

Executive Summary

2013 Qualified Allocation Plan (QAP)

Proposed Revisions

MHC's revisions made prior to the public comment period are shown in green font.

MHC is developing a Standard Operating Procedures Manual which will be comprised of relevant information for all developments that are funded under the Housing Tax Credit (HTC) Program. This manual will be comprised of general information previously included in the QAP.

Additionally, MHC is developing a Tax Exempt Bonds (TEB) Manual to outline the eligibility requirements and HTC application process for developments which utilize TEB financing. All references to Tax Exempt Bonds will be removed from the QAP.

SECTION 1: GENERAL POLICIES AND GUIDELINES (GPAG):

Section 1.1 Minimum Requirements

Page 1

New Item #8-

Add language from Section 12: Identity of Interest and delete this section of the QAP.

Section 1.2 Administrative

Page 2

Item #1-

Change from 2012 to 2013 annual credit authority

The Mississippi Home Corporation (MHC) will allocate its ~~2010~~ *2013* annual credit authority (ACA) and any carry forward, returned or national pool credits. *Additionally, MHC will forward commit up to thirty percent (30%) of its 2014 annual credit authority for applicants under the new MHC REO set-aside.*

Item #7-

Revise language: ~~Applicants may expect the~~ *The* Corporation *reserves the right* to verify all information submitted in the tax credit application package.

Item #9-

Remove and **add** item to the Tax Exempt Bonds Manual

Section 1.3 Eligibility and Compliance

Page 2

Item #1: **Revise** and **Add** language as follows:

~~Applicants may verify,~~ Prior to submitting an application for tax credits to the Corporation, *applicants may verify* that they are in compliance with any and all ~~MHC~~ programs offered or administered by the Corporation. A written request for the applicant's and its associated

entities compliance status must be received by the Corporation at least forty-five (45) days before submission of a tax credit application. This request is not mandatory. If a request is submitted within the time frame mentioned above, applicable research fees will apply. A *per hour* charge of \$55.00 ~~per hour~~ will be assessed to cover the cost of researching and processing an applicant's compliance status request. The applicant's compliance status will be verified upon receipt of a tax credit application.

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.

Applications that are proposed by an entity with existing major noncompliance findings for the owner, developer, general partner, management entity or consultant that has previously served as owner, developer, or general partner of any development in which they are associated will be disqualified from consideration.

Any applicant that fails to verify compliance status with MHC and subsequently appeals a disqualification due to findings of major noncompliance shall submit the fee required in Section 3 of the QAP along with the notice of appeal.

Section 1.4 Development Types

(Note: The application form will be edited in accordance with these changes.)

Page 5

Item #6 - **Move** to new category entitled **Replacement Housing** as follows:

Replacement Housing

- 1. ~~Rehabilitation~~ Replacement housing is a multifamily development ~~shall include any development which has experienced destructive damage or long term deterioration causing which has caused the existing structures to be removed. and new buildings erected on the same site. The new buildings erected must satisfy all new construction requirements including MCC limits and minimum design quality standards.~~ Any consideration for expansion of the site or existing buildings, as well as, an increase in the number of units/buildings to be placed on the site must obtain MHC prior written approval to be considered as a rehabilitation development.*

Move sentence below to **Acquisition/ Rehabilitation** category

Any proposed development that requires a conversion from its intended/initial use must meet new construction standards, to the extent possible, for the proposed rehabilitation. ~~These developments will be eligible for the Rehabilitation scoring points.~~

NEW – **Add** the following language:

Scattered Sites

Scattered site developments are comprised of units/buildings that are noncontiguous. These developments must meet the following requirements:

- 1. All units must be rent restricted in accordance with Section 42.*
- 2. All single family units included in the development must be within 1 ½ miles radius of all other units included within the development. Single-family scattered site developments will require prior approval by MHC (Reminder: All waiver requests must be submitted no later than thirty (30) days prior to the cycle opening date).*
- 3. All buildings in the development must be under the ownership of one entity.*
- 4. Each site within the proposed development must meet all applicable Scoring and Threshold criteria.*

Section 1.5 ~~Submission of Application Submission~~

Page 6

Item #3 –

Add language: *NOTE: MHC will not accept or consider waiver requests for selection criteria items.*

Page 7

Item #10 –

Revise language: Failure to include application fee, elect a minimum set aside of rent restricted units, or *properly execute sign* the application *and all required forms* will disqualify the application for review during the specified cycle.

