

SECTION 7: SELECTION CRITERIA

The Corporation will use the Selection Criteria stated below for the purpose of ranking developments during the application cycle. Applicants must score a minimum of ninety-two (92) points using the selection criteria below to be considered for a reservation of tax credits, except for developments satisfying the following criteria:

- The Corporation will reduce the minimum score required to eighty (80) points for preservation developments that are committed to providing one hundred percent (100%) of the unit's set-a-side for tenants at or below sixty percent (60%) of the county median gross income for forty (40) years or longer.

Applications will be scored and ranked according to the applicable set-aside identified in this Qualified Allocation Plan. Any unused, returned or national pool credit authority will be awarded to applications placed on a waiting list, ranked by scores statewide, during the application cycle.

The Corporation anticipates reserving, for those developments scoring highest under the Selection Criteria and meeting the minimum point threshold, tax credits up to the amount permitted by Section 42, as amended, of the Internal Revenue Code and necessary for the financial feasibility of the development and its viability as a qualified affordable housing development throughout the compliance period for each set-aside identified.

Regardless of strict numerical ranking, however, the Selection Criteria does not operate to vest in an applicant or development any right to a reservation or allocation of tax credits in any amount. Further, notwithstanding the point ranking system set forth above, the Corporation reserves the right and shall have the power to allocate tax credits to a development irrespective of its point ranking, if such intended allocation is: (1) in compliance with Section 42, as amended, of the Internal Revenue Code; (2) in furtherance of the housing goals stated herein; and (3) determined by the Corporation to be in the interests of the citizens of the State of Mississippi. However, the Corporation will make available to the public a written explanation for any tax credit allocation, which is not made in accordance with established priorities and selection criteria of the agency. If there is a tie in the scoring between proposed developments, the Corporation reserves the right to utilize a tie-breaking system as identified as herein to break the tie.

The Corporation will in all instances reserve and allocate tax credits consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion, reserving to itself such ultimate discretion permitted by applicable law.

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Section 7.1 Eligible Points Items

1. **20%/> of the units at 50% AMI** **10 points**

The development sets aside at least twenty percent (20%) of the units for persons at or below fifty percent (50%) 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 I(2)(a) and J on page A11 of the application form. Single family lease purchase developments are not eligible for points under this category.

2. **Extended Use for 40 years or longer** **5 points**

The development commits to extend the compliance period to forty (40) years or longer. Single family lease purchase developments are not eligible for points under this category. To receive points, applicants must elect item J on page A11 of the application.

3. **Development Location**

Housing Need Point Eligibility Using Three Indicators: (1) HTC Units Allocated between 1998-2008, (2) Renter Households Below 60% of AMI, and (3) Growth Rank. Points assigned to include approximately 16 counties in each category based on the need indicators.

1 Point				
Benton	Choctaw	Claiborne	Copiah	Franklin
George	Greene	Hancock	Harrison	Holmes
Jefferson	Jefferson Davis	Kemper	Noxubee	Sunflower
	Walthall	Webster	Wilkinson	
2 Points				
Amite	Bolivar	Chickasaw	Clarke	Clay
Humphreys	Issaquena	Marshall	Montgomery	Panola
Pearl River	Perry	Prentiss	Quitman	Tunica
Yazoo				
3 Points				
Adams	Attala	Jasper	Lawrence	Leflore
Marion	Monroe	Pike	Sharkey	Stone
Tallahatchie	Tishomingo	Washington	Wayne	Winston
Yalobusha				
4 Points				
Alcorn	Calhoun	Carroll	Coahoma	Covington
Grenada	Itawamba	Jackson	Leake	Newton
Pontotoc	Scott	Smith	Tate	Tippah
Union				
5 Points				
Desoto	Forrest	Hinds	Jones	Lafayette
Lamar	Lauderdale	Lee	Lincoln	Lowndes
Madison	Neshoba	Oktibbeha	Rankin	Simpson
Warren				

Source:
 HTC Units: MHC data
 Renters Below 60% AMI: Ribbon Demographics, 2008 estimate
 Growth Rank: Mississippi State Tax Commission

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4. **Three or more bedrooms (Large Family)** **10 points**

The development targets families by designating at least 25% of its units three or more bedrooms.

NOTE: Developments that elect to receive points in this category cannot elect to receive points for being a Preservation, Hope VI, or Historic Development.

