

Missouri Housing Development Commission
Draft Proposal
Tax Credit Assistance Program
Project Selection Process and Criteria

The Missouri Housing Development Commission (“MHDC”) is eligible for \$38,687,026 from the Tax Credit Assistance Program (“TCAP”) authorized by the American Recovery and Reinvestment Act of 2009 (“ARRA”). Using the following process and criteria MHDC will make awards of TCAP to eligible projects that meet all the applicable state and federal requirements associated with TCAP and those associated with any other funding sources being utilized by the project. A project is eligible for TCAP if it has received or will simultaneously receive an award of low-income housing tax credits under section 42(h) of the Internal Revenue Code of 1986 between October 1, 2006 and September 30, 2009. An award of tax credits is defined by MHDC, for the purposes of TCAP, to have been received once MHDC’s commissioners have acted to approve a successful application for tax credits at a MHDC commission meeting.

For the purpose of competitively awarding TCAP funds MHDC has distinguished eligible projects into two types:

Type I: Previously Awarded

Those developments that have previously received an award of low-income housing tax credits prior to their application for TCAP funds will be considered Type I projects.

Type II: Simultaneously Awarded

Those developments that will apply for low-income housing tax credits simultaneously with their application for TCAP funds will be considered Type II projects.

Selection Process

All eligible projects seeking an award of TCAP are required to submit an application. The MHDC selection process for TCAP will be completed in two stages. First, awards will be approved for Type I projects that are eligible and have undergone the competitive process described below. Second, if there are remaining TCAP funds available, awards will be made to Type II projects that are eligible and have undergone the competitive process described below.

All projects applying for TCAP funds, regardless of type, will be evaluated using the same selection criteria and using the same information.

Type I Application and Process

Type I applications will be accepted from those applicants who have been previously awarded low-income housing tax credits by MHDC between October 1, 2006 and December 31, 2008 and have not commenced construction. A Type I application was required to submit a full application pursuant to the applicable Qualified Allocation Plan (“QAP”) and was approved based on how that proposal performed in regard to the QAP selection criteria.

MHDC will post a Gap Funding Round Notice of Funding Availability (“NOFA”) soliciting applications from Type I projects that are in need of TCAP funds. The Gap Funding Round is intended for those projects previously awarded low-income housing tax credits, but which are stalled because of a gap between sources and uses.

Gap Funding Round applicants are required to provide the following information:

1. The Gap Funding Round Questionnaire. The questionnaire will allow the applicant to answer several questions regarding the status of the development and to indicate the amount of the gap funding being requested.
2. A Revised and Updated Rental Production Application form FIN-100. The revised FIN-100 must be updated to include any changes to the budget or changes to the financing sources. The amount of the gap should be included in the revised FIN-100, and the construction amount should reflect Davis-Bacon wage rates.
3. Two versions of MHDC Contractor’s/Mortgagor’s Cost Breakdown Form FIN-115. One FIN-115 should be filled out using Davis-Bacon wage rates and the second should be filled out using standard wage rates.
4. Updated Debt and Equity Commitments. All non-MHDC sources of financing must have a commitment letter dated within 45 days of the Gap Funding Round application deadline. Commitments must include the contact information for the person whom MHDC should contact regarding the commitment.
5. Updated Financial Statements. The most recent financial statements for the general partner(s), developer(s) and guarantor(s) are required.
6. Environmental Information. Environmental information required to pass the review stipulated by “NEPA and other related laws” must be provided. For developments that have not previously completed a Section 106 review, a copy of the application sent to DNR must be submitted with the application. All other required documents that have not previously been submitted to MHDC should be included with the application. Please contact MHDC prior to application if you are unsure of the status of your environmental review or whether it meets the requirements.

MHDC reserves the right to request further information or clarification regarding any Gap Funding Round application, including any information from an application submitted for a previous NOFA or firm commitment. This information may be necessary, and will be used, in making awards pursuant to the selection criteria below.

MHDC will process and evaluate the Gap Funding Round applications using the selection criteria outlined below. Staff recommendations will be presented to MHDC's commissioners for approval at a MHDC commission meeting. A conditional reservation will be issued after approval. The conditional reservation will further outline the requirements, deadlines and procedures for receiving a commitment, closing and expending TCAP and any other funds approved for the project. All TCAP awards are subject to the applicable federal funding requirements and must follow the reporting procedures to be established pursuant to ARRA.

Type II Application and Process

Projects that have not been previously approved by MHDC, but that are planning to apply for low-income housing tax credits under MHDC's Rental Production - Round 2 NOFAs may be eligible for TCAP funding. Should there be TCAP funds available after awards are made in the Gap Funding Round, MHDC will make them available for competition among eligible Round 2 applicants.