Section 1.7 ~~Application Financial Feasibility Review Requirements~~

Page 8

Item #1 –

Revise language: Construction/rehabilitation hard costs which exceed the Maximum Construction Cost (MCC) per unit by greater than ten percent (10%) must submit architect certified cost justification to the Corporation for review and approval at least *fifteen (15) business thirty (30)* days prior to the application cycle opening date. Failure to receive prior approval will disqualify the application from consideration of the increased costs. The Corporation may limit the allowable tax credit allocation for an application exceeding MHC's calculated maximum construction cost per unit.

Section 1.8 Funded Developments

Page 10

Item #6 –

Revise language: The Corporation will forward the completed and signed Form 8821 (~~Rev. 8-08~~) (*Rev. 10-11*) to the IRS at the following address:

Section 1.9 Development Requests

Page 12

Remove and **Add** section to Standard Operating Procedures Manual

SECTION 2: DATES AND FEES

1. Page 15, item 2.1 Application Cycle:

Change dates of Application Period from April 30-May 4, 2012 to *April 15 – April 19, 2013*.

2. Change all listings of 2012 to *2013*.

3. Page 15, item 2.2 Technical Assistance:

Revise language:

All inquiries of MHC allocation staff, regarding the QAP application or its process, must be made *between February 25 - March 29, 2013*. ~~prior to five (5) business days before the cycle's opening date~~. Technical assistance will not be provided beyond *this time frame*. ~~April 20, 2012~~. QAP technical assistance inquiries *must* ~~will~~ be received by ~~phone at (601) 718-4657, by fax at (601) 968-0205, or by~~ e-mail at TaxCredits@mshc.com.

4. Page 15, item 2.3 Fees:

Remove and **add** the following items to Tax Exempt Bond Manual:

- *\$3,500 Tax Exempt Bond transactions in which MHC is conduit issuer of the Bond*

- *100% of the fee is due at Reservation for Tax Exempt Bond (TEB) developments.*

5. Page 16, Chart 1 (Important Dates): Change deadline dates to:

Application Workshop.....*February 19, 2013*

Public Hearing Notification Deadline.....*March 26, 2013*

Last day to hold a Public Hearing.....*March 30, 2013*

Cost Justification Request Deadline.....*March 18, 2013*

(30 days before cycle opening date)

Other Requests pertaining to the application.....	<i>March 18, 2013</i>
	<i>(30 days before cycle opening date)</i>
Technical Assistance Deadline <i>Period</i>	<i>February 25 – March 29, 2013 @ 5:00 p.m.</i>
MHC’s Written Response to Waiver Requests	<i>No later than March 29, 2013</i>
Application Cycle Deadline.....	<i>April 19, 2013 @ 2:00 p.m.</i>
Site Control Options Contract Expiration Date.....	<i>October 16, 2013</i>

6. Page 16, Chart 2 (Fees):

Remove and **add** the following items to Tax Exempt Bond Manual:

Item #1 *\$3,500 (TEB) w/ MHC as conduit issuer)*

Item #2 *100% of the Servicing Fee (TEB)*

SECTION 3: APPEALS ~~AND PUBLIC RECORDS REQUESTS~~

Section 3.1 Appeals

Page 17

Paragraph 2: **Revise** language:

NEW- *There is an appeal fee of \$1,250 for developments cited for outstanding major non-compliance which did not submit a compliance status verification request to MHC prior to application submission, as outlined in GPAG #1 under the Eligibility and Compliance section of the QAP.*

The appeal shall be limited to the content of the initial application and no additional documentation will be accepted by the Corporation. If the Corporation is required to request supplemental information to clarify the appealed item, the applicant will only receive half of the scoring item’s point value if the points are reinstated.

Section 3.2 Public Record Requests

Remove and **add** section to Standard Operating Procedures Manual

SECTION 4: TAX EXEMPT BONDS

Remove and **add** section to Tax Exempt Bond Manual

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

Change all reference to 2012 to *2013*

ADD *New – MHC’s Real Estate Owned (REO) Set- Aside to forward commit up to thirty percent (30%) of 2014 annual credit authority. There will be a listing of available properties posted on our website prior to January 1, 2012. Due to the limited number of properties available, MHC will amend existing Site Control requirements for the REO Set-Aside. In place of the existing requirement that applicants provide evidence of control of the proposed site; MHC will allow multiple parties to contract for the purchase of REO property contingent upon the award of tax credits. All other Site Control requirements will remain in effect.*

SECTION 6: MHC REVIEW PROCEDURES

Page 21

Item **6.1 Notification of Scoring and Threshold** – **Revise** language:

The Corporation will advise an applicant of points scored and subsequently, of any deficiency in Threshold Requirements via fax at the number supplied, by the applicant, in the application. The applicant will not be permitted to submit any additional information relating to Selection Criteria points, but will have the opportunity to correct and return a deficient threshold item to the Corporation via ~~FAX to (601) 968-0205~~ e-mail to TaxCredits@mshc.com or hand delivery within the time frame requested in the notice of deficiency, typically 24 hours or less. In addition, two (2) points will be deducted for each deficient threshold requirement item.

