

# Master Application Checklist Help Text

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## A. All Proposals - Forms and Submittal Items

### Minnesota Housing Affirmative Fair Housing Marketing Plan

[http://www.mnhousing.gov/housing/developers/loans/MHFA\\_004710.aspx](http://www.mnhousing.gov/housing/developers/loans/MHFA_004710.aspx)

This is an Agency form that describes the marketing strategies that an owner will use, including, but not limited to special efforts the owner will make to attract persons who are least likely to apply in addition to a broad cross section of the local population without regard to religion, sex, national origin or status as a recipient of public assistance.

### Minimizing Transportation Costs and Promoting Access to Transit

Minnesota Housing encourages developments located near transit that minimizes transportation costs and promotes access to transit. Provide a map identifying the location of the project with exact walking distances to the public transit station/stop and include a copy of the route, span and frequency of service.

- **In the 7 county metro area**, eligible stations/stops are identified in the Metropolitan Council maps located at: [http://www.mnhousing.gov/resources/apply/multifamily/MHFA\\_009341.aspx](http://www.mnhousing.gov/resources/apply/multifamily/MHFA_009341.aspx) and refer to the Community Profiles for a transit overlay map.
  - Located within ½ mile radius of a completed or in progress LRT, BRT, or Commuter Rail Station
  - Located within ¼-mile radius of a high service public transportation fixed route stop
  - Located within ½-mile radius of Expressed Bus station/park and ride or
  - Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED)
- **In Greater Minnesota**
  - Located within ½ mile radius from a public transportation fixed route stop (including express bus stop and park and ride stations)
  - Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED)
  - Located within a census tract that is within 5 miles of 2,000 low and moderate wage jobs AND is within 1 mile to four types of facilities or has access to demand response/dial-a-ride services during standard workday hours.

### Site Location Map

Minnesota Housing encourages proposed developments that are/ will be located near current and proposed regional and interregional transportation corridors, transit ways, services and jobs.

Provide a location map (e.g., [www.walkscore.com](http://www.walkscore.com)) with exact distances indicating that the project is located within a 1/4 mile of at least two, or 1/2 of at least four, of the following facilities:

- parks,
- elementary, secondary and high schools,
- sources of employment,
- shopping and retail services,
- public transit routes and stops,
- regional and interregional transportation corridors and transit ways,
- recreational facilities,
- social and special service institutions,
- hospitals and health clinics, and
- day care centers

### Photographs

Provide clear photographs of exterior and interior of building, if existing; or site and surrounding areas, if new construction.

## Evidence of Site Control

Acceptable evidence of title/site control includes the following: purchase commitment, option, or letter of intent from governmental body for sole developer, etc. If no transfer of ownership, then the warranty deed or contract for deed is acceptable. The evidence of site control must be current, fully executed, *include the legal description of land*, and extend to anticipated date of funding recommendation. Loss of site control could result in withdrawal of a funding recommendation. Minnesota Housing will not accept applications from different applicants for the same site.

## Preliminary Architectural/Construction Requirements for New Construction:

### For building schematics/concept design review:

- *Site Plan* (generally no less than 1/32" per foot scale for the original, printable on no larger than 11X17 for electronic submission);
- *Building Plans* (generally no less than 1/16" per foot scale and printable on no larger than 11X17 for electronic submission);
- *Typical dwelling unit plans* (generally no less than 1/8" per foot scale and printable on no larger than 11X17 for electronic submission);
- *Building elevations* (generally no less than 1/16" per foot scale and printable on no larger than 11X17 for electronic submission);
- *Building Section* (generally no less than 1/16" per foot scale and printable on no larger than 11X17 for electronic submission);

## Scope of Work for Acquisition and/or Rehabilitation of Existing Building(s)/CNA

- *Physical needs assessment (PNA)* which represents a qualified professional's opinion of a property's current overall physical condition and identifies significant deferred maintenance, existing deficiencies, and material building code violations that affect the property's use and its structural and mechanical integrity;
- *Scope of work* which includes all deficiencies identified in the PNA that require immediate attention and may consider for inclusion building materials/systems that have less than 7 years of useful life; and
- If a current CNA performed by a qualified individual is available at the time of application, it must be submitted with the application package. If one is required for the proposal by funders other than Minnesota Housing, it must be submitted to Minnesota Housing as soon as it becomes available. Minnesota Housing reserves the right to require that a CNA be produced by a qualified individual and submitted as part of the underwriting and due diligence submissions it requires for the proposal.

