

**Executive Summary  
2011 Qualified Allocation Plan (QAP)  
Proposed Revisions**

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**Section 1: GENERAL POLICIES AND GUIDELINES:**

***{NEW GPAG} Minimum Requirements***

- Item #1** Applicants must elect to provide a minimum of at least  
(a) 20% of the total residential units be rent restricted and occupied by tenants whose income is 50% or below the area median income (AMI)  
**OR**  
(b) 40% of the total residential units be rent restricted and occupied by tenants whose income is 60% or below the area median income (AMI)
- Item #2** **ADD** item #6 currently under *Section 1.4 Submission of Application* (min. set-aside election cannot be changed after application is received by MHC)
- Item #3** Applicants must commit to keeping the HTC residential units at the elected restricted rents for a minimum affordability period of thirty (30) years after the units are placed in service.
- Item #4** **ADD** item #3 currently under *Section 1.1 Administrative* (min. 24 units)
- Item #5** **ADD** item #6 currently under *Section 1.1 Administrative* (applicants must be legally formed business entities)
- Item #6** All developments must commit to provide, as per item B below, a minimum of two (2) community services in at least two (2) unrelated areas not otherwise typically present in low-income rental housing.

**Examples of Community Services:**

**Personal Development**

- i. Computer Classes
- ii. GED Training
- iii. Job Training
- iv. Foreign Language Courses

**Counseling Programs:**

- i. Homebuyer Education
- ii. Credit Counseling
- iii. Personal Budget
- iv. Mental Health Program

**Child Development:**

- i. After School Program
- ii. Child Care Services
- iii. Parenting Classes

**Community Awareness Events / Activities:**

- i. Fire Safety
- ii. Health Fair
- iii. Drug and Alcohol Prevention
- iv. Crime Watch
- v. Health / Nutrition

[A.] Applicants must provide the following documentation in the application package:

- 1.) An **original** copy of the formal contractual agreement between the ownership entity and the service provider on the service provider's letterhead. The contract must be executed by both the owner applicant and service provider.
- 2.) MHC's Community Service Certification form for each community service (See attached Exhibit A)
- 3.) Each service must be listed on the HTC application form.

[B.] The tenant community services must be:

- 1.) Provided for a **minimum** of ten (10) years beyond the later of:
  - a. the placed in service date **or**
  - b. the date of the first class/service.
- 2.) Broad based and well designed to adequately address the various needs of the tenant base
- 3.) Provided each quarter and each service represented must be offered at least once per year at a time conducive to maximize tenant participation.
- 4.) Kept current as to changing tenant needs, economic conditions, and social change. Requests for changes from prior approved tenant community services must be made in accordance with MHC's Development Requests provisions under GPAG Section 1.8.

[C.] The development must maintain evidence that the services are being provided (e.g. service log book or activity reports). Additionally, property managers may be requested to provide additional services information in accordance with the most recent Compliance Monitoring Plan at the time of such request by MHC's Compliance Monitoring Staff.

**Item #7** Owners of single family lease purchase developments are required to provide homebuyer training community services beginning three (3) years prior to the end of the initial compliance period. This training will include the following:

- a. Budget Counseling
- b. Credit Repair
- c. Foreclosure Prevention
- d. Home Maintenance Training
- e. Homeownership Readiness
- f. Computer Skills to enhance homeownership readiness

***Section 1.1 Administrative***

Page 1

- Item #1- Change from 2010 to 2011 annual credit authority
- Item #7- Move to *Section 1.4 Submission of Application* (MHC forms must be originals and properly executed)
- Item #8- Move second sentence of this GPAG to *Section 1.4 Submission of Application* (disqualification for failure to include app. fee/elect min. set-aside/sign app...) **ADD** GPAG #9 currently under *Section 1.4 Submission of Application* (app. and servicing fees by cashier's check/money order)
- NEW** Item-**ADD** Third sentence from GPAG #2 from *Section 1.4 Submission of Application* (MHC's staff interpretation of documentation submitted is final...)

***Section 1.2 Eligibility and Compliance***

Page 2

- Item #1- Revise language to read that applicants will not be eligible for an award of tax credits if there are any outstanding issues of major noncompliance that occurred **prior to one hundred twenty (120) days** before the close of the application cycle.