5. **Significant Community Services and Amenities** **Minimum 15 points**
Maximum 20 points

The development offers tenants community services in at least two (2) unrelated areas and provides at least two (2) unrelated significant amenities not otherwise required by the entity providing financing or typically present in low-income rental housing. For services and amenities not listed, please contact MHC for prior approval within the timeline allowed for Technical Assistance. (*See Chart 1 of Section 2: Dates and Fees*)

Examples of Community Services:

- A. Personal Development
 - i. Computer Classes
 - ii. GED Training
 - iii. Job Training
 - iv. Foreign Language Courses
- B. Counseling Programs:
 - i. Homebuyer Education
 - ii. Credit Counseling
 - iii. Personal Budget
 - iv. Mental Health Program
- C. Child Development:
 - i. After School Program
 - ii. Child Care Services
 - iii. Parenting Classes
- D. Community Awareness Events / Activities:
 - i. Fire Safety
 - ii. Health Fair
 - iii. Drug and Alcohol Prevention
 - iv. Crime Watch

Tenant community services must be provided for a minimum of ten (10) years beyond the later of the placed in service date or the date of the first class/service. Applicants must provide an original copy of the formal contractual agreement that appears on the service provider's letterhead and it must be executed by both the applicant and service provider. The service contract must also disclose the location, frequency and the scope of the service(s) to be provided and clearly identify the commencement and expiration dates of the service. 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

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recent Compliance Monitoring Plan at the time of such request by MHC's Compliance Monitoring Staff. The services must be provided on a quarterly basis at a minimum. Points will not be allowed if the formal agreement does not contain the signatures of both parties.

Examples of Significant Amenities:

Plans must include all significant amenities proposed for the development. The proposed amenities must be highlighted.

- Furnished clubhouse or community building with designated tenant activities and meeting rooms
- Full perimeter fencing (non-chain link) with controlled access gate (wrought iron or wood security fencing)
- Washer and dryer connections in individual units (Must have capability to service side-by-side units or opposite wall units. Stackable units are acceptable for elderly and rehab developments.)
- Ceiling fans in living areas and bedrooms
- Swimming Pool
- Tenant Security (Ex: Electronic locking system, individual alarm system...)
- Landscaped area including a gazebo with sitting area
- Basketball, volleyball, or tennis courts
- Playground area and equipment.
 - The playground area must have a minimum of four (4) separate pieces of equipment. (Note: A swing structure with four (4) swings is considered one (1) piece of equipment.)
 - MHC will accept commercial grade multi-function single structures that provide a minimum of four (4) separate play activities.
 - Owners electing to utilize these structures must provide a photo and specifications to ensure it will accommodate the development size.
 - Additionally, multi-phased developments must each have its own defined play area.

Developments can earn additional points for providing any of the amenities and services specified below. Both Family and Elderly developments are eligible to receive points for these items. These items must be listed on the tax credit application form and identified on the development plans. Failure to highlight the plans will result in a five (5) point deduction.

- Washers and dryers provided in individual units. Stackable units are acceptable for elderly and rehab developments. **2 points**
- On site business center equipped with computer(s) with Internet access, fax machine, and copier available to all tenants **1 point**
- Cable television and Internet access. (Must be confirmed by letter from the architect/engineer only) **2 points**
(All units must be built with three (3) distinct networks and jacks. One network installed for phone [using CAT5e or better wiring]. A second network for data installed using CAT5e or better, networked from the unit back to a central location or similar configured

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wireless network. A third network for TV services using COAX cable. The wiring should be installed in the living area and each bedroom.)

6. **Preserves existing low income housing units** **10 points**

The development preserves existing units serving low-income residents that would be lost due to:

- A. Conversion to market rate,
 - i. Documentation should include the HAP Contract evidencing the current owner's eligibility to convert the property to market rate.
- B. Loss of rental assistance,
 - i. HAP Contract,
 - ii. Rural Development,
 - iii. Development Based
- C. Foreclosure, default, or mortgage prepayment
 - i. The ability to prepay and convert to market, or loss of rental assistance, or default of foreclosure must be provided by the permanent financing entity.
- D. Lost Housing
 - i. Housing that has been lost in a presidentially declared disaster area.
 - ii. Aging stock (developments that are aged and no longer habitable).
 - iii. Evidence of loss must be provided by the development's financing entity (e.g. HUD) or public records (e.g. documents from the local courthouse).

7. **100% Tax Credit Units** **7 points**

All units in the development will be set-aside as tax credit units.

8. **Development-Based Rental Assistance** **10 points**

Developments requesting consideration under this category must provide rental assistance for a minimum of fifty-one percent (51%) of the development's units. The applicant can elect only one of the following:

- a. The proposed development is a component of a Public Housing Authority ("PHA") development program as evidenced by the PHA's contribution to the long-term economic feasibility of the development for a minimum period of five (5) years from the placed in service date. To be eligible to receive points under this criterion, the applicant must include an executed agreement that sets forth the type, term, and amount of the PHA's contribution to the economic feasibility of the development via operating cost contributions and/or tenant rent subsidies;