Rental Production Round 2 Applicants seeking TCAP funds are required to provide the following information as required by the 2009 QAP:

1. CD-R with required electronic documentation.
2. Executed FIN-100. The FIN-100 should reflect Davis-Bacon wages.
3. Application Fee. The application fee refers to the tax credit application fee; there is no application fee for TCAP.
4. Development Narrative.
5. Site and Environmental Information.
6. Market Study.
7. Site Control.
8. Public Official Contact Verification.
9. Statutorily Required Documents.

10. Housing Priority Documents.
11. Zoning Information.
12. Architectural Information.
13. Rehabilitation Information.
14. Relocation Information.
15. Home Ownership Information.
16. Financing Commitments. All non-MHDC sources of financing must have a commitment letter dated within 45 days of the application deadline. Commitments must include the contact information for the person whom MHDC should contact regarding the commitment.
17. PHA Approved Utility Allowance Schedule.
18. Developer/General Partner Information. The most recent financial statements for the general partner(s), developer(s) and guarantor(s) must be included with the Developer/General Partner Information.
19. Management Agent Information.

The QAP and Developer's Guide provide more detail regarding what is required for each application under the Round 2 NOFAs.

In addition, applicants will be required to submit two versions of Form FIN-115. One FIN-115 should be filled out using Davis-Bacon wage rates and the second should be filled out using standard wage rates.

MHDC will process and evaluate applications for TCAP funding under the Round 2 NOFAs using the selection criteria outlined below. Staff recommendations will be presented to MHDC's commissioners for approval at a MHDC commission meeting. A conditional reservation will be issued after approval. The conditional reservation will further outline the requirements, deadlines and procedures for receiving a commitment, closing and expending TCAP and any other funds approved for the project. All TCAP awards are subject to the applicable federal funding requirements and must follow the reporting procedures to be established pursuant to ARRA. The MHDC commission meeting where approvals will be made must occur prior to September 30, 2009 if Type II projects are to receive an award of TCAP.

Type I projects have previously submitted all of the documentation required of Type II applications. Type I applications are providing updates to key information in order to be considered in the Gap Funding Round but are not evaluated in a manner different than Type II applications. The difference between the

two types rests in their respective places in the MHDC funding process. The selection criteria below apply equally to each type of project.

Selection Criteria

The following selection criteria will be used to decide which projects receive TCAP awards. The criteria are not weighted individually, but they will be used to filter prioritization. For example, any application for a project that is expected to be completed prior to February 16, 2012 will be given priority over any application for a project that is not expected to be completed before February 16, 2012. All applications that will be completed before February 16, 2012 are then evaluated based on the next criteria, in this case a complete application; those that meet that criteria are then evaluated on the next criteria. This continues until a priority list is achieved.

The selection criteria are:

1. Developments that will be completed on or before February 16, 2012.
2. Developments that have submitted a properly and fully completed application either for the Gap Funding Round or MHDC's Rental Production Round 2 NOFAs.
3. Developments that demonstrate excellence in the published QAP selection criteria. The QAP criteria are as follows:
 - Development Characteristics:
 - i. Tenant Population
 - ii. Development Type
 - iii. Site
 - iv. Design
 - Market Characteristics
 - i. Development Location
 - ii. Area Housing Needs
 - Development Team Characteristics
 - i. Experience
 - ii. Previous Performance
 - Feasibility
 - i. Sources/Uses
 - ii. Income/Expenses/Affordability
 - iii. Long-Term Viability
 - iv. Timing
 - v. Investment Potential

- Community Impact
 - i. Community Support
 - ii. Catalytic Effect
 - iii. Community Needs

Each of the QAP selection criteria carries an equal weight. Performance regarding each criterion is composited to determine an overall level of performance as a potential successful MHDC development. Therefore, poor performance in one criterion cannot be overcome with excellent performance in another. For example, a good site cannot overcome poor financial feasibility, and good financial feasibility cannot overcome a poor site.

4. Developments that have, in the sole opinion of MHDC, meaningful financing commitments and that are expected to proceed to closing and construction in a manner consistent with the established requirements and deadlines.
5. Developments will be given priority based on which of the following low-income housing tax credit equity pricing tiers they belong:
 - *Tier One*: developments with federal pricing greater than or equal to **.70**
 - *Tier Two*: developments with federal pricing between **.67** and **.70**
 - *Tier Three*: developments with federal pricing between **.65** and **.67**
 - *Tier four*: developments with federal pricing less than **.65**

MHDC's goal is to efficiently and effectively use the total allocation of TCAP funds to assist deserving affordable housing projects. MHDC will award TCAP funds in a manner that helps create and retain jobs within the state of Missouri while producing quality affordable housing for Missouri's citizens.