recommending a new scoring criterion for projects that agree to 30-year affordability allows flexibility and also incentivizes developers to extend the affordability period.

30-year affordability was a requirement for 4% tax credit projects prior to the 2007 QAP.

4. **Cost Containment Provisions Apply to 4% Tax Credit Projects** – Projects that exceed the Agency’s predictive cost model amount by more than 25% must request a waiver from the Minnesota Housing Board. Projects with per unit costs below a published lower cost threshold can receive additional points toward the minimum score.

Why?

Cost containment is an important consideration for the use of scarce public resources. The primary concern with this requirement was the potential uncertainty that could be caused if the predictive model analysis was not completed until just prior to closing. The Agency understands that there are a number of timing issues to take into consideration with bond projects and will incorporate the predictive model determination into the pre-application process for 4% tax credit projects.

The possibility of additional points will provide an additional incentive for developers to reduce or contain total development costs. It allows 4% tax credit applicants to claim points in a category that was previously only available to 9% tax credit projects.