***Section 1.3 Development Types***

This section will be revised to include the following development type subsections:

- Acquisition/Rehabilitation
- New Construction

Page 4

- Item #7- This GPAG will become two separate GPAG's under this section (physical needs assessment and design quality standards certification)
- Item #8- Move to QAP Section 13: Design Quality Standards (all single family units must have min. 2 car carport)
- Item #9- Move to QAP Section 13: Design Quality Standards (site delivered housing components)

***Section 1.4 Submission of Application***

Page 5

- Item #5- **DELETED** (application not accepted if not executed & notarized)
- Item #7- Move to *Section 1.5 Processing of Application* (application must provide documentation to meet all threshold requirements...)

***Section 1.5 Processing of Application***

Page 7

**NEW** Item-**ADD** second paragraph on page 19 from QAP Section 7: Selection Criteria (applications will be scored and ranked under the owner elected set-aside...)

***Section 1.6 Applications Financial Feasibility Review***

Page 7

Item #1 - Add Form FF-1 to documentation list. Change submission of cost waiver requests from ten (10) business days to fifteen (15) business days prior to application cycle opening date.

***Section 1.7 Funded Developments***

Page 8

**NEW** Item-The Corporation will issue formal cycle announcement letters within five (5) business days after receiving Board approval.

Item #1- Move to current *Section 1.1 Administrative* (... will make reservation announcements at regularly scheduled Board meeting...)

Items #2 & 3 will be combined

***Section 1.8 Development Requests***

Page 10

Item #1 - **ADD** Owner's Physical or Mailing address change to list of standard requests. **ADD** to Community Services item that owners must also provide a new Community Services Certification form **ADD** language that owner's must contact MHC's Compliance Division for all development requests after Forms 8609 have been issued.

Item #3 - **ADD** \$250 application fee for additional credit requests. MHC will also develop a separate additional credits application form which is available on our website. Applicants are encouraged to inquire of credit availability prior to submission. All application fees are non-refundable.

**NEW** Item-All other requests aside from those listed under item #1 in this section must be submitted in writing providing a detailed explanation along with supportive documentation.

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**Section 2: DATES AND FEES**

1. Page 13, item 2.1 Application Cycle: Change dates of Application Period to April 25-29, 2011.
2. Change all listings of 2010 to 2011.
3. Page 13, item 2.2 Technical Assistance: Change Technical Assistance Deadline date to April 15, 2011.
4. Page 14, Chart 1 (Important Dates): Change deadline dates to:  
Application Workshop.....February 2, 2011  
Public Hearing Notification Deadline.....April 6, 2011  
Last day to hold a Public Hearing.....April 10, 2011  
Cost Justification Request Deadline.....April 4, 2011  
Other Requests pertaining to the application.....April 4, 2011  
Technical Assistance Deadline.....April 15, 2011 @ 5:00 p.m.  
Application Cycle Deadline.....April 29, 2011 @ 2:00 p.m.  
Site Control Options Contract Expiration Date.....October 26, 2011
5. Page 14, Chart 2 (Fees):  
**NEW** item 8 8609 Reprocessing Fee- Minimum \$25 fee for up to ten (10) Forms 8609 and \$1.50 for each additional form if owner's fail to report any discrepancies within seven (7) business days.  
**NEW** item 9 HUD Subsidy Layering Review- \$1,500 per development

**Section 5: ACA (ANNUAL PER CAPITA AUTHORITY) SET-ASIDES**

1. Change all reference to 2010 to 2011
2. Non-Profit Set-Aside: Add language that non profit entity must be 501(C)(3) entities. Clarify that non-profit must have at least 51% ownership interest throughout the initial fifteen (15) year compliance period.
3. Single Family Lease Purchase: Reduce from 40% of per capita authority after reduction for Non-Profit and Congressional Districts set-asides to \$1.5 million.
4. Historic: Reduce from \$750,000 to \$500,000
5. **ADD NEW** Elderly set-aside \$500,000

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**Section 7: SCORING**\*see attached *SELECTION CRITERIA* document (*Exhibit B*) for new selection criteria sub-categories

**Site Location**

- **(NEW)** 5 pts if no HTC awards in the primary market area within the last 5 years

**Development Characteristics**

- Community Services

DELETE this scoring item. Added to new minimum requirements under GPAG section

- Amenities (Max. 12 pts)

- 5 pts for two amenities.
- 8 pts for four amenities.
- Up to 4 additional pts for more than four amenities

Remove swimming pool

Add sprinkler water pad

Add fitness center with minimum 5 pieces of equipment

Add language that multiple conference rooms/facilities for services will be treated as a community building when located within single building residential developments (ex. Multiple story elderly complex)

Washer and dryer connections will not qualify as amenity if washers & dryers are provided in each unit

Require detailed drawing of community building to include business center and its equipment be shown

- Preserves Lost Housing

Replaces former preserves existing housing units criterion (all other items deleted except lost housing)

Evidence of loss must be from public records, documents from local courthouse, or MEMA

- Quality Enhancements

Change “lowboy toilets” to water efficiency toilets

**Development Team Characteristics**

- Developer Experience

DELETE this scoring item.

