

2012 Housing Tax Credit Program, QAP and Procedural Manual Proposed Revisions

Statutory

No statutory changes are proposed.

Qualified Allocation Plan and/or Procedural Manual

The following are proposed revisions to priorities made to accommodate special circumstances of the Housing and Economic Recovery Act of 2008 (HERA):

1. Make permanent the \$1 million per development cap

In December 2008, the Board approved a temporary increase to the per development cap from \$780,000 to \$1,000,000 in response to the deteriorating tax credit market and enactment of HERA which allowed states to award up to a 30% basis boost if the determination was made that the boost was needed for the financial feasibility of the development. Staff has determined that the \$1 million per development limit has been effective in utilizing the 30% basis boost and maximizing the tax credits resulting in reduced funding gaps and minimizing the number of waiver requests to the Board. Staff is recommending the temporary nature of the cap be removed. Any recommendation for an award over \$1 million to a development will continue to require a Board waiver.

2. Remove the temporary allowance of more than one supplemental tax credit request per development and re-establish the restriction to one supplemental request

In December 2008, the Board approved the temporary allowance for developers to apply for more than one supplemental request for tax credits. The state designated 30% basis boost enacted in HERA allowed developments to become eligible for up to an additional 30% of tax credits which was utilized to fill the gaps left by reduced credit pricing. The QAP allows for supplemental tax credits to be requested at the time of carryover subject to available credits in addition to one competitive supplemental request in HTC Round 1 or 2. The 2008 and 2009 stalled developments resulting from the market downturn have either closed or are pending closing and the temporary allowance is no longer necessary. Limiting the number of supplemental tax credit request opportunities encourages applications from developments that are ready to proceed.

The following are refinements to existing priorities based on experience and additional data:

3. Revise the definition of Supplemental Tax Credit Request in the QAP

HTC Round 2 has a priority for projects that have previously received tax credits and have an annual tax credit shortfall of at least 5%, but not more than 50% of the total qualified annual tax credit amount. The majority of tax credits are awarded in Round 1 leaving a relatively small amount of tax credits available for Round 2. Round 2 has been highly competitive with significant amounts of credit requests that far exceed availability. Revising the definition of supplemental tax credit request to projects that have an annual shortfall of at least 5%, but not more than 33.33% of the total qualified annual tax credit amount will provide the potential for more projects to be funded in Round 2.

4. Remove the Previous Award of Credits scoring criterion

In March 2009, the Board approved the Previous Award of Credits scoring criterion that provided 400-1000 points to developments that had a previous award of credits and no funding gap or gaps of no more than \$200,000. This allowed the stalled 2008 and 2009 HTC developments to receive the highest priority in the QAP. The stalled developments resulting from the market downturn have either closed or are pending closing and the criterion is no longer necessary.

5. Eliminate the duplicative Leverage scoring criterion

External leverage and commitments are taken into account in the Local/Philanthropic Contributions selection criteria and will be more accurately measured in the recommended change to the Readiness to Proceed selection criteria. Points are awarded for projects that leverage requested state deferred funding with external resources outside of the Multifamily Consolidated RFP based on the percentage of the Multifamily RFP deferred loan request divided by the project's total development cost. Through the course of staff review and underwriting of proposals, the funding gap need has been found to significantly change between application and selection due to staff recommended changes in underwriting or scope of work making this criterion difficult to accurately assess.

6. Revise the Readiness to Proceed scoring criterion

Points are awarded for projects that demonstrate Financial Readiness to Proceed based on percentage of funding commitments divided by total development cost. Staff is proposing to add 10 additional points in this category for projects that leverage external funding sources, have no funding gap and are not requesting deferred loan funding through the Multifamily RFP, thereby maximizing scarce deferred loan resources.

Current:

Total eligible funding secured, awarded or committed (excluding first mortgage financing and any anticipated proceeds from the current tax credit request) \$ Divided by Total Development Cost \$ equals Percentage of Funds Committed % (round to nearest tenth)

- 50% or more of funding secured, awarded or committed – *10 points*
- 40% to 49.9% or more of funding secured, awarded or committed – *8 points*
- 30% to 39.9% or more of funding secured, awarded or committed – *6 points*
- 20% to 29.9% of funding secured, awarded or committed – *4 points*
- 10% to 19.9% of funding secured, awarded or committed – *2 points*
- 9.9% and below of funding secured, awarded or committed – *0 points*

Add the following option for a total 20 point maximum in the Financial Readiness to Proceed criteria:

- Projects **with no funding gap and no request for deferred loan funding through the Multifamily Consolidated RFP** exclusive of amortizing first mortgages and proceeds from the tax credits requested at the time of this application. A subsequent request for deferred loan funding prior to issuance of 8609 may result in the reevaluation and adjustment of the tax credit award, up to and including the total recapture of tax credits. – *20 points*

7. Clarify starting point for rent restrictions period in the Serves Lowest Income scoring criterion

Points are awarded for projects that further restrict rents so they are affordable to households at or below 30% or 50% Area Median Income (AMI). Units must meet the rent restriction for a minimum of five years after the placed in service date, at which time the rents may be gradually increased over a three year period. Currently, for developments involving acquisition and rehabilitation, the beginning of the five year period has been interpreted to be the acquisition placed in service date. However, the rehabilitation may not be completed and placed in service for several months and up to two years after the acquisition placed in service date.

Modify the criteria to:

Specify that the five year rent restriction begins at the latest placed in service date. This will ensure that the units will be rent restricted at 30% or 50% AMI for a minimum of five years after the rehabilitation is complete.

The following are proposed revisions based on policy changes:

8. Revise the Economic Integration scoring criterion.

Points are awarded to applicants that promote economically integrated proposals by providing a percentage of unrestricted/market rate units within the tax credit development or that demonstrate community economic integration by locating the proposed housing in a high income census tract. Assessment of the current scoring criterion found that very few applicants were able to qualify in this criterion and staff propose expanding the definition of project economic integration to lower the minimum percentage of unrestricted/market rate units from 50% to 25% and tiering and expanding the community economic integration definition to include a more expansive range of higher income communities that are close to low and moderate wage jobs. Refer to Attachment 1 for the Community Economic Integration methodology description, maps and census tracts.

Current:

Two (2) Points will be awarded to projects that meet one of the following

- The proposed housing provides project economic integration by providing at least 25 percent but not greater than 50 percent of the total units in the project as qualified HTC low income units (does not include full-time manager or other common space units)

OR

- The proposed housing provides community economic integration by providing housing located in neighborhoods with average incomes as published by the Department of Revenue data by census tract that exceed the HUD established area median family income by 150%

Proposed:

One (1) or Two (2) Points will be awarded to projects that meet one of the following:

- The proposed housing provides project economic integration by providing at least 25 percent of the total units in the project as unrestricted/market rate units – 2 points

OR

To promote economic integration, projects are awarded points for being located in higher income communities that are close to jobs (refer to the attached methodology description, maps and census tract list).

- The proposed housing is located in a census tract eligible for 1 point
- The proposed housing is located in a census tract eligible for 2 points

9. Revise Project Location scoring criterion

Points are awarded to proposed projects that are located in one of the top twenty counties in either job or household growth where housing is needed to increase or sustain the supply of affordable housing. Staff is recommending revising the criterion to base its household and job growth scoring on the top cities/townships, rather than top counties. Counties are too large of a geography to effectively target resources. All seven counties in the metro area rank near the top in household growth and statewide, 71 percent of the state's households are in one of the top 20 counties for household growth. Consequently, most projects score well on this criterion, especially in the metro area. To take into account geographic differences, staff proposes awarding points to the top 10 cities/townships in the 7 county metro area and top 20 cities/townships in Greater Minnesota with the highest household or job growth from 2000-2009. Refer to Tables 1, 2 and 3 in Attachment 2. Table 1 identifies the current counties eligible for points, Table 2 identifies the proposed cities/townships eligible for points in the 7 County Metro (10 points for the top 5 growth cities/townships and 5 points for cities/townships ranking 6-10) and Table 3 identifies the proposed cities/townships eligible for points in Greater Minnesota (10 points for the top 10 growth cities/townships and 5 points for cities ranking 11-20).

10. Revise Transit Oriented Development scoring criteria

Points are awarded to Transit Oriented Developments. Increasing location efficiency can lead to more walking, biking and use of transit thereby boosting transit ridership and reducing traffic congestion. Lack of transportation is a major barrier to employment for low-income households; connecting affordable housing to transportation systems can help reduce costs for low income households and supports attachment to the workforce. Staff is recommending revising the criteria to acknowledge the importance of both projects that are Transit Oriented developments located by light rail, bus rapid transit or commuter rail stations and projects within close access to public transit. Projects with access to Dial-a-Ride or on-demand transportation systems are not proposed to be eligible for points in this criterion because while they may assist in minimizing the dependence of car ownership, they have widespread availability and minimize the location efficiency goals for encouraging Transit Oriented Developments. The definition of Transit Oriented Development has been expanded to increase the public fixed route stops from those serving Metro Transit's high frequency network to those with high service (defined as those serviced during the time period 6 AM to 6:30 PM and with service approximately every half hour during that time) and awarding points for projects located within one of the 53 Transit Improvement Area stations near commuter rail, bus rapid transit and light rail stations designated by MN Department of Employment and Economic Development. Refer to Attachment 4 for the current 2011 QAP and proposed 2012 QAP Transit Oriented Development and Access to Public Transportation maps.

Current:

Three (3) points will be awarded for developments located within walking distances of public transit stations and stops.

7 County Metro: To receive the points, a development in the 7 County Metro Area must be:

Located within a ½ mile radius of a Red Line station identified in the Metropolitan Council maps; or

Located within a ¼ mile radius of a Blue Line public transit fixed route stop identified in the Metropolitan Council maps; or

Located within a ½ mile radius of an Express Bus station/park and ride identified in the Metropolitan Council maps.

Greater Minnesota: To receive the points, a development in Greater Minnesota must be located within a ½ mile radius of a public transit fixed route stop or station.

Proposed:

A maximum of 3 points will be awarded for Transit Oriented Developments or developments with access to public transportation.

7 County Metro: To receive 3 Points for Transit Oriented Development in the 7 County Metro, a development must be:

Located within a one half mile radius of a completed or in progress LRT, BRT, or commuter rail station; or

To receive 2 Points for access to public transportation in the 7 County Metro, a development must be:

Located within one quarter mile of a high service public transportation fixed route stop; or

Located within one half mile of an express bus route stop; or

Located within one half mile of a park and ride; or

Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED).

Greater Minnesota: To receive 3 Points for access to public transportation, a development in Greater Minnesota must be:

Located within one half mile of a public transportation fixed route stop (including express bus stop and park and ride stations); or

Located within a Transit Improvement Area designation by MN Department of Employment and Economic Development (DEED).

11. Revise the Temporary Priority - Foreclosed Properties scoring criteria

Points are awarded to applications proposing to acquire and rehabilitate a foreclosed property or are located in a Foreclosure Priority area identified by Minnesota Housing that has been heavily impacted by the foreclosure crisis. Foreclosure recovery is one of the Agency's five strategic priorities. Staff proposes increasing and tiering the point value, revising the definition of Foreclosed property to be consistent with HUD's definition of a Foreclosed Property and adding additional priority for projects located within NSP3 target areas. Refer to Attachment 5 for the methodology of identifying NSP3 and designated Foreclosure Priority areas.

Current:

Priority is given to applications proposing to acquire and rehabilitate a Foreclosed Property (Foreclosed Property means the project's real estate and improvements acquired by applicant by way of a deed-in-lieu of foreclosure, sheriff's certificate or court order through a foreclosure proceeding) or properties that are located in a Foreclosure Priority Area identified by Minnesota Housing that has been heavily impacted by the foreclosure crisis. In cases where the project involves a Foreclosed Property, the proposed project cannot be a conversion (adaptive reuse/conversion to housing from another use).