OR

- b. The development will receive Section 8 project-based rental assistance from HUD, through the Housing Assistance Program (HAP), a PHA via Project Based Voucher (PBV) Program, or rental assistance from USDA for a minimum of five (5) years from the placed in service date. To be eligible to receive points under this criterion, the applicant must include a copy of an executed agreement between the ownership entity and the funding entity that includes the amount of

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rental assistance that will be provided, the number of units assisted, its duration, and any qualifying terms and/or conditions. For HAP properties, written correspondence from the local HUD field office should state their consideration of the potential renewal of the rental assistance contract. Additionally, the tenant paid portion of the rent must be limited to no more than thirty percent (30%) of the tenant's adjusted income. In multifamily buildings, non-elderly, non-disabled PBV units are limited to 25% of the units in any one building. However, units can be exempt from that limit if an approved and monitored supportive service program arrangement is in place. Such exemption must be approved by HUD.

9. **Tenant-Based Rental Assistance** **3 points**

Developments requesting consideration under this category must provide evidence from either a local or regional housing authority indicating that Section 8 vouchers or certificates are available in the area where the development is or will be located. Prior to the issuance of IRS Form 8609, applicants will be required to have signed agreements with either the authority or administrator of the Section 8 Certificate/Voucher programs to mandate the development's first priority to Section 8 Certificate/Voucher holders.

Additionally, developments which receive rental assistance from USDA or HUD for less than fifty-one percent (51%) of the development's units and do not meet the development based rental assistance criteria can qualify for these points. Evidence of rental assistance must be provided.

NOTE: No Development is eligible for both Development-Based and Tenant-Based Rental Assistance points.

10. **Development Readiness** **10 points**

For developments requesting readiness points, the 2009 Readiness Criteria Checklist and Certification (SC-2) must be completed. The applicant must include all of the following items listed below in the tax credit application.

1. A physical needs assessment for the rehabilitation work to be completed. (*See Attachment 2*)

Items 2 and 3 are for new construction only

2. Drawings depicting:
 - a. Building elevations (front, side and rear);
 - b. Building floor plans showing total dimensions, total square footage, and other specifics required to make sure final product meets the Corporation's design requirements;
 - c. All proposed significant amenities (must be highlighted); and
 - d. Must be submitted in 11 x 17 format.
3. Completed Description of Materials Form. (*See Attachment 1*).

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4. Completed Construction Certification Form (SC-3) with notarized signatures from the development's owner, architect/engineer and general contractor confirming the following:
 - a. The drawings and description of materials form or Physical Needs Assessment are in compliance with the Corporation's Minimum Design Quality Standards (MDQS), and
 - b. That the proposed construction/rehabilitation and plans meet the applicable building code and permitting requirements, and
 - c. That the site development will meet all federal, state, and local requirements, and
 - d. The design will meet all applicable permit requirements.
5. Appraisal of land value and improvements for developments involving acquisition/rehabilitation or appraisal of land value provided for new construction developments. The appraisal must be dated within six months of the application date and provided by a certified appraiser. For acquisition/rehabilitation developments, the percentage of land cost reflected in the appraisal must be the minimum land cost shown on the application form.
6. Copies of proposed budgets and cash flow statements submitted to the potential financing entity. Official letter from the lender acknowledging receipt of this documentation must be included.
7. Commitment letter for construction financing. Financing amount must equal the construction loan amount listed on page A-17 of the application form.
8. Letter of Conformance with the State of Mississippi's or applicable Public Jurisdiction's Consolidated Plan.
9. Properly executed and dated construction contract.

11. **Application Workshop** **10 points**

Attendee to the workshop must be a principal of the ownership or general partner entity, as reflected on application page A2 or A3. Attendees will receive one (1) certificate of attendance for point eligibility in the application process at the end of the session. A copy of the certificate must accompany the application file; failure to provide will disqualify the application from receiving points. Applicants will only be eligible to receive points for workshop attendance during the calendar year in which an application is submitted.

12. **Development Experience** **5 points**

The general partner has previous experience in the development of the type of housing activity proposed. This experience must be verified as having occurred within three (3) years of the application date. No development experience points will be given where the general partner is involved in any development that has major noncompliance issues.

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This experience must be documented on the Development Experience form. (*See Attachment 3*)

13. Management Experience 2 points

The applicant secures a contract from an experienced management company which has previous experience in managing the type of housing proposed. The experience will only be considered for developments currently managed by the management company listed in the application. No management experience points will be given for developments that have uncorrected 8823's filed with the IRS and/or possess any "open" or uncorrected state specific noncompliance items (in Mississippi only) such as noncompliance with owner rental assistance obligations, operating/replacement reserve requirements and/or community service requirements. In the event that 8823's have been filed on a particular development, a letter of clearance/correction from the tax credit allocating agency must accompany the management experience form. This experience must be documented on the Previous Management Experience form. (*See Attachment 4*)

14. Single Family Lease Purchase Development 15 points

Must have public access and be properly zoned for single-family residential homes. Additionally, these developments must be constructed separate and apart from any other tax credit developments that are exclusively multi-family rental complexes.

