

## Introduction

The Developer's Guide to MHDC Multifamily Programs has been designed to provide a reference document for developers, owners, and all development team members. Rental Production staff has compiled general and administrative guidance on MHDC's multifamily programs throughout the application, reservation/commitment, construction loan closing, construction, carryover allocation, final allocation, and permanent loan closing stages and attached all reference guides and forms. It is meant to be used as a complement to the Qualified Allocation Plan ("QAP") and may be updated from time-to-time at MHDC's discretion.

MHDC's Rental Production Multifamily Programs encompass financing tools for the development of affordable housing which include federal and state low-income housing tax credits ("LIHTC"), HOME loan and grant funds, Fund Balance loans, and Risk Share insurance coupled with tax-exempt bonds. Developers may also utilize other MHDC programs such as the Affordable Housing Tax Credit and Missouri Housing Trust Fund as appropriate for the financing of a development. Each program is described in Chapter 1: Funding Sources.

### **A) RENTAL PRODUCTION PROGRAM CYCLE**

Rental Production Multifamily Programs follow an annual funding cycle which begins with the issuance of the QAP attached as Appendix A. The QAP sets forth the program guidelines concerning the application review and approval process and the reservation and allocation of LIHTC. Following public hearings, the QAP is presented to the Commissioners for approval along with a Notice of Funding Availability ("NOFA") which establishes the approximate amount of annual funding available for each program and the deadline for applications. For FY2008, the QAP and NOFA were approved at the Commission meeting on August 17, 2007, and subsequently published and posted throughout the state. The FY2008 NOFA deadline has been set for 4:30 p.m. CDT on Monday, October 1, 2007.

Applications received prior to the NOFA deadline are reviewed according to primary and secondary thresholds and selection criteria as described in the QAP and in Chapter 3: Application. Staff invites comment on each application through the notification of public officials soon after application receipt. Public hearings are held in November in four locations throughout the state. Evaluation criteria, underwriting review, and site inspection are utilized by staff to formulate a list of recommended applications. Characteristics that are noted by staff in the site

review process are noted in Chapter 2: Site Considerations. The Commissioners then review and approve a final list of proposals for funding at their December meeting.

Following Commission approval, an underwriter is assigned to each proposed development and issues a conditional reservation/commitment for financing in early January to establish the required documentation and timeline to proceed toward firm commitment and carryover allocation. Developers submit environmental reviews, finalize plans and specifications/scopes of work, receive construction bids, and prepare due diligence for MHDC review and approval. Developers are encouraged to complete the firm submission process as early in the year as possible in order to minimize the effects of inclement winter weather on construction progress. The Underwriting, Legal, Architecture, Mortgage Credit, Asset Management, HOME and Tax Credit Administration teams examine the information and consolidate comments and requirements. Once a development has demonstrated firm and appropriate budgets, supplied all required documentation, showed a readiness to proceed, and received approval from each reviewing department, the underwriter issues a firm commitment (see Chapter 4: Reservation/Commitment).

Following firm commitment, the development may proceed to closing. Developments receiving construction/permanent loans, grants, or Risk Share insurance from MHDC follow the MHDC requirements for closing listed in Chapter 5: Construction Closing. Pre-closing documentation is prepared and submitted by the various members of the development team, including the developer, equity investor, contractor, architect, title company, and closing attorneys. Upon the satisfaction of all requirements, the loan, grant, and/or Risk Share agreements are executed and the financing is closed.

During the construction phase, MHDC monitors construction progress through on-site reviews, the receipt of progress reports from developers, and the processing of draw requests from developments receiving MHDC construction loan financing (see Chapter 6: Construction Phase).

Developments receiving 9% LIHTCs must file a carryover allocation prior to the end of the year in which the tax credits have been reserved. For developments receiving a reservation of FY2008 credits, the carryover allocation will be due September 1, 2008. The carryover allocation process as described in Chapter 7 confirms that the development continues to satisfy the requirements of Section 42 and may retain the reservation of credits.

At the end of construction, all developments must file a cost certification with MHDC which

certifies the actual costs of the development according to specific program guidelines. The certification is necessary to determine the final approved amounts of the LIHTC allocation and/or the permanent MHDC financing based upon eligibility and reasonableness of cost. The process and requirements are outlined in Chapter 8: Final Allocation/Cost Certification. Developments with construction/permanent financing submit final documentation to convert the loan from the construction phase to the permanent phase, and all debt instruments begin amortizing. Developments with a commitment for permanent-only financing submit final documentation for approval and proceed to close on the permanent loan. See Chapter 9: Conversion/Permanent Loan Closing for details.

Each development begins a relationship with Asset Management as lease-up commences and the construction phase transitions to the operating phase. Critical to the long-term viability of a property is its success in leasing and retaining residents and complying with the various restrictions imposed by each financing program. At this point in the development stage, the Rental Production teams pass the oversight of the development to the Asset Management teams as discussed in Chapter 10: Compliance and Asset Management.

## **B) DEVELOPER'S GUIDE CONTENTS**

This guide has been organized as follows:

Introduction	
Chapter 1	Funding Sources
Chapter 2	Site Considerations
Chapter 3	Application
Chapter 4	Reservation/Commitment
Chapter 5	Construction Closing
Chapter 6	Construction Phase
Chapter 7	Carryover Allocation
Chapter 8	Final Allocation/Cost Certification
Chapter 9	Conversion/Permanent Loan Closing
Chapter 10	Compliance and Asset Management
Chapter 11	Additional Guidance
<hr/>	
Appendix A	FY2008 Qualified Allocation Plan
Appendix B	FY2008 Notices of Funding Availability
Appendix C	Market Study Guidelines (MHDC 1300)
Appendix D	Relocation Guidelines and Forms
Appendix E	Architectural Guidelines (MHDC 1200)
Appendix F	Physical Needs Assessment Guidelines (MHDC 1201)
Appendix G	Homeownership Policy

Appendix H	MHDC Guidelines for Preliminary Financing Commitments
Appendix I	Closing Guidelines
Appendix J	Construction Disbursement Handbook (MHDC 2400)
Appendix K	Davis Bacon Guidelines
Appendix L	Section 3 Program Guide
Appendix M	Workforce Eligibility Policy
Appendix N	Carryover Allocation Guide
Appendix O	Cost Certification Guide (MHDC 3300)
Appendix P	Maximum Income/Maximum Rents (HUD Limits)
Appendix Q	Maximum Development Cost Limits
Appendix R	Qualified Census Tracts & Difficult Development Areas
Appendix S	Environmental Phase I Checklist
Appendix X	MHDC Forms

We hope this guide will be a useful and easily navigated tool to assist our development partners in the construction of quality affordable housing. Questions may be directed to the following administrators:

Janell Thome	Director of Rental Production	816.759.6862
Jacob Bean	Senior Underwriter	816.759.6882
Bramwell Higgins	General Counsel	816.759.6870
Sandy Middleton	Closing Coordinator	816.759.6694
Lorenzo Rice	HOME Administrator/ Construction Disbursement Manager	816.759.6698
Gary Meyer	Low-Income Housing Tax Credit Administrator	816.759.6888