The project must consist of a minimum of 12 units and all units must be located on one parcel or contiguous site.

Points may be claimed for only one of the following (maximum of three (3) points):

For applications proposing to acquire and rehabilitate a Foreclosed Property which is located in one of the designated Foreclosure Priority Areas. – 3 points

For applications proposing to acquire and rehabilitate a Foreclosed Property which is not located in one of the designated Foreclosure Priority Areas. – 2 points

For applications proposing projects to acquire and rehabilitate a property that is located in one of the designated Foreclosure Priority Areas. – 1 points

Proposed:

Priority is given to applications proposing to acquire and rehabilitate a “Foreclosed Property” (A home or residential property has been foreclosed upon if any of the following conditions apply: a) the property’s current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or b) the property owner is 90 days or more delinquent on tax payments, or c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, contractor, developer, or end user.) or are located in a NSP3 Target Area or Foreclosure Priority Area identified by Minnesota Housing. In cases where the project involves a “Foreclosed Property”, the proposed project cannot be a conversion (adaptive reuse/conversion to housing from another use).

The project must consist of a minimum of 12 units and all units must be located on one parcel or contiguous site.

Points may be claimed for only one of the following (maximum of ten (10) points):

For applications proposing to acquire and rehabilitate a Foreclosed Property which is located in one of the Minnesota Housing designated NSP3 target areas. – 10 points

For applications proposing to acquire and rehabilitate a Foreclosed Property which is located in one of the designated Foreclosure Priority Areas. – 5 points

For applications proposing a project that is located in a Minnesota Housing designated NSP3 target area. – 5 points

For applications proposing to acquire and rehabilitate a Foreclosed Property which is not located in one of the designated Foreclosure Priority Areas. – 3 points

For applications proposing a projects to acquire and rehabilitate a property that is located in one of the designated Foreclosure Priority Areas. – 3 points

Scoring Criteria Impact:

1. Previous Award of Credits:

Deletion of the scoring criterion removes its 400-1000 point value.

2. Leverage:

Deletion of the scoring criterion removes its 10 point value.

3. Readiness to Proceed:

The proposed revision would increase point value from 14 points to 24 points.

4. Economic Integration:

The proposed revision would tier the points at 1 or 2, the maximum point value of 2 remains unchanged.

5. Transit Oriented Development:

The proposed revision would tier the points at 2 or 3 for the metro and remain at 3 in Greater Minnesota, the maximum point value of 3 remains unchanged.

6. Foreclosed Properties:

The proposed revision would increase the maximum point value from 3 points to 10 points.

General Administrative and Clarifications:

Perform various administrative checks for spelling, formatting, text and instruction corrections and clarifications within QAP, Manual, Self-Scoring Worksheet, and other 2012 tax credit program related documents.

Community Economic Integration Methodology, Maps and Census Tracts

Methodology Summary

For applicants to be awarded one or two points for community economic integration, the proposed housing is located in a community (census tract) with the median family income meeting or exceeding the region’s¹ 40th percentile for median family income based on data published by the American Community Survey (ACS) for 2009. For each region, the 40 percent of census tracts with the lowest incomes are excluded. The census tract must also meet or exceed the region’s 20th percentile for low and moderate wage jobs² within five miles based on data published by the Local Employment Dynamics program of the US Census. For each region, the 20 percent of census tracts with the fewest low and moderate wage jobs within five miles are excluded. To promote economic integration, the criteria identify higher income communities that are close to low and moderate wage jobs.

This document includes maps of the census tracts that meet the following two tiers of community economic integration as well as a list of census tracts by county for each tier. Table 1 shows the number of jobs within five miles that achieves the 20th percentile by region and both the 40th and 80th percentile for Median Family Income by region. Maps 1 and 2 display the Census tracts that meet these criteria.

First Tier Community Economic Integration – 1 Point

Meet or exceed the 40th percentile of median family income (but less than the 80th percentile) and meet or exceed the 20th percentile of jobs within 5 miles.

Second Tier Community Economic Integration – 2 Points

Meet or exceed the 80th percentile of median family income and meet or exceed the 20th percentile of jobs within 5 miles – 2 points.

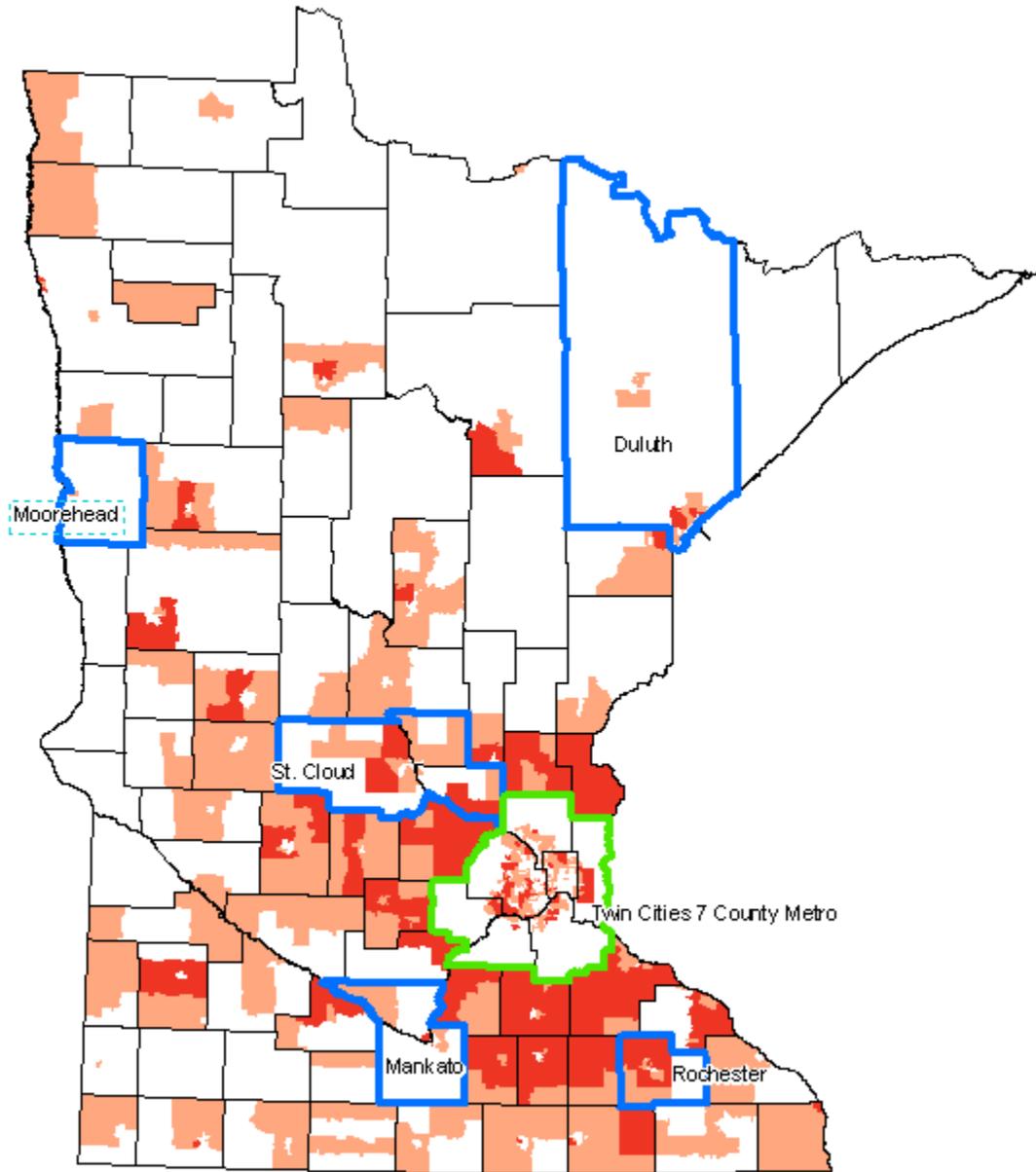
TABLE 1 – JOBS AND MEDIAN FAMILY INCOME THRESHOLDS BY REGION

Community Economic Integration / percentile	7 County Metro (Outlined in Green)	Non Metro Counties with Large Cities (Outlined in Blue)	Greater Minnesota
Jobs within 5 miles / 20 th	49,329	1,738	107
Med Family Income / 40 th	\$71,944	\$59,706	\$54,648
Med Family Income / 80 th	\$101,667	\$75,953	\$66,000

¹ For the purpose of assessing income and access to jobs, Minnesota Housing is defining three regional categories: 1) Twin Cities 7 County Metro, 2) Counties that include the five largest non-metro cities (Duluth, St. Cloud, Rochester, Mankato, and Moorhead), 3) Balance of Greater Minnesota. The purpose of regional split is to acknowledge that incomes and access to jobs varies by region. A higher income community close to jobs in the metro is very different than a higher income community close to jobs in rural Greater Minnesota.

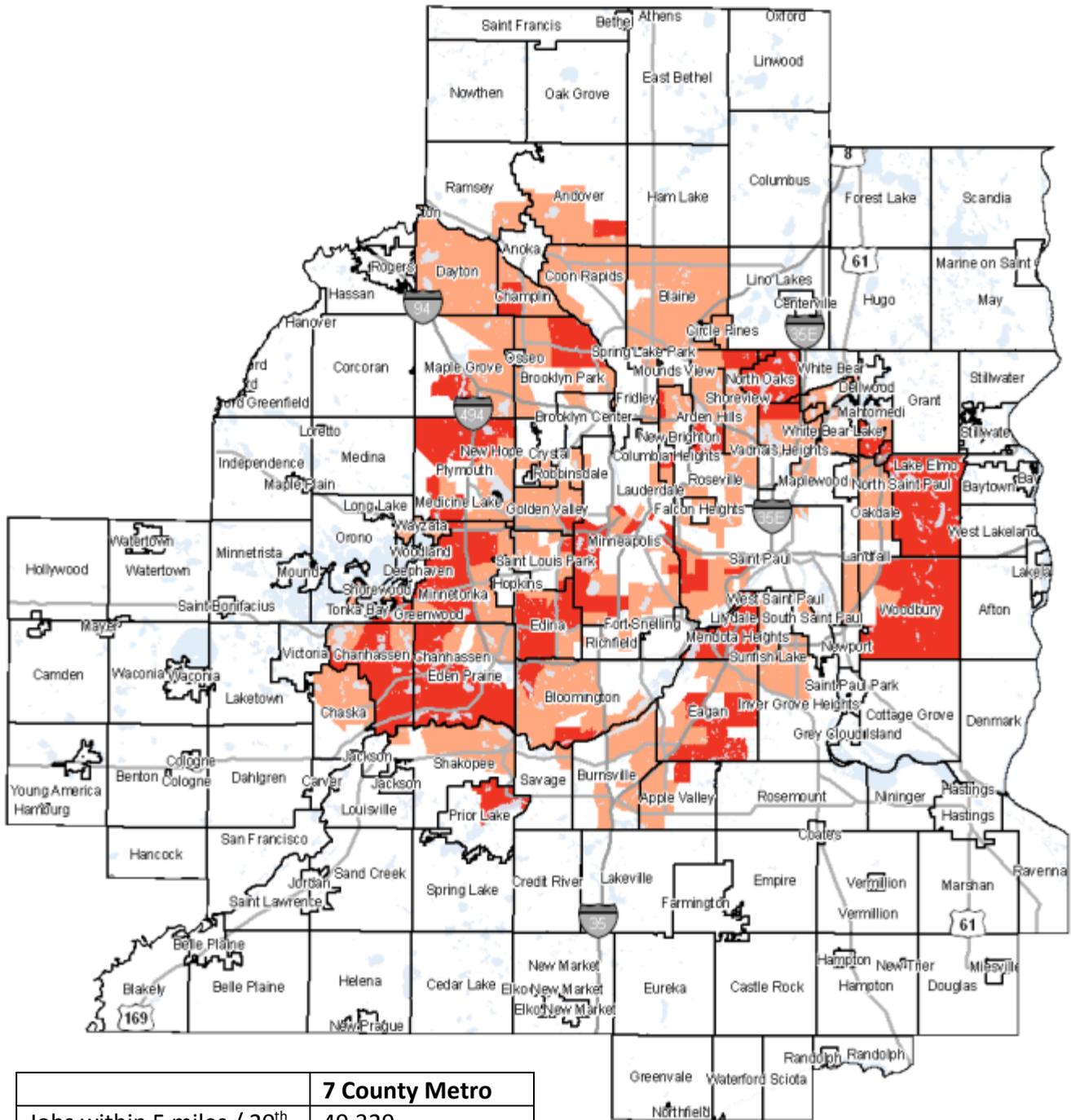
² Low and moderate wage jobs are those with a monthly earning less than or equal to \$3,333, using LED data from the US Census (2008).

