

# Draft Qualified Allocation Plan

## Summary of Changes

May 3, 2022

What follows is a summary of proposed changes to the Draft Qualified Allocation Plan.

All necessary dates have been changed to reflect current funding years. Proposed is a QAP that will begin the process of aligning the LIHTC program to a more traditional timeline by allowing a portion of 2023 Federal LIHTCs to be allocated through MHDC's next NOFA.

Highlighted text is language taken directly from the Draft QAP.

## QAP Changes

### Cover Page

Effective date changed TDB

### I. General Information

#### C. Credit Types and Availability

Specified amounts of credits made available under the QAP.

For the purposes of this multiyear Plan, the State LIHTC is not to exceed the total amount available for 2022 year.

This multiyear Plan will make available 100% of the Federal 9% Credits available for the 2022-year and approximately 33.3% of the Federal 9% Credits available for the 2023-year, as calculated above.

#### D. Notice of Funding Availability

Changed the date "Rolling Applications" will be accepted to October 1, 2022 – August 31, 2023.

#### E. Deadline and Application Fee

Changed the application deadline TBD.

### II. Standards

#### C. Underwriting Standards

4. Added language to extend Development Cost Maximum exception.

12. Added clarifying language regarding eligible uses and target populations of funds from the American Rescue Plan Act of 2021(HOME-ARP).

**Use of HOME-ARP.** Funding is made available by the American Rescue Plan Act of 2021 to be administered through the HOME Investment Partnership Program. To qualify for this MHDC resource under the Plan, developments must commit to setting aside 15% or more of the units for the following tenant population:

- Homeless;
- At-risk of homelessness (as defined by the McKinney-Vento Homeless Assistance Act);
- Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Individuals for whom provision of supportive services or assistance herein would prevent homelessness or who are at the greatest risk of housing instability; or
- Veterans and their families that meet any of the preceding criteria.

HOME-ARP funding will be may be used for the following:

- a. Development and support of affordable housing, as currently permitted under the HOME Program;
- b. Supportive services, including activities such as housing counseling and homeless prevention services

13. Amended language allowing the continued use of 811 Project Rental Assistance (PRA) for qualifying developments.

### **III. Housing Priorities**

#### **6. CDBG-DR**

Added language to identify two distinct DR programs and respective application requirements.

Applications that include leveraging CDBG-DR funds as a source are strongly encouraged. CDBG has established two separate DR programs, which cover different geographic regions of the state. For applicants proposing to utilize [CDBG-DR 4317 funding](#), these applications must obtain a Letter of Intent from the Missouri Department of Economic Development (DED) and include this letter with their application submission. For applicants proposing to utilize the [CDBG-DR 4451](#) funding, these applications must obtain a Letter of Intent from the lead applicant in the respective jurisdiction (i.e. Hotl County, St. Charles County, Jefferson City). CDBG Disaster Recovery (CDBG-DR) funding is authorized under [Title I of the Housing and Community Development Act of 1974](#), as amended. Applicants interested in leveraging LIHTC equity with this funding source should refer to MHDC's Developer's Guide, as well as DED's Multifamily Rental Recovery policy for more information regarding the CDBG-DR program, available at <https://ded2.mo.gov/programs/cdbg/disaster-recovery>.

#### **Reservation Process**

#### **C. General Scoring – PHASE III**

## Economic Development

Modified language to better define how a development scores points in this category.

Up to 5 points may be awarded to applicants that prove an intentional link to a new and planned economic development project. This link will be demonstrated by its proximity to the development, direct transportation connections between the housing and jobs, and demonstrated coordination between the housing and economic development project. Both family and senior developments ages 55+ and 62+ are eligible for economic developments points. The economic development project should be no more than two years old, or planned to open within two years. The economic development project should employ a total of at least 20 employees. These jobs may include entry level or service workers who could benefit from the planned affordable housing. Each applicant requesting points in this category must include an exhibit that includes the name of one qualifying targeted economic development project. Also, include a supplemental exhibit that includes up to ten pages of media releases, marketing materials, or direct correspondence showing the number of jobs being created by the economic development project and the need for housing. This can come from internet searches, local economic development agencies, or the economic development itself. The supplemental exhibit should not include hyperlinks or non-related material.

Points will be awarded based on the below criteria:

- 2 Points – A direct coordination letter must be provided to qualify for any of the 5 points. Proof of direct coordination with the economic development project is to be provided in the form of a letter from the economic development project to the developer team stating how the affordable housing proposal will support their workforce. If the supplemental exhibit does not include the year the project went or will go into service or the number they employ or will employ, the direct coordination letter should include this information.
- 1 Point – Primary Market Map - The Primary Market Area Map in the Market Study is to be provided as a separate map and is to show the location of the housing development and the location of the target economic development project is within the same Primary Market Area.
- 1 Point – Map Mileage - A separate map showing the location of the housing development and the location of the target economic development project is within:
  - 2 miles of the housing development site for SL, KC and MSA-Rural Regions.
  - 5 miles of the housing development site for Rural Region.
- 1 Point – Map Routes - A separate map highlighting public transit routes, greenways, or other significant transportation modes connecting the economic development project and the housing development. One of the routes must begin and end within ½ mile walking distance of the housing development and of the economic development project.

The affordable housing development cannot be considered as the economic development project.

## Leveraged Funds

Modified the definition for qualifying leveraged funds.

MHDC resources and private institution loans are not eligible for points in this category, i.e., private bank loans, fund balance or MHDC HOME/NHTF.

### **National Housing Trust Fund**

Added a requirement for all developments that are awarded points in this category to adhere to NHTF program restrictions.

Removed the requirement of a pre-approved MHDC Desktop Environmental Review for NHTF requests.

If points are awarded in this category and Phase IV feasibility review removes National Housing Trust Fund funds as a source, the development must adhere to the funds program requirements including rent/income restrictions and affordability terms.

### **Credit Efficiency**

Changed safe harbor to +/-10% to achieve a more equitable distribution of points awarded throughout the categories.