- Management Experience

Changed to Management Performance

Documentation will include letter/certification of acceptable performance from HFAs

MHC will edit form to allow HFAs responses

Points will not be awarded for excessive instances of major noncompliance over the previous 3 years

### **Development Financing**

- **(NEW)** 5 pts for additional financing (FHLB or grants)
- **(NEW)** 5 pts for permanent financing from a regulatory lending institution of at least 25% of TDC

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### **Over Concentration**

- Increase from previous two years to three years
- Remove exception for Directed Six Counties (George, Hancock, Harrison, Jackson, Pearl River, and Stone)
- Add language stating that market studies will be analyzed by third party market reviews to determine market area need for units, existing and proposed. MHC will make allocations within the market area limited to the determined market need.

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### **Tie Breakers**

Add new item- Priority funding will be given to Phase I, II, etc. for multi-phased developments submitted within the same cycle that remained tied after applying the above tie-breakers.

## **Section 8: THRESHOLD FACTORS**

### ***Permanent Financing Commitment***

Page 31

Changed to **Development Financing** (to include construction)

### **Firm Financing Commitment(s) from Lenders**

**NOTE-** *The construction and permanent financing amounts listed on the application form must not exceed those listed in the financing letters.*

Firm Construction Loan and Permanent Loan commitment letters for the financing of the proposed development must be included with the application.  
A combined letter, Construction/Permanent Loan Firm Commitment, including the requirements of this section is permissible.

### **Construction Financing**

The **Construction Loan Lender's Firm Commitment Letter** must be of an amount and term that, when added to the equity infusion, is sufficient to complete the development within the timelines set forth within the QAP. The term should allow for the units within the development to be placed in service and meet any rent up and debt coverage ratio requirements of the permanent lender. To be considered a firm commitment the document must contain the verbiage:

***“This is a firm commitment for construction financing of the referenced development.”***

The letter must not contain any material condition(s), with the exception of those listed below:

- Obtaining 221(d)(4) guarantees;
- Obtaining tax credits;
- Final acquisition of site or land and building, as appropriate;
- Complete drawings and/or specifications;
- Firm cost estimates;
- Environmental review.

### **Permanent Financing**

The **Permanent Loan Lender's Firm Commitment Letter** must allow for the time required to complete construction and extend for a term of not less than fifteen (15) years from the development's Placed-In-Service date. To be considered a firm commitment the document must contain the verbiage:

***“This is a firm commitment for permanent financing of the referenced development.”***

Additionally, **the letter must contain** the following items:

- Loan amount;
- Interest rate;
- Loan term;
- Loan amortization term;
- Closing and funding conditions;
- Loan security requirements
- Repayment provisions, to include permissible pre-payment options.
- Execution by the lender AND Dated Acceptance by the borrower, the ownership entity listed in the MHC Tax Credit application form.



The **letter must not contain** any material condition(s), with the exception of those listed below:

- There being no adverse material change in the credit or financial condition of the borrower from the date of issuance of the letter and the time of funding the firm commitment;
- A sale of tax credits at a price not less than \$XXX.XX;
- Obtaining 221(d)(4) guarantees;
- An as completed appraisal of not less than \$XXX.XX;
- Environmental review.
- Any other conditions must receive prior approval from MHC at least five (5) business days prior to the cut-off date of MHC assistance prior to the tax credit cycle.

### **Section 10: FINANCIAL FEASIBILITY STANDARDS**

Page 39 10.5 MHC's Discretionary Eligible Basis Boost

#### **ADD-**

Additionally, MHC will develop a listing of areas in the state which will be treated as difficult development areas (DDA's). Eligibility will be based on production of housing units that will serve special needs populations (elderly, homeless, or disabled).

Page 40 10.6 Per Unit Cost (Determining Maximum Construction Cost (MCC) per unit)

MHC will focus on adjusting this formula to evaluate development hard costs based on the current affordable housing market versus the total development cost. This will allow better measurement of the actual construction cost per development without any skewing for soft costs which will inevitably vary per deal.

### **Section 13: DESIGN QUALITY STANDARDS**

THESE STANDARDS ARE BEING REVIEWED FOR INDUSTRY COMPLIANCE.