MAP 1 – CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME & 20TH PERCENTILE FOR TOTAL JOBS WITHIN 5 MILES



*Note, map displays where median family income thresholds are met along with the jobs threshold.

MAP 2 – TWIN CITIES 7 COUNTY METRO DETAIL - CENSUS TRACTS MEETING REGION'S 40TH AND 80TH PERCENTILE THRESHOLDS FOR MEDIAN INCOME & 20TH PERCENTILE FOR TOTAL JOBS WITHIN 5 MILES



	7 County Metro
Jobs within 5 miles / 20 th	49,329
Med Family Income / 40 th	\$71,944
Med Family Income / 80 th	\$101,667

Attachment 1

7 County Metro

Anoka County

050208

050219

050220

050222

050226

050227

050605

050609

050610

050702

050707

050711

050712

050805

050806

050809

050810

050811

050813

050814

050815

050902

051001

051203

Carver County

090501

090502

090503

090600

090701

090702

090800

090900

Dakota County

060103

060202

060505

060506

060507

060603

060604

060605

060606

060702

060713

060714

060716

060717

060722

060726

060728

060729

060730

060731

060733

060734

060735

060736

060738

060740

060741

060806

060811

060812

060822

060824

Hennepin County

000300

000603

003501

003502

010600

010700

011000

011703

011704

011800

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020101

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026507

026508

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026603

026609

026610

026611

026706

026707

026710

Attachment 1

026711	111200	040603	071015
026712	111300	040604	071016
026713	111400	040703	071017
026716	111500	040704	071018
026807	111600	040705	Greater Minnesota
026811	122600	040706	Becker County
026812	Ramsey County	040707	950300
026815	030100	040801	950400
026820	030200	040803	950600
026821	030300	041002	950700
026903	030602	041104	950800
026906	032300	041105	950900
026907	033200	041106	Beltrami County
026908	033300	041301	950200
026910	033900	041500	950300
027300	034800	041601	950700
027501	034900	041700	Brown County
027504	035000	041900	960100
101200	035100	042301	960200
103700	035200	042502	960400
103900	035300	042602	960500
104400	035400	Scott County	960600
104600	035500	080100	Carlton County
104700	035600	080301	970100
105000	035700	080500	970300
105100	035800	080905	970400
105200	036200	Washington County	970500
105400	036300	070303	Chippewa County
105500	036400	070304	950100
106500	036500	070405	950300
106600	036600	070406	Chisago County
107500	036700	070906	110100
107600	036900	070907	110200
108000	037500	070908	110300
108900	037601	070909	110400
109000	040200	071001	110500
109100	040301	071006	110600
109800	040402	071010	110700
109900	040503	071011	Clay County
110500	040504	071013	030106
110800	040601	071014	
111100			

Attachment 1

Crow Wing County	980800	Le Sueur County	980200
950200	980900	950100	980300
950500	Grant County	950200	980800
950800	970100	950300	Mower County
950900	Houston County	950400	000200
951300	020100	950500	000900
951400	020200	950600	001000
Dodge County	020300	Lincoln County	001200
950100	020500	950100	001300
950200	020900	Lyon County	001400
950300	Hubbard County	960200	Nobles County
950400	970100	960300	990100
950500	Isanti County	960400	990600
Douglas County	130100	960600	Norman County
950200	130200	Marshall County	960300
950500	130300	980300	Otter Tail County
950800	130400	980400	960100
950900	130500	Martin County	961100
951000	130600	990100	961700
Faribault County	Itasca County	990300	Pine County
960100	980700	990500	950600
960300	980800	McLeod County	950800
Fillmore County	980900	950100	Pipestone County
960100	Jackson County	950200	960300
960300	980100	950300	Polk County
960400	Kandiyohi County	950400	020100
Freeborn County	980100	950500	020200
980100	980200	950600	020300
980200	980300	950700	020600
980300	980400	Meeker County	020700
980400	980600	960100	Pope County
980700	980700	960200	970100
Goodhue County	980800	960400	970200
980102	981100	960500	970300
980200	981200	960600	Red Lake County
980300	Kittson County	Mille Lacs County	010100
980400	990200	970400	010200
980500	Koochiching County	970500	Redwood County
980600	990100	970600	950200
980700	990200	Morrison County	950400

Attachment 1

Renville County	990100	Large Non-Metro Citi	001602
990100	990200	Benton County	001603
990200	990300	020100	001702
990300	990600	020201	001703
990500	Waseca County	020300	001800
Rice County	990100	021100	001900
970100	990200	Blue Earth County	002100
970200	990300	970200	002200
970300	990400	971101	Sherburne County
970400	990500	971102	030100
970500	Watonwan County	Clay County	030401
970600	950100	020202	030402
970700	Winona County	020500	030501
970800	970100	030102	030502
Rock County	970300	Nicollet County	031300
970100	970400	St. Louis County	
970200	970600	980100	000100
Roseau County	970900	980400	000300
970300	971000	980500	000400
Sibley County	Wright County	980600	000500
970198	100100	Olmsted County	000600
St. Louis County	100202	000100	000700
002200	100203	000400	000800
Steele County	100204	000600	001000
960100	100300	000700	001100
960200	100400	000901	002300
960300	100500	000902	002900
960500	100701	000903	003100
960600	100702	001000	003600
960700	100703	001100	010200
960800	100801	001201	010300
Stevens County	100802	001202	010400
980200	100900	001203	013200
980300	101000	001301	013400
Swift County	101100	001302	Stearns County
960300	101200	001401	000200
Todd County	101300	001402	000302
990500	Yellow Medicine Count	001501	000400
990800	970100	001502	000701
Wabasha County	970200	001503	000801
	970400	001601	001001

Attachment 1

Stearns County continued

010100

010200

010401

010402

010500

011301

011302

011304

011400

Project Location – High Growth Cities/Townships

Table 1: Current Methodology - Top 20 Counties

Top 20 Counties - Household Growth					Top 20 Counties - Job Growth				
	2009 HH	2000 HH	Change	Rank		2009 Jobs	2000 Jobs	Change	Rank
Hennepin County	487,813	456,129	31,684	1	Dakota County	169,351	153,404	15,947	1
Dakota County	152,997	131,151	21,846	2	Wright County	34,984	28,860	6,124	2
Washington County	88,120	71,462	16,658	3	Olmsted County	88,501	82,673	5,828	3
Anoka County	122,105	106,428	15,677	4	Scott County	40,373	34,689	5,684	4
Scott County	45,396	30,692	14,704	5	Blue Earth County	36,111	32,647	3,464	5
Wright County	44,627	31,465	13,162	6	Sherburne County	22,395	19,089	3,306	6
Olmsted County	57,109	47,807	9,302	7	Carver County	31,908	28,746	3,162	7
Stearns County	56,487	47,604	8,883	8	Washington County	69,897	67,057	2,840	8
Carver County	32,867	24,356	8,511	9	Benton County	16,079	13,794	2,285	9
Sherburne County	30,054	21,581	8,473	10	Douglas County	17,258	15,447	1,811	10
Ramsey County	209,214	201,236	7,978	11	Stearns County	77,723	76,332	1,391	11
Crow Wing County	26,423	22,250	4,173	12	Clay County	18,215	16,855	1,360	12
Chisago County	18,220	14,454	3,766	13	Crow Wing County	27,013	25,739	1,274	13
Isanti County	14,725	11,236	3,489	14	Isanti County	10,247	9,172	1,075	14
Clay County	22,038	18,670	3,368	15	Pennington County	8,880	7,824	1,056	15
Blue Earth County	24,175	21,062	3,113	16	Becker County	12,615	11,789	826	16
Rice County	21,993	18,888	3,105	17	Chisago County	13,485	12,668	817	17
Benton County	15,741	13,065	2,676	18	Jackson County	5,191	4,382	809	18
Douglas County	15,702	13,276	2,426	19	Kandiyohi County	22,174	21,412	762	19
Beltrami County	16,480	14,337	2,143	20	Cass County	9,691	9,084	607	20

Table 2: Proposed Methodology - Top Metro Cities

Top 10 Cities - Household Growth					Top 10 Cities - Job Growth				
	2009 HH	2000 HH	Change	Rank		2009 Jobs	2000 Jobs	Change	Rank
Minneapolis (Hennepin)	169,798	162,352	7,446	1	Maple Grove (Hennepin)	28,621	18,205	10,416	1
Woodbury (Washington)	22,310	16,676	5,634	2	Maplewood (Ramsey)	26,857	18,703	8,154	2
Maple Grove (Hennepin)	22,624	17,532	5,092	3	Eagan (Dakota)	49,252	42,741	6,511	3
Shakopee (Scott)	12,589	7,540	5,049	4	Richfield (Hennepin)	15,742	11,565	4,177	4
Lakeville (Dakota)	18,585	13,609	4,976	5	Shakopee (Scott)	17,842	13,903	3,939	5
Blaine (primarily Anoka)	20,807	15,898	4,909	6	Golden Valley (Hennepin)	33,103	30,074	3,029	6
Forest Lake (Washington)	6,957	2,805	4,152	7	Blaine (Anoka)	20,408	17,419	2,989	7
Eden Prairie (Hennepin)	24,300	20,457	3,843	8	Mendota Heights (Dakota)	11,428	8,479	2,949	8
Plymouth (Hennepin)	28,568	24,820	3,748	9	Lakeville (Dakota)	13,427	10,583	2,844	9
St. Paul (Ramsey)	115,435	112,109	3,326	10	Woodbury (Washington)	18,747	16,077	2,670	10