NOTE: The owner must provide sample lease-purchase agreement advising tenants of the available purchase option at the end of the fifteen (15) year lease period, which may be included in the body of the lease. Additionally, the development must be fee simple with a homeowner's association for any common areas and must front on a publicly dedicated street at the time of fee simple transfer.

15. QCT or DDA and contributes to concerted revitalization plan 2 points

The development is located in a qualified census tract (QCT), HUD designated difficult development area (DDA) and contributes to a concerted revitalization plan of the community in which it will be located. A map detailing the location of the proposed development within a qualified census tract must be provided. Maps must be obtained by contacting Dr. Ben Mokry at 601-718-4611.

In municipalities without a community revitalization plan, documentation must include (i) a letter of support from the highest ranking elected official(s) stating that the proposed development is desired within the community and (ii) describes how the development supports the community's vision for future growth verifying that the development contributes to the community.

In municipalities with a revitalization plan, documentation must include a letter from the city/county, signed by the subject area's verifiable authority, which verifies that the development is a part of the community revitalization plan and provides a detailed description of the contribution to the Revitalization Plan. This documentation must accompany the application. Additionally, the applicant must submit a copy of the relevant information from the area's plan regarding its housing goals/objectives including the

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document's title page OR the locality's letter must reference the title, adopted date, and information on how a complete copy of the plan may be accessed.

16. Preservation, HopeVI, or Historic **15 points**

The development is a multifamily Preservation, Hope VI, or Historic development.

17. Elderly Development **10 points**

Multifamily developments that set aside 100% of its units for the elderly population age sixty-two (62) or older that meet the requirements as defined by Rural Development or the Department of Housing and Urban Development (HUD) for elderly housing and accessibility for handicapped persons. Rural Development and HUD's definition of "Elderly" is where the tenant or co-tenant is 62 or older or handicapped/disabled so long as they are members of the Elderly household. Developments must meet the following requirements:

- a. The development must provide established policies and procedures, which demonstrate intent to provide housing to the sixty-two (62) or older age group, or for persons meeting the Rural Development or Department of Housing and Urban Development's definitions.
- b. The development must have significant facilities and services normally specifically designed to meet the physical or social needs of older persons or for persons meeting the Rural Development or Department of Housing and Urban Development's definitions. The development must provide six (6) of the eight (8) appropriate services or facilities listed below:
 1. an accessible physical environment
 2. congregate dining facilities
 3. emergency services
 4. preventive health care programs
 5. information and counseling
 6. homemaker services
 7. outside maintenance and referral services
 8. transportation to facilitate access to social services

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

18. Mixed-Income Developments **12 points**

For developments where at least twenty percent (20%) of the units will serve tenants with incomes between sixty percent (60%) and eighty percent (80%) of Area Median Income and twenty percent (20%) of the units will serve market rate tenants.

19. Preservation Revolving Loan Fund **5 points**

For developments proposing acquisition/rehabilitation or rehabilitation of USDA Section 515 housing, and which have received a financial commitment from the Preservation Revolving Loan Fund.

- 20. Quality Enhancements **Maximum 10 points****
 These items must be certified by a letter from the development’s architect/engineer and incorporated into the development plans and specifications.

Each item will below will be worth 2 (two) points:

- a. Lowboy Toilets
- b. Tankless Water Heaters
- c. Two Car Garages with garage door openers (motorized) for single family units
- d. Carpet in bedrooms
- e. Low VOC Flooring (e.g. carpeting), ceramic tile, or hardwood laminate flooring

- 21. Over Concentration **Negative 5 points****

Five (5) points will be deducted if an applicant proposes a new construction development in a primary market area that has received three or more tax credit awards during the previous two (2) years with the exception of the “Directed Six” counties (George, Hancock, Harrison, Jackson, Pearl River, and Stone). The following chart indicates the areas which are subject to these points deduction:

**Zip Codes with 3+ Developments
 Allocated HTC in Previous Two Years**

COUNTY	ZIP	2007	2008
Hinds	39204	2	2
Hinds	39213	2	1
Lowndes	39701	1	2

- 22.** Points will be deducted for the following:
- a. Application sections not tabbed (Negative 5 Points),
 - b. Amenities not highlighted on plans/drawings (Negative 5 Points),
 - c. Each Threshold deficiency (Negative 2 Points).

7.2 Tie Breakers

In the event of a tie in the scores, the following Tie Breaking System will be used:

- 1. A development to be located in a qualified census tract shall take precedence over one that is not.
- 2. If all or none are located in a QCT, Applications will be ranked according to tax credits per unit favoring the development that requires the fewest tax credits per unit.