

CITY OF MINNEAPOLIS

Housing Tax Credit Program HTC

What is the HTC Program?

- The HTC program is a Federal program administered by the IRS.
- It provides a reduction in Federal income tax liability to investors in qualified low-income rental housing.
- The City awards HTCs as a suballocator to the State, through its role in the Minneapolis/St. Paul Housing Finance Board
- HTC minimum program requirements are 20% of the units must be affordable to households at or below 50% AMI OR 40% of units affordable at 60% AMI.
- HTC projects have a minimum affordability term of at least 20 years (proposed to increase to 30), and are incentivized through scoring to extend up to 55 years.
- Two types of HTCs: 9% and 4%

HTC Award Considerations

- **IRS Program Requirements** – The City must follow IRS requirements in the design and administration of its HTC program.
- **Scoring** – 9% HTC projects are competitively scored against each other, while 4% HTC projects must meet a minimum scoring threshold.
- **Feasibility and Timeline** – Projects must be able to meet program benchmarks to avoid HTC forfeiture.

New for 2021 - HTC

- **New Equitable Development Scoring Criteria – 9%**
- **Green Communities Update** – Implementing 2021 Green Communities Criteria and elevating scoring incentives.
- **Cost Containment** – Approving new methodology and approach to analyzing cost containment to balance the needs for scarce resources against policies; like energy efficiency, large family units, geographic distribution, and considering life-cycle costs vs. initial construction costs.
- **2-Year Qualified Allocation Plan (QAP)** – HTCs are administered through an approved QAP, which includes scoring and program requirements. MN Housing recently adopted a 2-year QAP.

HTC Scoring Criteria – 9%:

1. Supportive housing for persons experiencing homelessness
(proposing to combine previous categories) 25 pts
2. Non-profit developers 5 pts
3. Units set aside for persons with disabilities 5 pts
4. Community support 1 pt
5. Projects located outside an ACP50 20 pts
6. Rehab projects located inside a ACP50 5 pts
7. Funding commitments - capital 20 pts
8. Funding commitments – services 10 pts
9. Non-smoking policy 1 pt
10. Intermediary (soft) costs 6 pts
11. Transit proximity 10 pts
12. Density 5 pts
13. Cost containment (proposed for deletion) 6 pts
14. Equitable development (new category) 5 pts
15. Sale to tenants 1 pt
16. Historic Rehab 1 pt
17. Long term affordability 5 pts
18. Serves lowest incomes (30% AMI and less) 12 pts

HTC Scoring Criteria – 4%:

1. Funding commitments - capital 15 pts
2. Long term affordability 10 pts
(proposing to increase minimum from 20 to 30 years,
incentivize 40+ years)
3. Intermediary (soft) costs 15 pts
4. Units for large families 5 pts
5. AHTF projects 10 pts
6. Preservation – existing affordable housing 10 pts
7. Non-profit developers 5 pts
8. Promotes economic housing integration 10 pts
9. Cost containment (proposed for deletion) 6 pts
10. Serves lowest incomes – 30% AMI and less 10 pts
(new category)

9% Project Selected in 2020



- 3301 Nicollet
- Alliance Housing, Inc.
- Ward 8
- Also AHTF
- 64 units of low-barrier affordable rental housing including units for persons experiencing long-term homelessness, mental illness, and co-occurring addiction
 - 24 units at 30% AMI
 - 40 units at 50% AMI
 - 10 units with Project Based Vouchers
 - 14 units with Housing Support
 - 14 homeless units



4% Project Selected in 2020



- Greenway Apartments
- Reuter Walton
- Ward 9
- Also AHTF
- 79 units of mixed income and family housing
 - 19 units at 80% AMI
 - 36 units at 60% AMI
 - 17 units at 50% AMI
 - 7 units at 30% AMI
 - 11 homeless units
- 22 3-bedroom units



Process and Timing

- The QAP review and approval process is underway:
 - Updates to the QAP and related docs – Jan. to Apr.
 - QAP approved by Council – May
 - QAP approved by the Housing Finance Board - June
 - 9% HTC NOFA issued – June
 - 4% HTCs are allocated on a rolling basis, in conjunction with the allocation of Housing Revenue Bonds
 - Proposals due – July
 - Underwriting, scoring and evaluation – Aug. to Oct.
 - Recommendations to Council Committee – November
 - **Awards – December**