Table 3: Proposed Methodology - Top Greater Minnesota Cities and Townships

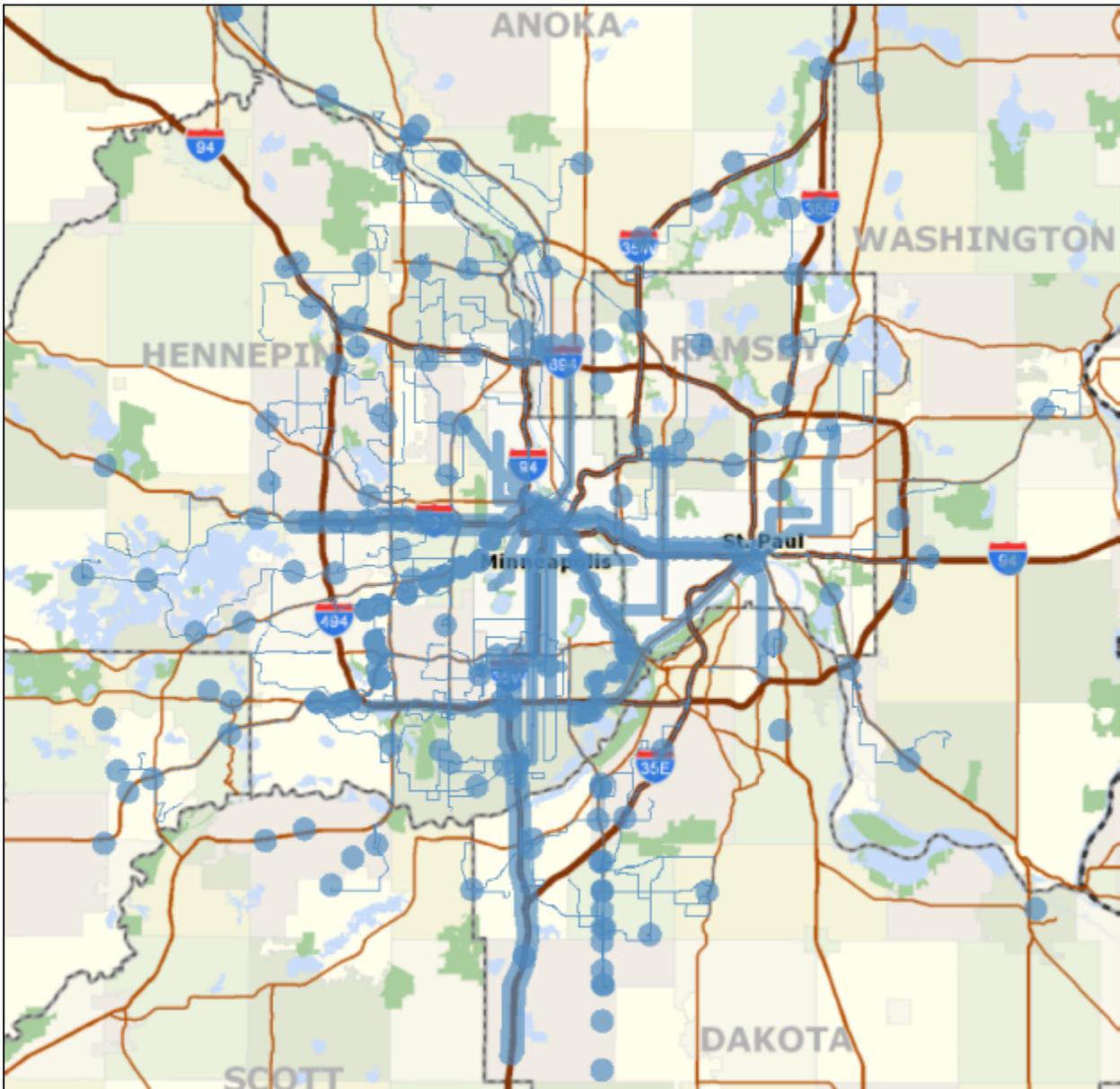
Top 20 Cities/Townships - Household Growth					Top 20 Cities/Townships - Job Growth				
	2009 HH	2000 HH	Change	Rank		2009 Jobs	2000 Jobs	Change	Rank
Rochester (Olmsted)	42,930	34,116	8,814	1	Rochester (Olmsted)	82,868	77,835	5,033	1
St. Cloud (primarily Stearns)	26,374	22,652	3,722	2	Baxter (Crow Wing)	7,212	3,641	3,571	2
Moorhead (Clay)	14,406	11,660	2,746	3	Mankato (primarily Blue Earth)	30,443	27,916	2,527	3
Mankato(primarily Blue Earth)	15,002	12,367	2,635	4	Worthington (Nobles)	8,455	6,172	2,283	4
Otsego (Wright)	4,660	2,062	2,598	5	Red Wing (Goodhue)	12,852	10,649	2,203	5
Elk River(Sherburne)	8,165	5,664	2,501	6	Albertville (Wright)	3,104	1,155	1,949	6
St. Michael (Wright)	5,149	2,926	2,223	7	Elk River (Sherburne)	10,662	8,864	1,798	7
Sartell (primarily Stearns)	5,571	3,443	2,128	8	North Mankato (pr. Nicollet)	9,007	7,325	1,682	8
Alexandria (Douglas)	5,909	4,047	1,862	9	Goodview (Winona)	1,855	325	1,530	9
Buffalo (Wright)	5,488	3,702	1,786	10	Onamia Twp (Mille Lacs)	1,524	62	1,462	10
Monticello (Wright)	4,538	2,944	1,594	11	Sartell (largely Stearns)	4,315	3,049	1,266	11
Wyoming (Chisago)	2,402	1,023	1,379	12	Otsego (Wright)	1,414	304	1,110	12
Owatonna (Steele)	10,002	8,704	1,298	13	Hermantown (Saint Louis)	3,525	2,439	1,086	13
Sauk Rapids (Benton)	5,176	3,921	1,255	14	Monticello (Wright)	6,638	5,562	1,076	14
Grand Rapids (Itasca)	4,666	3,446	1,220	15	Shingobee Twp, (Cass)	1,387	485	902	15
Big Lake (Sherburne)	3,334	2,117	1,217	16	Lakefield (Jackson)	1,428	576	852	16
Isanti (Isanti)	2,006	816	1,190	17	Waite Park (Stearns)	7,146	6,305	841	17
Northfield (primarily Rice)	6,086	4,909	1,177	18	Kathio Twp (Mille Lacs)	912	100	812	18
Duluth (St. Louis)	36,624	35,500	1,124	19	Willmar Twp, (Kandiyohi)	1,854	1,068	786	19
Albertville (Wright)	2,399	1,287	1,112	20	Buffalo (Wright)	7,274	6,490	784	20

Transit Oriented Developments/Access to Public Transit

Current Transit Oriented Development Geographic Coverage Map

Coverage includes Metropolitan Council identified blue, red, and gold lines which include stations or stops:

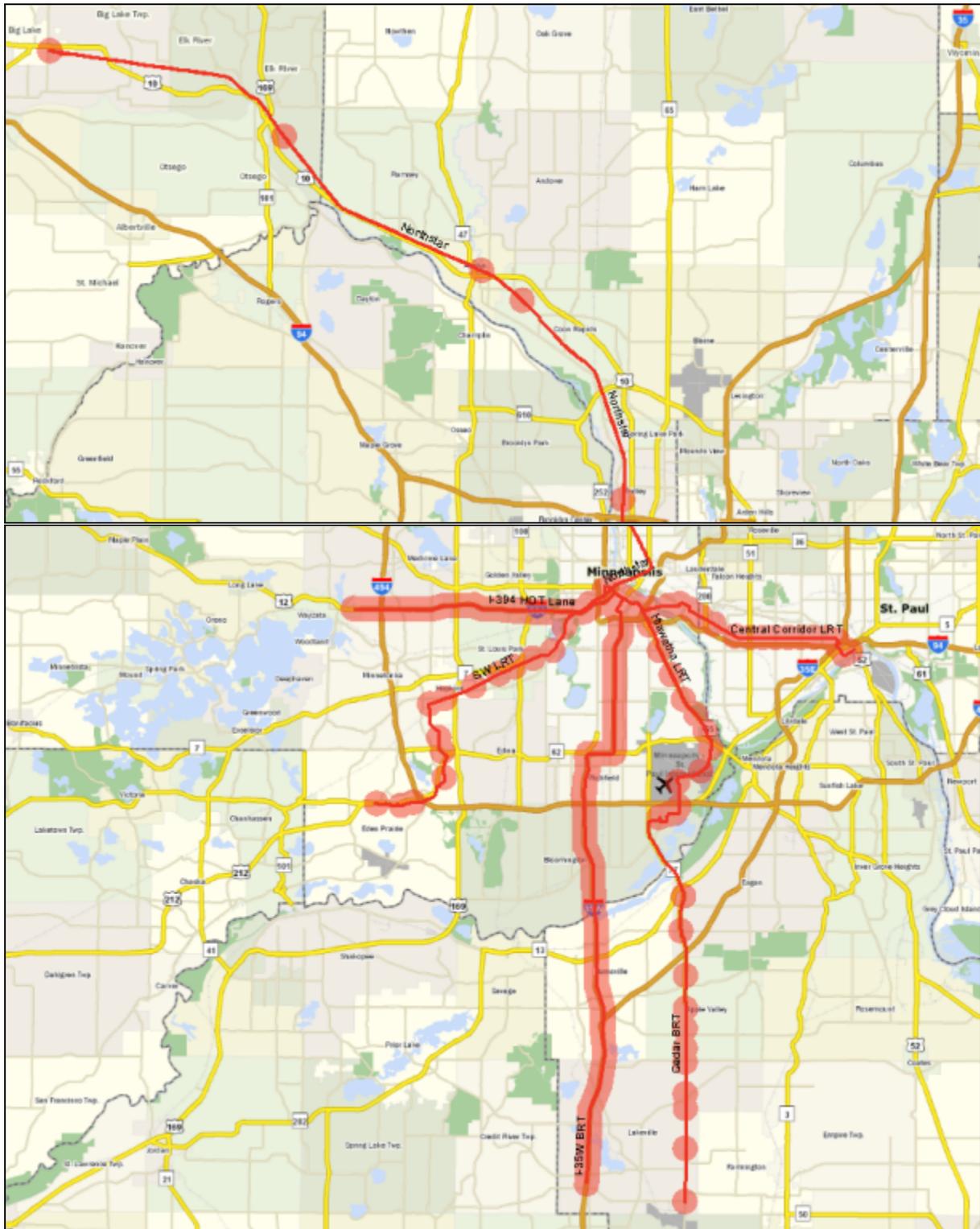
- Located within ½ mile of a LRT, BRT, or commuter rail station; or
- Located within ½ mile of a hi-frequency network stop or arterial BRT; or
- Located within ½ mile of an express route station/park and ride. (*Identified on Metropolitan Council maps as park and rides*).



Not included on this map but eligible for points is the full Northstar line and transit available in Greater Minnesota.

Proposed Expanded Transit Oriented Development Map

Includes areas within ½ mile of a LRT, BRT, or Commuter rail station*.