SECTION 7: SELECTION CRITERIA

Page 24

Item #3 –

Revise language: Development site is located in a zip code which has not had any tax credit developments funded or PIS from calendar years ~~2007-2011~~ 2008-2012 (See chart at the end of this section).

Page 26

Item #6 –

Add language: *Applicant must provide a certified letter from architect/engineer stating that the development will be built at a minimum to the ICC 700-2008 National Green Building Standard, Bronze level.*

Item #7 –

Delete: *Lost Housing* Scoring Component.

Page 27

Item #9 -

Replace: *Rehabilitation* scoring component with **Endangered Housing**. – **Move** language for scattered site deals to ***Section 1.4 Development Types***

Endangered Housing (10 points)

The development is a multifamily or single family rehabilitation development that has been identified as endangered by HUD or RD. Applicant must provide a letter of confirmation from the applicable agency.

Page 29

Item #11-

Change Historic scoring item points from 20 points to *10 points*

Item #12

Revise language: **~~20%/> (15%/>)~~ of the units at ~~50% (30%)~~ AMI (10 points)**

The development sets aside at least ~~twenty~~ fifteen percent (~~20%~~) (*15%*) of the units for persons ~~at or below fifty~~ whose income does not exceed thirty percent (~~50%~~) (*30%*) of the Area Median Gross Income of the county where the development is located. Additionally, the owner agrees to execute an Extended Land Use Agreement committing to serve tenants at this income level for a period of forty (40) years or longer. To receive points, applicants must elect items **G (2) (a)** and **H** on page A11 of the application form. Single family lease purchase developments are not eligible for points under this category.

Item #13 –

Delete: *Large Families* Scoring Component.

Item #14 –

Delete: *Mixed –Income Developments* Scoring Component.

Page 30

Item #15 –

Elderly/Persons with Disabilities Delete the following language:

- a. ~~*The development must provide established policies and procedures, which demonstrate intent to provide facilities and services that support elderly residents/persons with disabilities.*~~

NOTE: ~~*No development is eligible for both large family and elderly points.*~~

Page 31

Item #16 –

Revise language: Additionally, all members of the general partner must be in good standing with all MHC programs. Development experience points will not be awarded if a principal of the general partner entity has any outstanding major noncompliance issues which occurred ~~any time~~ prior to ~~one hundred twenty (120) days before the close of the application cycle. January 1, 2013.~~

Item #17 –

NEW language:

Management Performance (Up to 20 points)

The applicant secures a contract from an experienced management company which has previous experience in managing the type of housing proposed. This experience must be documented on the Management Performance Form (Attachment 7).

1) Management company currently manages at least one (1) housing tax credit property. (10 points) Note: To qualify for these points the management must have begun no later than January 1, 2012.

2) There are no outstanding 8823 findings or non-compliance findings for other Affordable Housing Programs (i.e. HUD, USDA/RD) which occurred prior to January 1, 2013. Please note that management entities who are not currently managing at least one (1) property or those that have not been monitored prior to December 31, 2012 will not qualify for these points. (5 points)

3) The management contact person listed on the application form has at least one (1) of the following HTC Certifications (5 points):

- a. Housing Credit Certified Professional (HCCP)*
- b. Certified Credit Compliance Professional (C3P)*
- c. Specialist in Housing Credit Management (SHCM)*

Item #19 –

Revise language:

MHC Preservation Revolving Loan Fund

For developments proposing acquisition/rehabilitation or rehabilitation of USDA Section 515 housing, and which have received a financial commitment from the **MHC** Preservation Revolving Loan Fund. *(Note: This scoring component is subject to availability of funds.)*

Page 32

Item #20 –

Delete: *Additional Financing* Scoring Component

Add NEW – **Maximized Financing** (Maximum 15 points)

The development's total permanent financing sources meet one (1) of the following categories:

- Above 30% 15 points*
- 21% - 30% 10 points*
- 11% - 20% 5 points*

NOTE: Receipt of federal grants will reduce the development's eligible basis.