## Sources and Uses of Funds - Proposed, Secured and Existing

Submit evidence of all applicable forms of proposed, secured and existing funding under this submission requirement. Minnesota Housing evaluates proposed, secured and existing sources of funding from the following standpoints:

- Amount of leverage/non-Minnesota Housing funding
- Amount of local, philanthropic and regulatory cost avoidance/cost incentives
- Evidence of Readiness to proceed/Amount of **secured funding commitments at the time of application**. Provide documentation that states the amount, terms and conditions of secured funding. The documentation must be executed or approved by the lender or contributor and the applicant. Documentation containing words synonymous with "consider" or "may", (as in "may award") regarding the commitment will not be considered acceptable.
- Documentation of existing funding on a property, including: loan amount, term of the loan, use restrictions including rent and income limits.

## Tenant Relocation Plan, if applicable

Submit a Tenant Relocation Plan that includes an overview, timeline, and estimated budget if: the project funding mandates the requirement of relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act, AND the project scope requires some form of tenant relocation, whether permanent or temporary.

## Rental Assistance Payment Standards

Attach a copy of the Payment Standards or Payment Standard Exceptions for the community in which the housing is proposed.

## Utility Allowance from Local HRA/PHA

Provide a current utility allowance in a manner consistent with the options provided in IRC 1.42-10 (i.e., as appropriate, a utility allowance form RD, HUD, PHA/HRA, local utility company, an Agency estimate, a HUD Utility Schedule Model, and Energy Consumption Model). Include a breakdown of the utilities that a tenant pays directly (i.e., heat, electricity, etc.), the utility allowance for each type of utility (i.e., gas, electric, etc.), for the various unit types (i.e., one bedroom, two bedroom, etc.) and housing types (i.e., apartments, townhomes, etc.) Also, include a list of each unit type, total tenant paid utilities, contract rent, and gross rent.

## Commitment to Provide Project Based Rental Assistance

For proposals including Project-Based Rental Assistance, at time of application the applicant must submit a fully executed binding commitment\* for the project-based assistance to be included in the development signed by the local PHA/HRA or other similar entity (\*binding Resolution/binding Letter of Approval from the governing body).

## Documentation relevant to Preservation of Federally Assisted Housing

If the proposal is for preservation of federally assisted housing, please provide a copy of all relevant documentation as described in the Multifamily Rental Housing Narratives (e.g. HAP Contract, Regulatory Agreement, Note, Mortgage, amortization schedules, restrictive covenants, copy of most recent REAC or RD inspection report).

### ***C. Housing Tax Credits - Forms and Submittal Items***

#### **Market Study**

If applying for HTC, a comprehensive market study of the housing needs of low-income individuals in the area to be served by the project conducted by a disinterested party at the developer's expense who is on the Minnesota Housing Authorized Contractor list must be submitted with the application.

Developers/owners will contact and hire the contractor of their choice from the Authorized Contractor list to perform the required market study in the form and format outlined in Minnesota Housing's Market Study Guidelines found at <http://www.mnhousing.gov/housing/tax-credits/allocation/index.aspx>

Schedules and fees will be arranged between the developer/owner and the Authorized Contractor. Minnesota Housing will not endorse or recommend any contractor on the Authorized Contractor list and will not be a party to the individual transactions.

#### **Evidence of HTC Threshold Requirements**

Provide evidence of meeting one of the threshold types defined in Article 6.2 of the MHFA Housing Tax Credit Qualified Allocation Plan (QAP) Minnesota State Statute 462A.221 through 462A.225. (State statute requirement for any HTC application submitted to the MHFA, Suballocator or Suballocator participation in Joint Power Agreement with MHFA.)

#### **For Acquisition, Evidence of Compliance with 10 year rule - Existing Buildings**

**Existing Buildings** - in order for an existing building to qualify for the 30 percent acquisition credit in connection with rehabilitation, there must have been a period of at least 10-years between the date the building was acquired and the date it was last placed in service. Please note that the 10-year rule also applies to existing tax credit projects applying for a new allocation of acquisition credits at the end of the original 15-year compliance period.