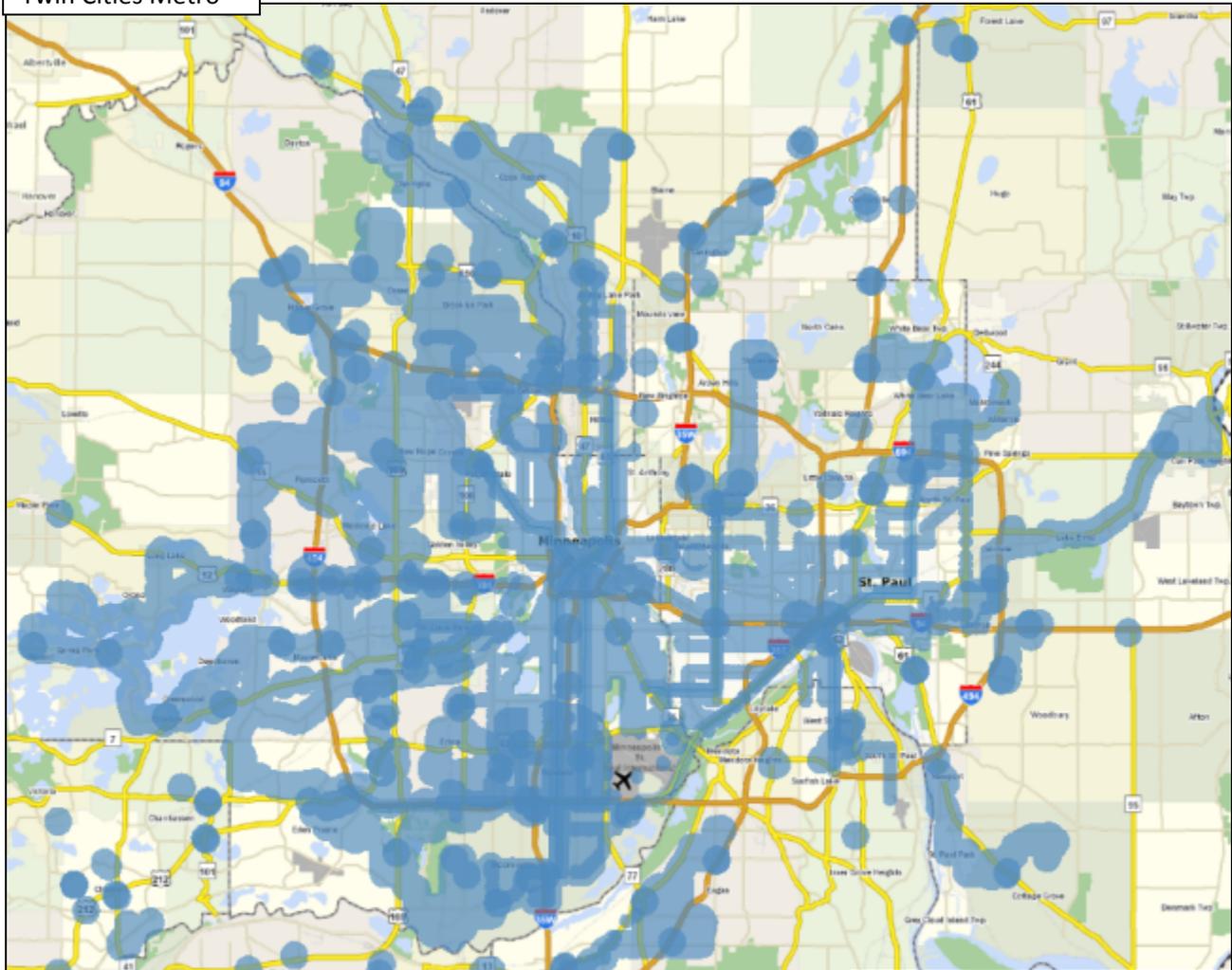


*Note the TOD maps currently display all stations both existing and planned. These areas will only be those stations that are existing or in progress.

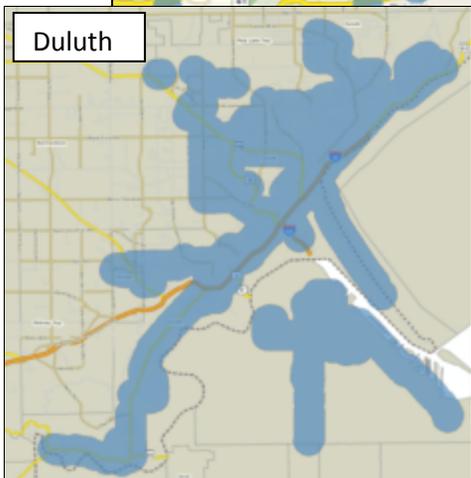
Proposed Expanded Access to Public Transportation Map

In the Twin Cities Metro, includes areas within ¼ mile of high service local fixed route transit and areas within ½ mile of park and rides and transit stops served by express routes. In Greater Minnesota, includes areas within ½ mile of local fixed route transit stop.

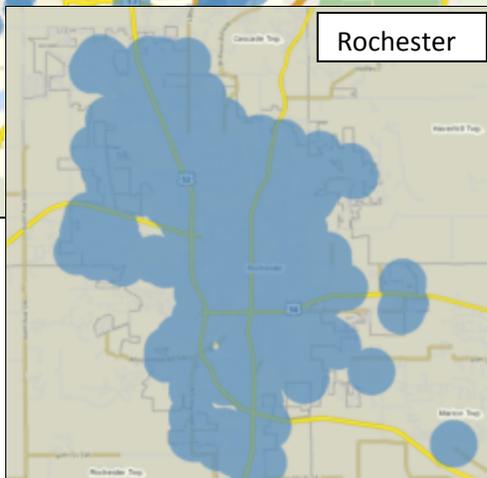
Twin Cities Metro



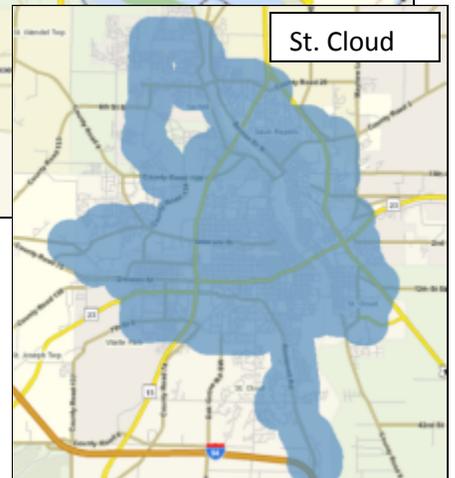
Duluth



Rochester



St. Cloud



Foreclosure Priority Methodology

First Tier Priority Areas – NSP3

See the overview map and Maps 1-7 for the NSP3 initial target areas. (There is a separate map for each community.) On January 14, 2011, Minnesota Housing posted its draft NSP3 Plan for public comment. Minnesota Housing's NSP3 Plan will be submitted to HUD by March 1, 2011. Depending on public comments and HUD review, the target areas may change.

Second Tier Priority Areas – High Need Zip Codes or Alternative

High Need Zip Codes Defined

Based on zip code data purchased from LPS Applied Analytics, Minnesota Housing identified the 75 residential zip codes (out of 883 statewide) with the greatest foreclosure need. Need was based on each zip code's:

- Foreclosure/REO rate,
- Delinquency rate,
- Unemployment rate (for the county in which the zip code is located), and
- Proportion of non-prime, ARMs (adjustable rate mortgages) that have not yet reached their reset date.

Each factor received the following weights:

- Foreclosure/REO: 60%
- Delinquency: 20%
- Unemployment: 10%
- Non-prime ARMs Still to Reset: 10%

See Map 8 for the high-need zip codes. Table 1 lists the zip codes by county. If a development is in one of the listed zip codes, it is eligible for this priority.

Alternative to High Need Zip Codes

Because zip codes can contain up to 20,000 households, some high need areas are not identified by the zip code analysis. One section of a zip code may have a very high foreclosure rate, while the remaining parts of the same zip code may have a low rate, giving the zip code a lower foreclosure rate overall. To account for this shortcoming in the analysis, an applicant working outside one of the 75 zip codes can still receive credit for the foreclosure priority if the development is in a community or neighborhood with at least a 10% sheriff-sales rate. The rate is calculated by identifying the community or neighborhood around the development and computing the number of residential sheriff sales that occurred during 2008, 2009, and 2010 in the community or neighborhood and then dividing the three year total by the number of residential parcels in the community or neighborhood. To be eligible for the foreclosure priority, the community or neighborhood boundaries must be acceptable to Minnesota Housing and contain at least 200 residential parcels. Isolated small pockets of foreclosures are not eligible for this priority.

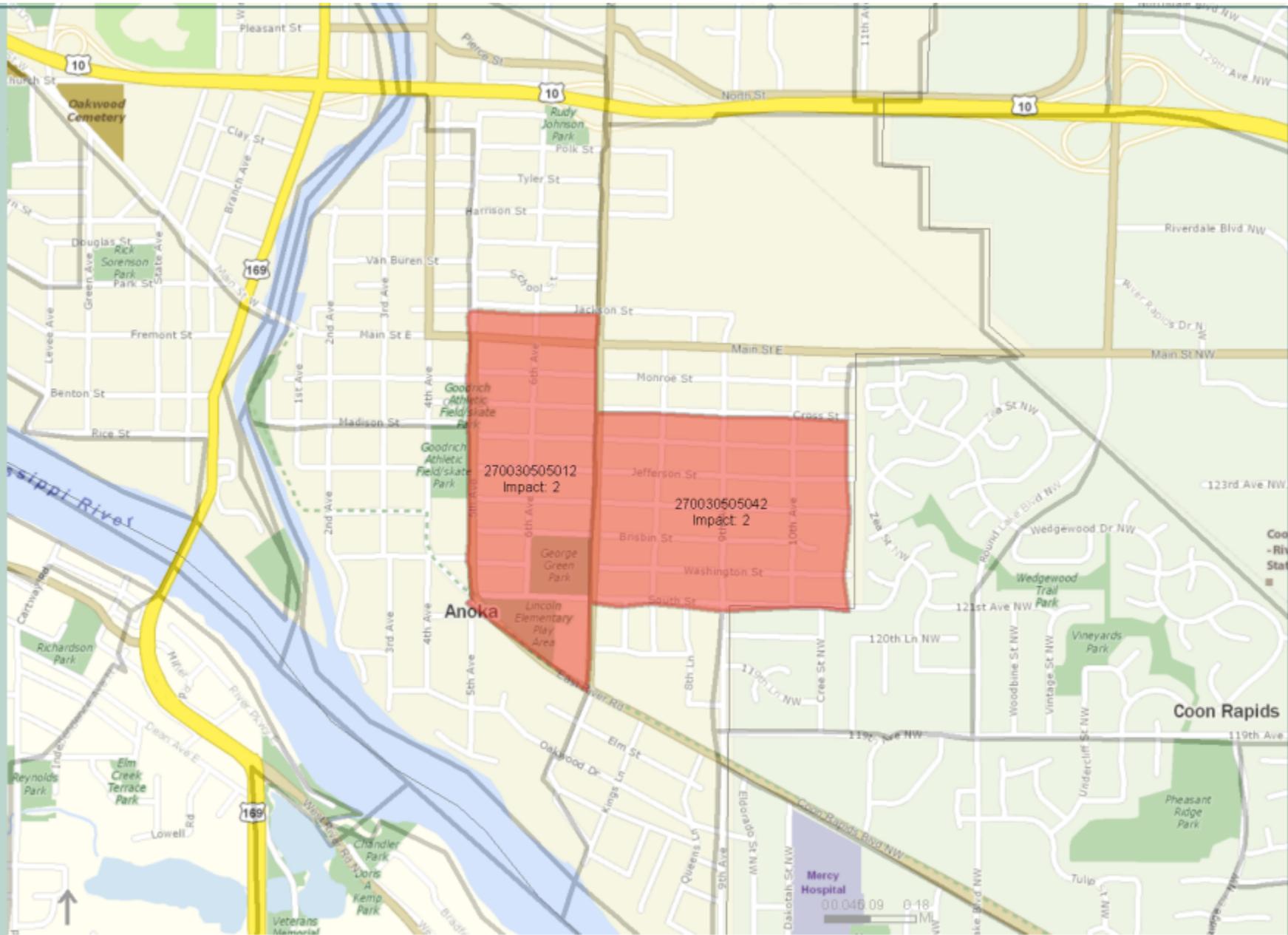
Each applicant seeking credit for a development in a high-need foreclosure area under the alternative definition (outside an identified high-need zip codes) must provide the following information:

1. A map showing the boundaries of the community or neighborhood and the development's location within it;
2. The number of sheriff sales that occurred in the identified community or neighborhood during 2008, 2009, and 2010 (with a separate figure for each year); and
3. The number of residential parcels in the identified community or neighborhood (not the number of residential households).

