

**Executive Summary  
2010 Qualified Allocation Plan (QAP)  
Proposed Revisions**

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

**Section 1.1 Administrative**

Page 1

- Item #1- Change from 2009 to 2010 annual credit authority and remove language on additional 2009 credits under Housing and Economic Recovery Act of 2008.
- Item #6- Move this GPAG to **NEW Section 1.10 Ineligible Applicants**
- Item #8- Add language requiring that all documents submitted with the application must be executed originals (unless otherwise noted).
- Add **NEW** Item # 11- MHC reserves the right to verify all information submitted in the tax credit application package.

**Section 1.2 Eligibility and Compliance**

Page 3

- Item #3- Move this GPAG to **NEW Section 1.10 Ineligible Applicants**
- Item #4- Move this GPAG to Section 1.9 Development Completion

**Section 1.3 Development Types**

Page 4

- Item #3- Add language stating that applicants which are applying for acquisition credits must provide evidence of title ownership over the previous ten (10) years.

Page 5

- Item #7- Add language stating that rehabilitation developments must meet MHC's Design Quality Standards to the extent possible and subject to the development's financial feasibility. Also, add reference to the NAAB Rehabilitation Guide.

**Section 1.4 Submission of Application**

Page 5

- Item #2- Change language requiring documents to be dated current year to dated within six (6) months of the cycle close date.

Page 7

- Add **NEW** Item #12 - All applicants are required to notify MHC in advance of the public hearing. Applicants must submit the ***Notice of Publication Form*** and ***Attachment 7 Site Assessment Form*** no later than the date the notice is published in the newspaper. Additionally, the public hearing signage must remain posted at the development site until 15 days after the cycle close date.

Notwithstanding the advance notification requirements herein, the Corporation will not notify an applicant of a deficiency in the public notice requirements it may discover pursuant to the advance notification. The applicant may use technical Assistance prior to publication and the installation of the signage.

**Section 1.7 Funded Developments**

Page 8

Item #1 - Change language to state that MHC will make reservation recommendations to its Board of Directors at its regularly scheduled board meeting following 120 days after the close of the cycle.

Page 9

Item #7- Separate into two GPAG's. Current #7 will address extension requests and allowable extension period for Reservation and Commitment letters only.

**NEW** Item #8 will define Reservation/Commitment extension fees and other late fees.

**Section 1.8 Development Requests**

Page 10

Item #1 - Add language that MHC staff will develop a standard development request form whereby change requests can be made. Will define acceptable standard requests to include the following:

- General Partner Entity name change
- Management Company change
- Architect change
- Contractor change
- Addition of staff units
- Development name change
- Rental assistance units designations
- Community Services- allowable substitutions only

Item #2- Add language which states that site change requests will not be considered after the carryover allocation has been issued for any development.

Add **NEW** Item #3 - Add language that requests for additional credits will be considered on first come, first served basis subject to the extent that credits are available. MHC will not review requests for additional housing credits until after its annual tax credit cycle has been completed. Additionally, owners must provide current cost information from the contractor or CPA with such requests.

**Section 1.9 Development Completion**

Page 10

Add **NEW** Item #5 - Add language that Forms 8609 will not be issued to any development with outstanding fees owed to the Tax Credit Allocation Division.

Add **NEW** Item #6 - Add language that owners must begin submitting Quarterly Status reports to the Compliance Monitoring Division after a HTC development is placed in service. Please refer to the ***Certification and Review*** section of the Compliance Monitoring Plan Summary section of the QAP for more information.

Add **NEW** **Section 1.10 Ineligible Applicants**

Add- GPAG #6 from Section 1.1 Administrative

Add- GPAG #3 from Section 1.2 Compliance and Eligibility

Add **NEW** -Add language stating that owners who have had credits recaptured will be ineligible to apply for the HTC program for a period of three (3) years from the date of recapture.