Item #21-

Update: Over Concentrated County/Zip Codes

Page 33

Item #22-

Revise language:

- f. Owners/developers who ~~have previously been~~ *were* awarded credits ~~from beginning~~ in calendar year 2011 ~~for developments~~ that ~~do did~~ not meet the 15-month fifty percent (50%) completion requirement (**5 points deduction per deficient development**) **Note: This deduction will be applied at the time of application submission only one time for each development which does not meet the 15-month benchmark. for each application submitted in the cycle. Scoring deduction will be applied regardless of any waivers /extensions granted.**

SECTION 8: THRESHOLD FACTORS

Page 37

Item #2 – Site Control

Item A. Contracts: Change language in first paragraph regarding development site information from “development information provided” to “physical location identified”.

Item B. Ownership Structure: Add requirement of Certificates of good standing issued by the Mississippi Secretary of State along with other required items.

Page 38

Item #4 – ~~Documentation of Need~~ *renamed to* Market Study

SECTION 9: APPLICATION AND PRO FORMA

Page 42

Revise and **delete** introductory language as necessary. Also, this language will be removed and incorporated into the General Policies and Guidelines where applicable.

SECTION 10: FINANCIAL FEASIBILITY STANDARDS

Page 44

Item 10.3 *Replacement Reserves* – **Add** language:

The following minimum ~~contributions must be used~~ *reserves are required for all HTC units in the development, including staff units:*

- Rehabilitation (\$300 per unit)
- New Construction-Elderly (\$250 per unit)
- New Construction-Family (\$300 per unit)

Page 47

Item 10.6 *Per Unit Cost* – **Revise** language:

REMINDER: *General Policy and Guideline 1.7.1 states, “Construction/rehabilitation hard costs which exceed the Maximum Construction Cost (MCC) per unit by greater than ten percent (10%) must submit architect certified cost justification to the Corporation for review and*

approval at least ~~fifteen (15) business~~ *thirty (30)* days prior to the application cycle opening date. Failure to receive prior approval will disqualify the application from consideration of the increased costs. The Corporation may limit the allowable tax credit allocation to those applications exceeding MHC's calculated maximum construction cost per unit."

SECTION 11: LIMITATIONS

Remove Section and **Add** language to *Introduction* statement of the QAP.

SECTION 12: IDENTITY OF INTEREST

Remove Section and **Add** language to *Section 1.1 Minimum Requirements*

SECTION 14: DEVELOPMENT REPORTING STANDARDS

Remove and **add** section to Standard Operating Procedures Manual

SECTION 15: FORM 8609 REQUEST DOCUMENTS

Remove and **add** section to Standard Operating Procedures Manual

SECTION 16: COMPLIANCE MONITORING PLAN SUMMARY

Page 78

Certification and Review: **Revise** language:

During lease-up, an owner of a development/building(s) receiving an allocation of HTC's will be required to submit to the Corporation for review a Quarterly Status report detailing lease-up activity of a development. This report documents project activity during the lease-up period and commences on the 15th day of the month after the quarter in which the first building places in service. An owner is required to submit the Quarterly Status Report until the ~~later of the development receipt of IRS Form 8609 or 100% occupancy~~ *fifteenth day of the month immediately following the quarter in which the development met its initial targeted applicable fraction* (provided the development is in compliance and has resolved all compliance matters during this period). Upon meeting these requirements, the Corporation will convert the development to reporting on an annual basis. See Chapter 7 of the Compliance Monitoring Plan for more details.

Page 80

Monitoring Fees – **Add** language:

- f. The Corporation will also assess a late fee of \$100.00 per day per development for every day an owner's *report (i.e. Annual Owner Certification or Development Financial Analysis Report)* is past due beyond the deadline date prescribed by the Compliance Monitoring division.

Mandatory Tax Credit Compliance Training – **Revise** language:

Fundamental Compliance Monitoring training is mandatory for owners and/or managing agents of “NEW” tax credit developments within ~~90~~ 45 days of the placed in service date of the first building *or no later than the date of the next scheduled MHC compliance monitoring training. The training may be administered by the Corporation or by an approved organization. This mandatory training session will be administered by the Corporation.*

Page 81

Qualified Contract Provisions – **Revise** language:

Development owners must first provide the Corporation with a one year period to find a buyer willing to purchase the development for continued low-income use at a specified formula price. ~~This request~~ *A preliminary application* can be submitted anytime after the end of the 14th year of the compliance period unless the owner agreed to extend the rental restrictions as specified in the development’s extended use agreement.