Finally, new subdivisions that are partially completed are not eligible to be counted in the sheriff sales calculation. A partially-completed, new subdivision is defined as a development where less than 90% of the lots have been fully developed with a residential structure and are ready to be occupied or less than 90% of the fully-developed residential structures have been occupied at some point.

Targeted NSP3 Block Groups - Anoka County

1



Total properties needed for 20% impact in primary target area: **4**

Average NSP3 need score for area: **18**

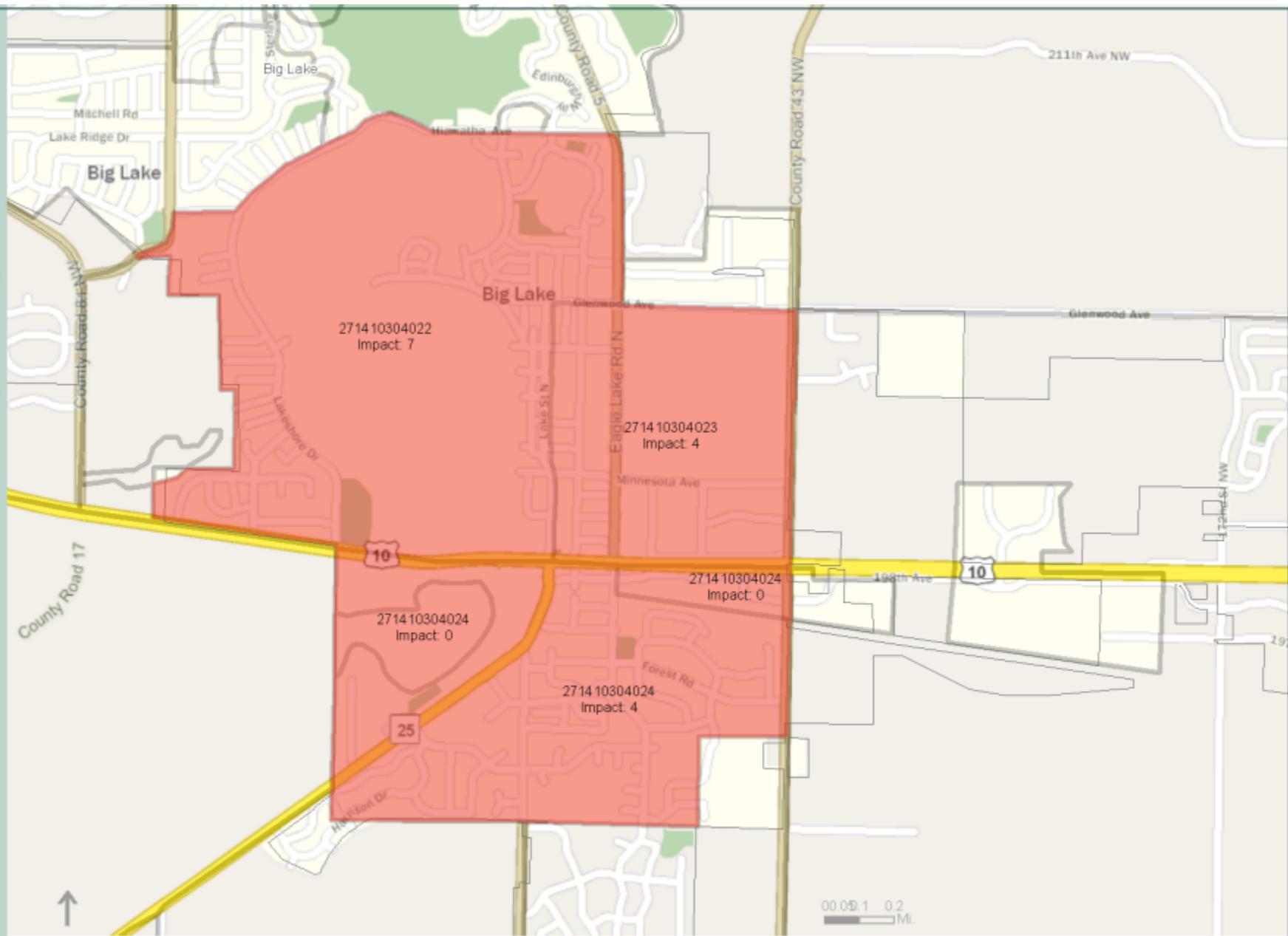
■ Primary Targeted Block Groups



Source: Minnesota Housing, Met Council
Base Map (NCompass) | Printed Jan 26, 2011

Targeted NSP3 Block Groups - City of Big Lake

2



Total properties needed for 20% impact in primary target area: **15**

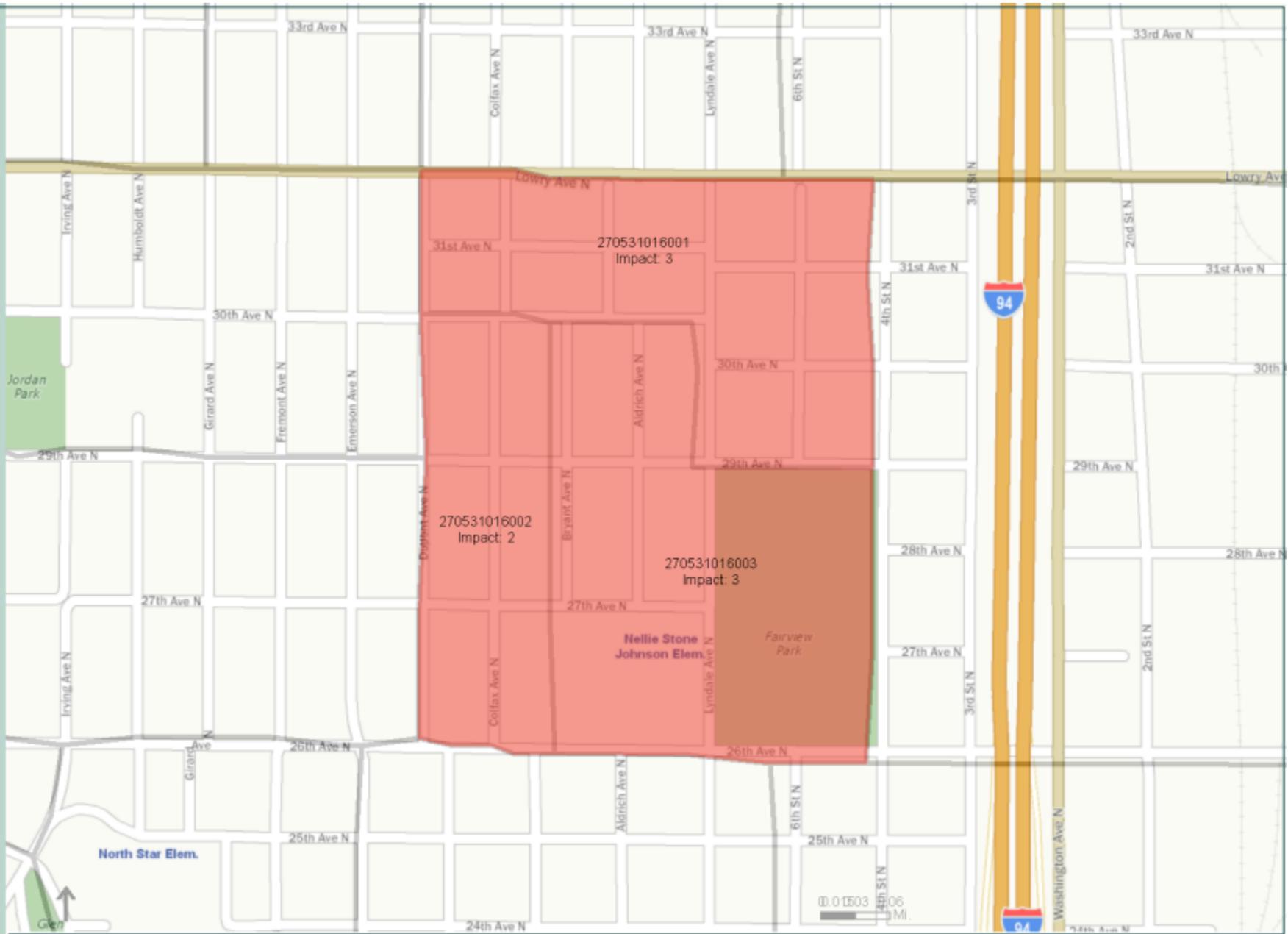
Average NSP3 need score for area: **17**

Primary Targeted Block Groups

Source: Minnesota Housing, Met Council
Base Map (NCompass) | Printed Jan 26, 2011

Targeted NSP3 Block Groups - City of Minneapolis

3



Total properties needed for 20% impact in primary target area: **8**

Average NSP3 need score for area: **20**

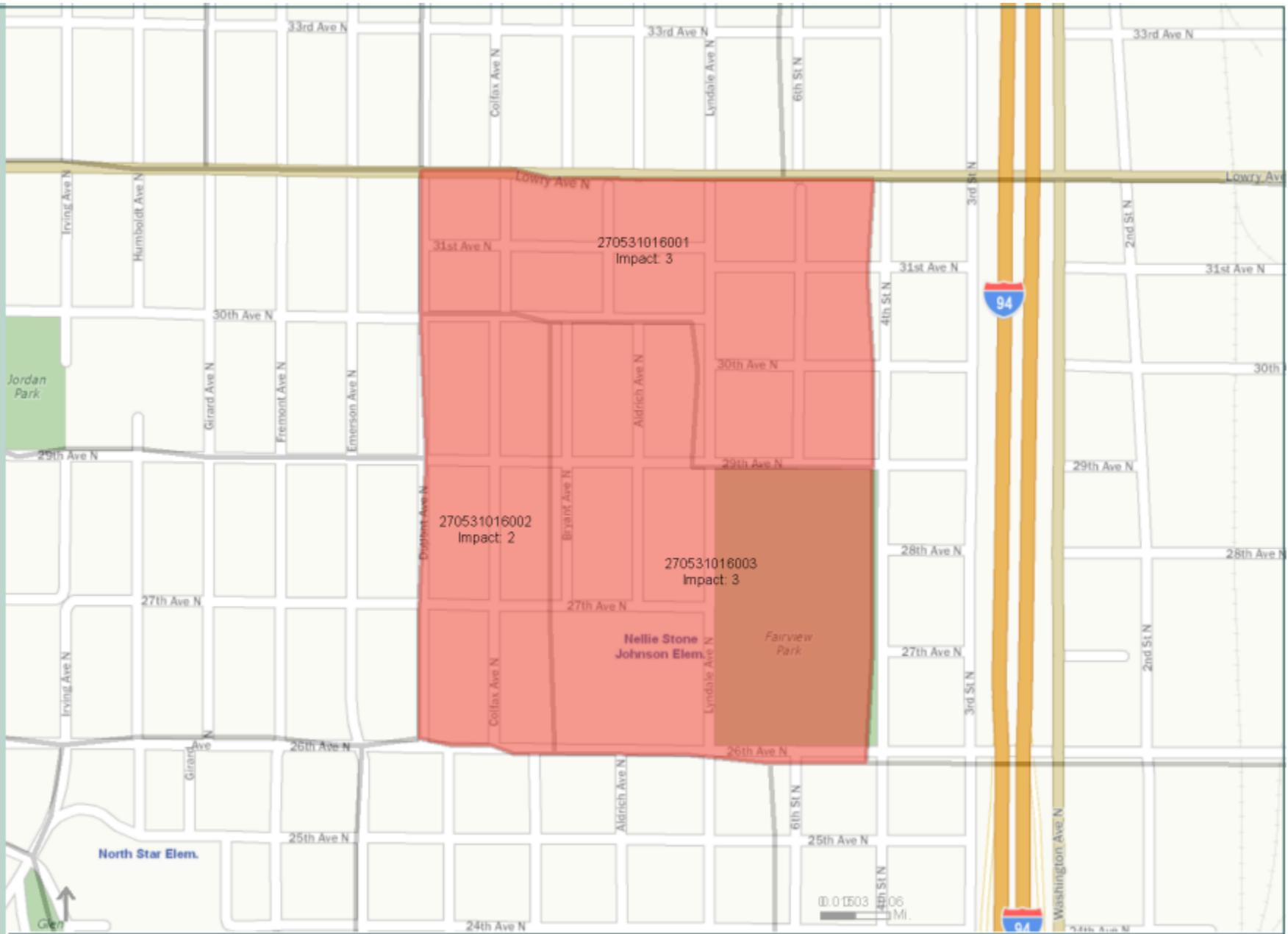
■ Primary Targeted Block Groups



Source: Minnesota Housing, Met Council
Base Map (NCompass) | Printed Jan 26, 2011