Add **NEW** - Add language stating that owners of HTC developments which are not built as approved by MHC are subject to program suspension or loss of housing tax credits.

**Section 2: DATES AND FEES**

1. Page 11, item 2.1 (Application Cycle): Change dates of Application Period to **April 5–9, 2010**.
2. Page 11, item 2.2 (Technical Assistance): Change Technical Assistance Deadline date to **March 26, 2010**.
3. Page 12, item 2.4 (Refunding of Servicing Fee):  
Clarify language – MHC will grant a partial refund of paid servicing fees for the credit award less \$20,000 or 15% of the paid servicing fee, whichever is less.
4. Page 12, Chart 1 (Important Dates): Change deadline dates to:  
Application Workshop.....January 13, 2010  
Public Hearing Notification Deadline.....March 17, 2010  
Last day to hold a Public Hearing.....March 21, 2010  
Cost Justification Request Deadline.....March 22, 2010  
Other Approvals pertaining to the application.....March 22, 2010  
Technical Assistance Deadline.....March 26, 2010 @ 5:00 p.m.  
Application Cycle Deadline.....April 9, 2010 @ 2:00 p.m.  
Site Control Options Contract Expiration Date.....October 6, 2010

### Section 3: APPEALS

Page 13, item 3.1 (Appeals): Add language stating that MHC will provide confirmation via fax acknowledging receipt of the appeal request within 2 business days.

### Section 7: SCORING

1. Page 17: Increase the minimum score requirement for Rehabilitation from 80 to 92 (same as new construction). Delete the paragraph referring to the minimum score requirements for preservation developments.
2. Pages 19-20, item #5 (Significant Community Services and Amenities):
  - a. Separate into three different scoring items:
    - #5 - Community Services (8 points)
    - #6 - Amenities (7 points)
    - #7 - Additional Amenities (up to 5 points)
  - b. Add “Health/Nutrition” as an acceptable service under the Community Awareness Events/Activities category.
  - c. Add new language stating that the services must be able to serve all tenants. Services offered should be broad based and well designed to adequately address the various needs of the tenant base.
  - d. Refine the definition of “scope of services”.
  - e. Emphasize the items that must be in the Community Services Contract by using bullet points.
  - f. Change the language for the frequency of the services from “The service must be provided on a quarterly basis...” to “At least two services must occur each quarter and each service represented must be offered at least once per year.”*
  - g. Add language stating that in order for a multi-phased development to receive points for a shared community building, the community building must be large enough to accommodate all tenants in all phase as referenced in MHC’s Design Quality Standards.
  - h. Clarify language regarding ceiling fans: “*Ceiling fans in living room/great room and all bedrooms*”.
  - i. Clarify language regarding On-site business center: “The on-site business center must have its own dedicated equipment including desktop computers with internet access, fax machine, and copier separate and apart from the equipment used by the development manager’s office staff.”

- j. Change language regarding cable television and internet access to read: “**Wiring** for cable television and internet access”.
  - k. Delete the reference to three separate jacks for cable, internet, and phone.
3. Page 21, item #6 (Preserves existing low income Housing Units): Clarify language to include the type of documentation applicant must provide in order to earn points.
  4. Page 21, item #7 (100% Tax Credit Units): Delete this scoring component.
  5. Page 21, item #8 (Development-Based Rental Assistance): Clarify language to include the type of documentation for Rural Development rental assistance that the applicant must provide in order to earn points.
  6. Page 22, item #10 (Development Readiness): Delete this scoring component. All items listed under this scoring item will be listed under “Required Documents”.
  7. Page 23, item #12 (Development Experience):
    - a. Add language stating that in order to qualify for points, all members of the general partner must be in good standing with all MHC programs. Additionally, applicants must not have any major noncompliance issues within one year of the application date.
  8. Page 24, item #13 (Management Experience): Increase the scoring points from 2 to 10.
  9. Page 24, item #15 (QCT or DDA and contributes to concerted revitalization plan)– Add language: GPS coordinates taken at the main property frontage or an accurate physical address must be provided in the application. Road intersections or approximate addresses are not acceptable substitutes."
  10. Page 25, item #18 (Mixed-Income Developments): Decrease the scoring points from 12 to 5.