Page 47 Overall Single Family Requirements

**NEW** Item- Add GPAG #8 currently under Section 1.3 Development Types (all single family units must have min. 2 car carport)

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**NEW** Item- Add GPAG #9 currently under Section 1.3 Development Types (site delivered housing components)

**NEW** Item- **PARKING:** All multifamily developments must have a minimum of two (2) parking spaces per unit OR 1.5 spaces per unit for elderly properties.

**Section 15: FORM 8609 REQUEST DOCUMENTS**

Require copy of Form SS-4 for **all** developments at time of 8609 request.

**ADD-** Copy of lease purchase orientation manual for all SFLP developments

**NEW 8609 Processing Timeline**

1. A request for IRS Form(s) 8609 must include a complete package (see MHC's 8609 Request Form) and must be received by MHC within one hundred eighty (**180**) days of the placed in service date.
2. This request must be received at least thirty (30) business days prior to the date that the developer/investor needs the form for tax filing purposes. **EXCEPTION:** If IRS Form(s) 8609 is requested during the one-hundred and twenty (120) day tax credit cycle review period then the request will be worked on a time available basis and the thirty (30) business day turnaround noted above will not be in effect until the end of the 120 day cycle review period.
3. IRS Form(s) 8609 requests will be received by MHC on a first-come, first-serve basis. If during the review it is noted that the 8609 request package is incomplete or incorrect the developer will be notified of the short-comings and asked to appropriately correct the documentation. Any priority that the package previously had will be lost and it will be put back in line at the time the corrected information is received. Should it later be found that the application is still incorrect or missing information then the same procedure will be followed.

# EXHIBIT A

## COMMUNITY SERVICE CERTIFICATION FORM

One form must be completed for every Tenant Community Service to be offered to the tenants. The below described service (or an approved comparable substitute service) must be provided for the entire compliance period. All services will be monitored during annual audits.

### Development

Development Name \_\_\_\_\_  
Development Location \_\_\_\_\_  
Targeted Population

### Owner

Owner Name \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
Contact Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone Number \_\_\_\_\_ Email \_\_\_\_\_

### Service Provider

Provider Name \_\_\_\_\_  
Address \_\_\_\_\_  
Contact Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone Number \_\_\_\_\_ Email \_\_\_\_\_  
Website \_\_\_\_\_

### Service Information

Type of Service \_\_\_\_\_

Service Description

Frequency  If other, specify:

Location  If off-site,specify:

Length of Initial Term \_\_\_\_\_

Annual Cost of Program \_\_\_\_\_  
Developer \_\_\_\_\_  
Tenant \_\_\_\_\_

### Certification

I hereby certify that the foregoing information is true and correct. Additionally, all information represented herein is supported by the attached contract.

#### SERVICE PROVIDER

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

#### APPLICANT

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B**  
**SELECTION CRITERIA**

<b>2010 QAP</b>	<b>2011 QAP</b>
<b>Site Location</b>	<b>Site Location</b>
2 QCT/DDA	2 QCT/DDA
5 Development Location (County)	5 Development Location (County)
<b>7 TOTAL</b>	<b>12 TOTAL</b>
<b>5%</b>	<b>9%</b>
<b>Development Characteristics</b>	<b>Development Characteristics</b>
5 Extended Use	5 Extended Use beyond 30 years
8 Community Services	12 Amenities
12 Amenities	10 Quality Enhancements
10 Preserves Existing Low Income Housing Units	5 Preserves Lost Housing
15 SFLP	15 SFLP
15 Presevation, HOPE VI, or Historic	15 Presevation, HOPE VI, or Historic
10 Rental Assistance	10 Rental Assistance
5 Mixed Income	5 Mixed Income
10 Quality Enhancements	
<b>90 TOTAL</b>	<b>77 TOTAL</b>
<b>66%</b>	<b>60%</b>
<b>Targeting Population</b>	<b>Targeting Population</b>
10 Deeper Targeting (20% @ 50% AMI)	10 Deeper Targeting (20% @ 50% AMI)
10 Large Fam/Elderly	10 Large Fam/Elderly
<b>20 TOTAL</b>	<b>20 TOTAL</b>
<b>15%</b>	<b>16%</b>
<b>Development Team Characteristics</b>	<b>Development Team Characteristics</b>
10 Development Experience	10 Management Performance
10 Management Experience	10 Application Workshop
10 Application Workshop	
<b>30 TOTAL</b>	<b>20 TOTAL</b>
<b>22%</b>	<b>16%</b>
<b>Development Financing</b>	<b>Development Financing</b>
5 Preservation Revolving Loan Fund	5 Preservation Revolving Loan Fund
<b>5 TOTAL</b>	<b>15 TOTAL</b>
<b>4%</b>	<b>12%</b>
137	129