Targeted NSP3 Block Groups - City of Minneapolis

3



Total properties needed for 20% impact in primary target area: **8**

Average NSP3 need score for area: **20**

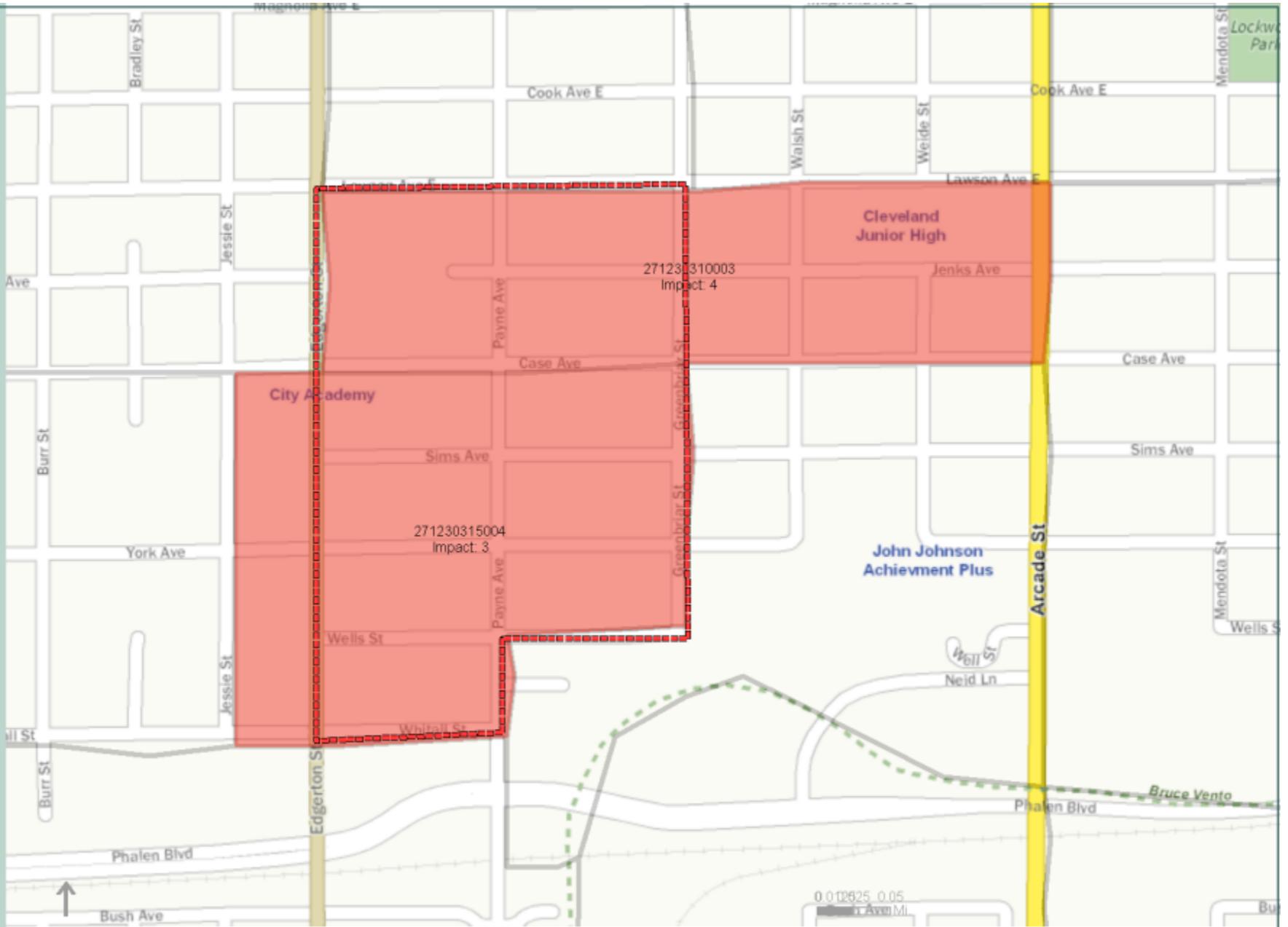
■ Primary Targeted Block Groups



Source: Minnesota Housing, Met Council
Base Map (NCompass) | Printed Jan 26, 2011

Targeted NSP3 Block Groups - City of Saint Paul

4



Total properties needed for 20% impact in primary target area: **7**

Average NSP3 need score for area: **20**

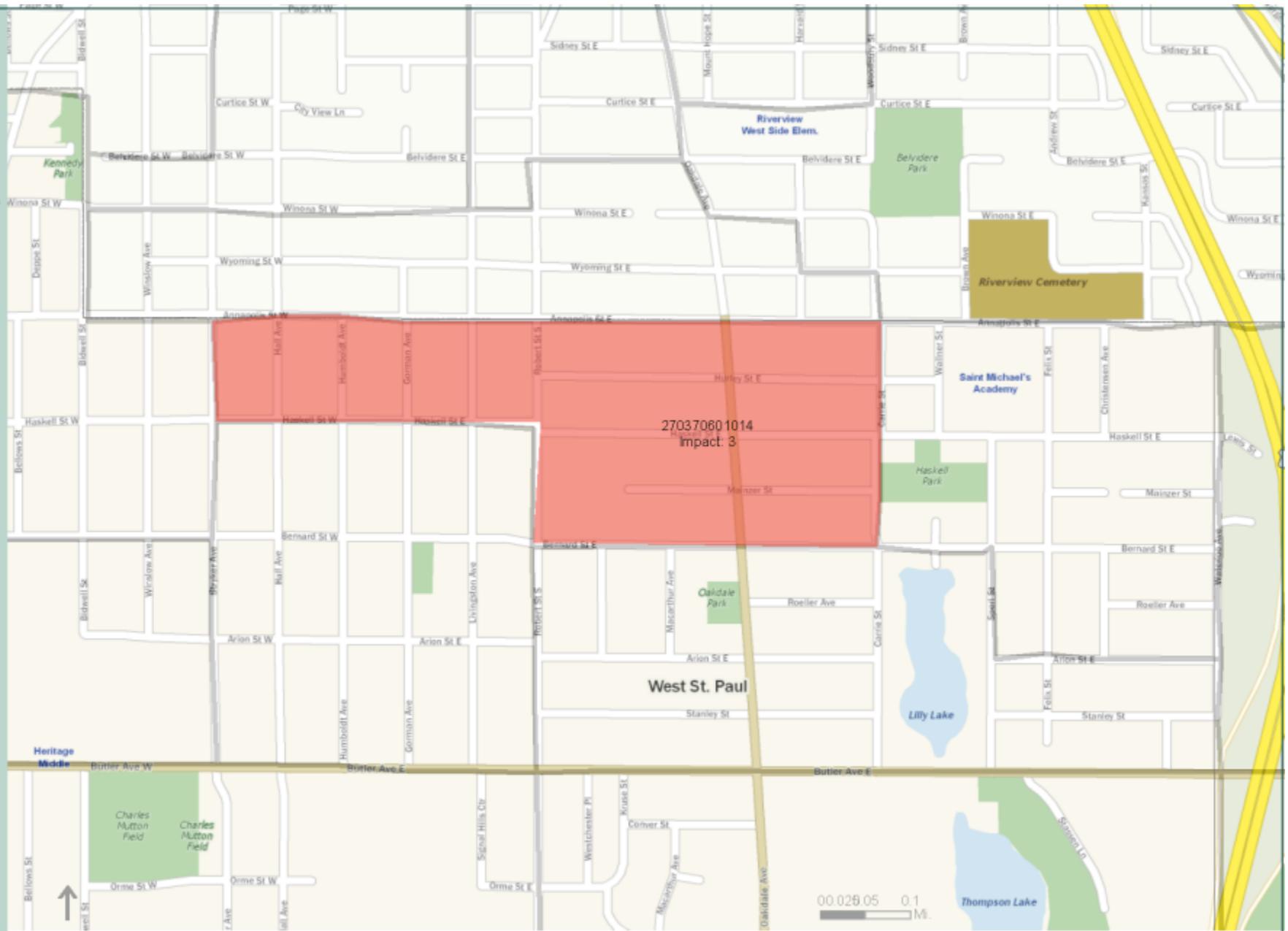
Primary Targeted Block Groups Primary Blocks



Source: Minnesota Housing, Met Council
Base Map (NCompass) | Printed Jan 26, 2011

Targeted NSP3 Block Groups - Dakota County

5



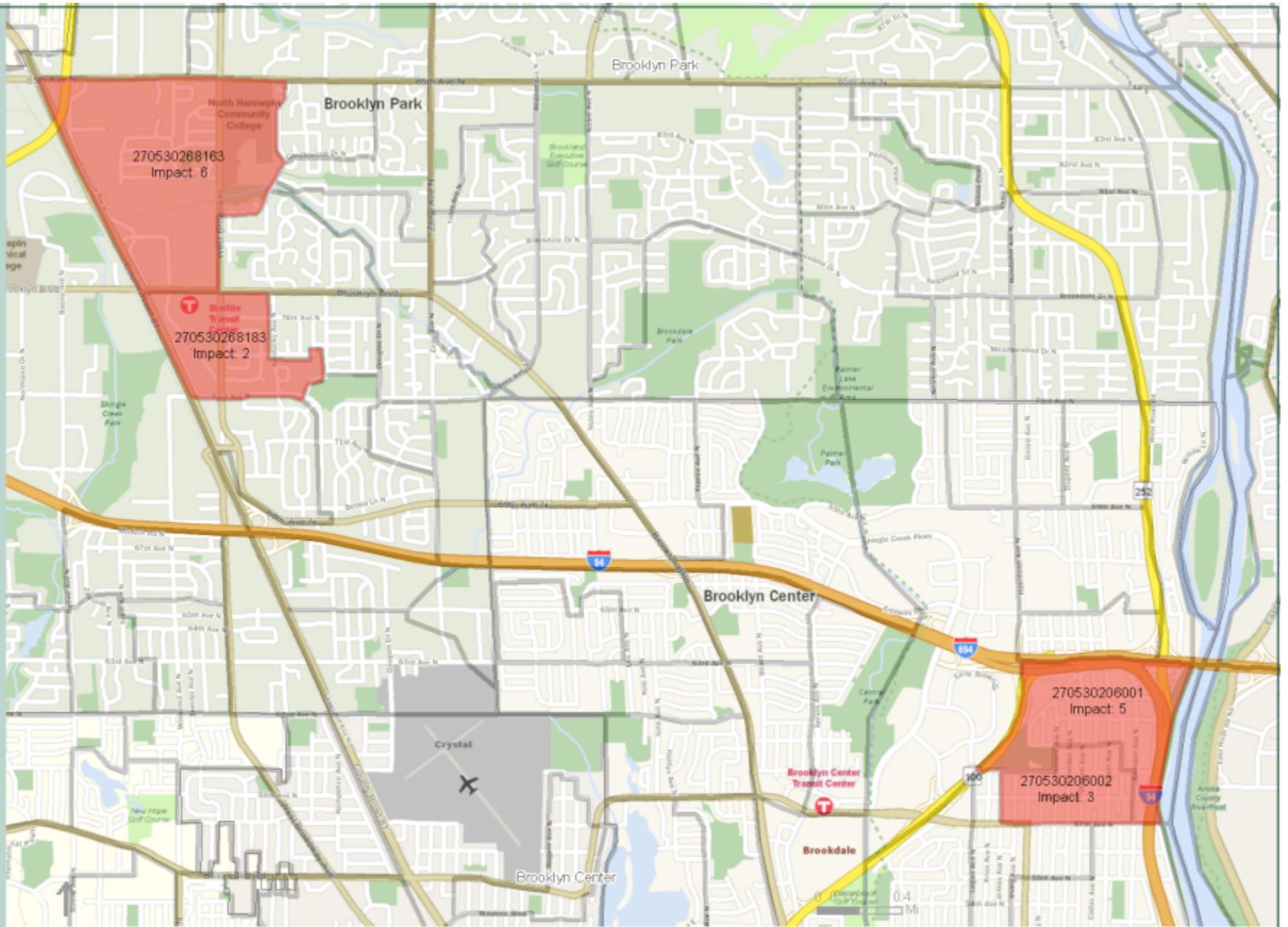
Total properties needed for 20% impact in primary target area: **3** Average NSP3 need score for area: **18**