### **Section 8: THRESHOLD FACTORS**

Page 27

Change language to state that all developments must meet a minimum scoring threshold of ninety-two (92) points.

#### ***Community Notification***

Page 27

Edit language to define which items within this threshold factor are curable and those which are incurable.

Section A. Public Notice Requirements- Change to Eligibility Requirements and note as incurable. Add new item #5 which states that signage must meet specifications in paragraph above.

Add **NEW** language- Notwithstanding anything in this section, the Corporation will not notify an applicant of a deficiency in the public notice requirements that it may discover pursuant to the advance notification requirement (GPAG Section 1.4 item 12). The applicant may use Technical Assistance prior to publication and the installation of signage.

Change public hearing signage requirements to 36” x 36”. Also, signage must be professional quality. Change “visible” to “legible” from the street. Signage must be posted near the property entrance or the property line facing the main thoroughfare.

Page 28

Section C. MHC Submission Requirements- Move paragraph to page 27 and only list items that must be included in the application package.

### ***Documentation of Need***

Page 31

Add language- Additionally, applicants are encouraged to visit the Resources section of the National Council of Affordable Housing Market Analysts’ (NCAHMA’s) web site (<http://www.housingonline.com/Resources.aspx>) for additional information on their Model Content Standards for Market Studies, Dictionary of Market Study Terminology, and Market Study Index.

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

Page 31

Regroup items to show Rural Development financing requirements together. For RD loan commitments, add language requiring the Obligation of Funds Analysis Form along with a cover letter from the Multifamily Program Director which confirms the amount of the loan and that the funds are currently available. This must be dated within the current calendar year.

Add language- MHC reserves the right to verify all funding sources.

Page 32

For RD loan transfers/assumptions/permanent financing, add language that a cover letter from the Multifamily Program Director which confirms the amount of the loan and that the funds are currently available. This must be dated within the current calendar year.

**Section 14: DEVELOPMENT REPORTING STANDARDS**

Page 50: Add language stating that “Failure to meet development reporting deadlines will result in a \$100 per day penalty fee.”

**Section 16: COMPLIANCE MONITORING PLAN SUMMARY**

Add language from Compliance Dept.:

**{Insert on Page 68 as new paragraph after language under “NOTE”}**

**Certification and Review**

During lease-up, an owner of a development/building(s) receiving an allocation of HTCs 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 15<sup>th</sup> 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 (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.

**{Insert at the bottom of Page 71}**

**Qualified Contract Provisions**

Development owners who want to terminate low-income use after 15 years (and before expiration of the extended use agreement), and convert the development to market rate housing or other uses can only do so after first making the development available for purchase by parties who want to maintain low-income use at a price determined by a formula set forth in Section 42(h)(6)(E)(i)(II).

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 can be submitted anytime after the end of the 14<sup>th</sup> year of the compliance period unless the owner agreed to extend the rental restrictions as specified in the development’s extended use agreement.

For low-income residents who continue to reside in the tax credit development, the low-income use period is extended an additional three (3) years even if the owner is able to avoid the extended use period because there is no buyer willing to purchase

the development at the formula price. An owner is prohibited from evicting residents for other than good cause, and from raising their rents beyond the tax credit maximum rents. This three-year period begins after the end of the one-year period when the housing credit agency seeks buyers to maintain the extended low-income use of the development.

These provisions apply to developments receiving an allocation of credits after 1989 or automatically receiving credits as a result of tax exempt financing issued after 1989.

For more information, please refer to Chapter 9 of the Corporation's Housing Tax Credit Compliance Monitoring Plan.