#### **For Acquisition, Evidence of Compliance with 10 year rule - 10 - year Rule**

**Exception to the 10-year Rule** - Exceptions to the 10-year rule are provided in Section 42(d)(6) for federally or State assisted buildings, certain low-income buildings subject to mortgage prepayment, and buildings acquired from insured financial institutions in default. Certain other situations are exempt from the 10-year rule, such as:

- a person who inherits a property
- a government unit or qualified nonprofit group if income from the property is exempt from federal income taxation
- a person who gains a property through foreclosure (or instrument in lieu of foreclosure) of any purchase money security interest, provided the person resells the building within 12-months after placing the building in service following foreclosure

- singlefamily residences that had no use during the prior 10-year period except, as an owner-occupied principal residence will not be treated as being placed in service for purposes of the 10-year holding period. Note that although the 10-year rule does not apply, the property must still be rehabilitated to claim the acquisition costs of such a property

## **Nonprofit Proof of Status, Non-Profit Intended Participation: Articles of Incorporation, IRS Election Status**

- A description of the nonprofit's intended participation in the development and operation of the project.
- Articles of Incorporation
- Internal Revenue Service (IRS) documentation of status.
- A nonprofit must have IRS 501(c)(3) or (4) approval from the IRS or expect to receive such designation prior to carryover and meet requirements of Internal Revenue Code (42(h)(5).

## **Plan for Eventual Tenant Ownership, if applicable**

If applicable, provide a detailed proposal for eventual tenant ownership. The proposal should incorporate a financially viable plan to transfer 100 percent of the HTC unit ownership at the end of the initial 15-year compliance period from the initial ownership entity (or Minnesota Housing approved "Transfer of Ownership") of the project to tenant ownership.

The unit purchase price at the time of sale must be affordable to incomes meeting HTC eligibility requirements. To be eligible, the buyer must have an HTC qualifying income at the time of initial occupancy (HTC rental tenant) or time of purchase. The plan must incorporate an ownership exit strategy and the provision of services including home ownership education and training. The Declaration of Land Use Restrictive Covenants will contain provisions ensuring compliance with these home ownership program commitments by the owner. (Refer also to Chapter 4 W of the Housing Tax Credit Manual for additional information.)

## **Written Policy for Smoke-free Buildings**

If applicable, provide the written policy prohibiting smoking in all the units and all common areas within the building/s of the project for the term of the declaration. The project must include a non-smoking clause in the lease for every household.

The written policy must be submitted with the application and should include procedures regarding transitioning to smoke-free for existing residents and establishment of smoking areas outside of units and common areas if applicable. Consequences for violating the smoke-free policy are determined by owner but must be included in the written policy.

## ***D. Tax Exempt Bonds / Seeking 4% Housing Tax Credits - Forms and Submittal Items***

### **Preliminary Determination Letter, only applicable if bonds are not being issued by Minnesota Housing**

The determination by the issuer shall be made in a manner consistent with the tax credit allocating agency (MHFA or appropriate suballocator) Qualified Allocation Plan and Housing Tax Credit Procedural Manual. Section 42 requires that the issuer evaluation must consider:

- The sources and uses of funds and the total financing planned for the project;
- Any proceeds or receipts expected to be generated by reason of tax benefits;
- The percentage of the housing credit dollar amount used for project costs other than the costs of intermediaries;
- The reasonableness of the developmental and operations costs of the project; and
- A comprehensive market study of the housing needs of low-income individuals in the area to be served by the project, conducted before the credit allocation is made, and at the developer's expense by a disinterested party approved by the allocating agency.
- This determination must be made prior to the issuance of the bonds.

### **Evidence of State allocation of tax-exempt bond volume cap if not being issued by Minnesota Housing**

Evidence of the Issuance of the Tax Exempt Bonds - Evidence from the issuer of the bonds that the project received an approval of an allocation tax-exempt bond volume cap from the State of Minnesota.

## ***F. Operating Subsidy – Forms and Submittal Items***

### **Current Operating Budget**

Provide a copy of the most recent operating budget for the housing development showing all operating costs, rents and other income. Indicate source of income if other than rental income.