■ Primary Targeted Block Groups



Source: Minnesota Housing, Met Council Base Map (NCompass) | Printed Jan 26, 2011

Targeted NSP3 Block Groups - Hennepin County



Total properties needed for 20% impact in primary target area: 16

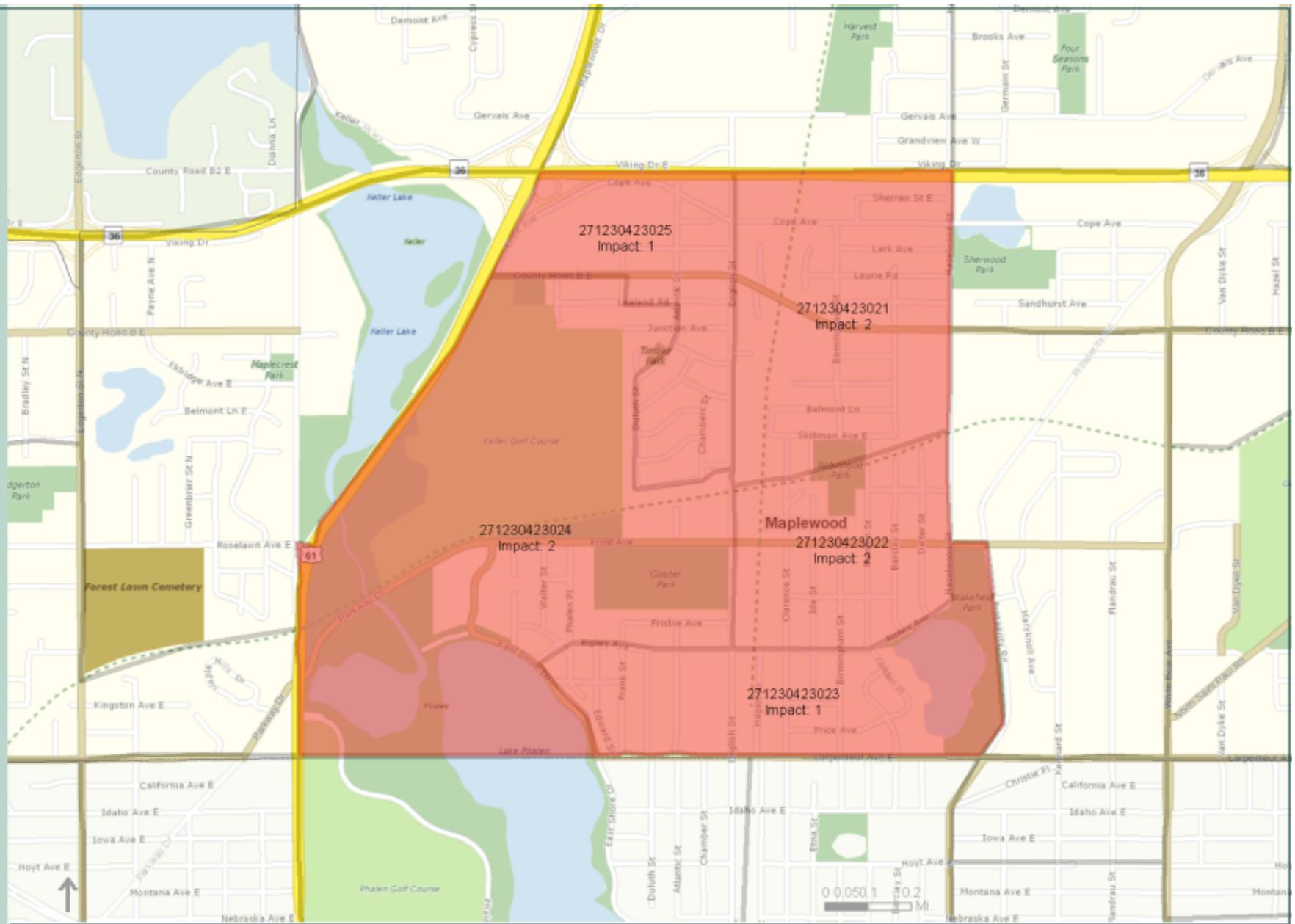
Average NSP3 need score for area: 19.75

Primary Targeted Block Groups



Targeted NSP3 Block Groups - Ramsey County

7



Total properties needed for 20% impact in primary target area: **8** Average NSP3 need score for area: **17**

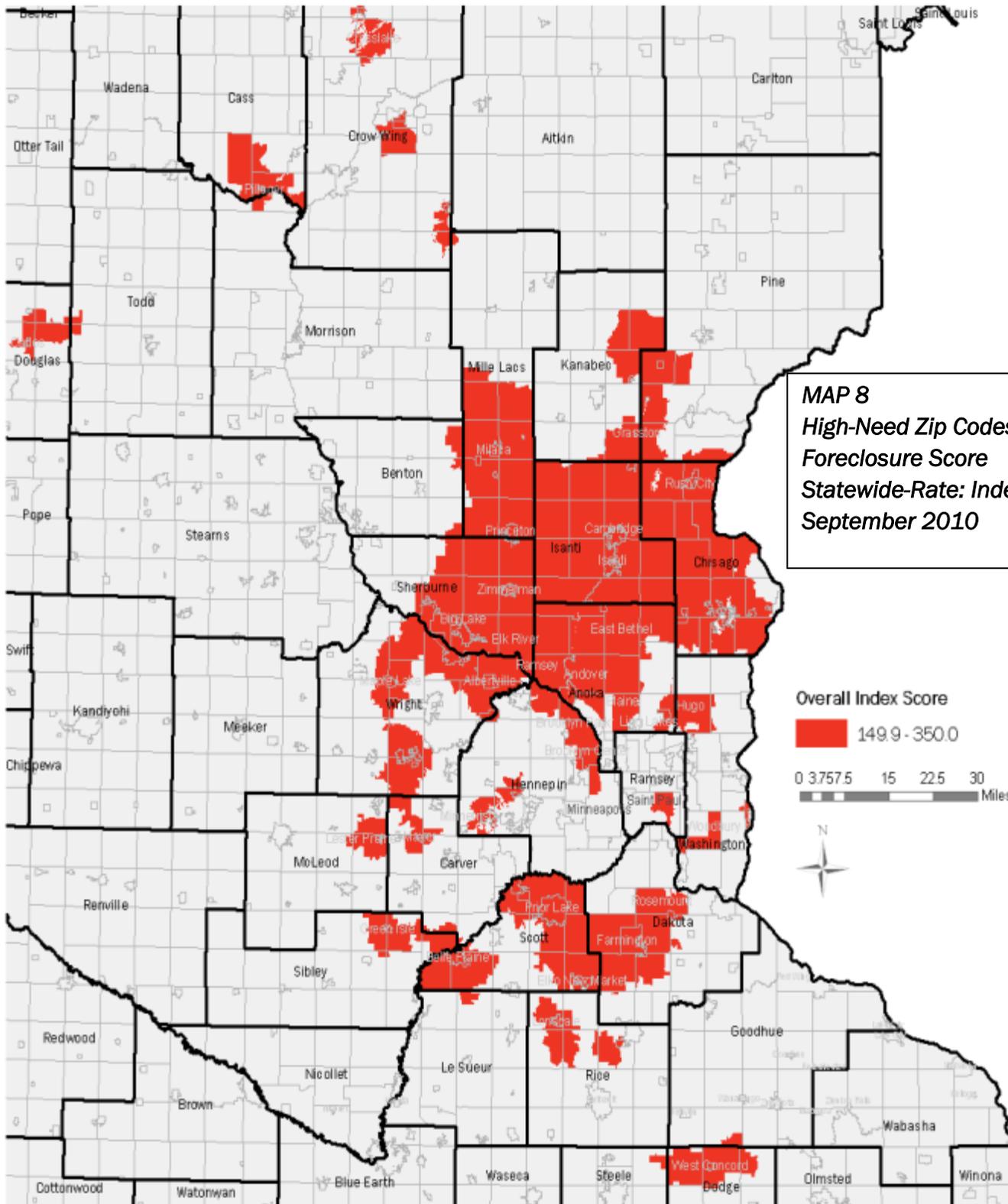
■ Primary Targeted Block Groups



Source: Minnesota Housing, Met Council
Base Map (NCompass) | Printed Jan 26, 2011

Table 1: Listing of High-Need Zip Codes

Primary County	Zip Code	Primary County	Zip Code
Anoka	55005	Isanti	55006
Anoka	55011	Isanti	55008
Anoka	55070	Isanti	55017
Anoka	55303	Isanti	55040
Anoka	55304	Isanti	55080
Anoka	55448	McLeod	55354
Anoka	55449	Mille Lacs	55371
Carver	55360	Mille Lacs	56330
Cass	56473	Mille Lacs	56353
Chisago	55012	Pine	55007
Chisago	55013	Pine	55030
Chisago	55032	Ramsey	55101
Chisago	55045	Ramsey	55106
Chisago	55056	Ramsey	55130
Chisago	55069	Rice	55019
Chisago	55074	Rice	55046
Chisago	55079	Scott	55020
Chisago	55092	Scott	55054
Crow Wing	56442	Scott	55372
Crow Wing	56450	Scott	55378
Crow Wing	56455	Scott	55379
Dakota	55024	Scott	56011
Dakota	55044	Sherburne	55308
Dakota	55068	Sherburne	55309
Dodge	55985	Sherburne	55330
Douglas	56319	Sherburne	55398
Hennepin	55316	Sibley	55338
Hennepin	55327	Washington	55038
Hennepin	55356	Washington	55043
Hennepin	55364	Washington	55055
Hennepin	55411	Washington	55129
Hennepin	55412	Wright	55301
Hennepin	55429	Wright	55341
Hennepin	55430	Wright	55358
Hennepin	55443	Wright	55362
Hennepin	55444	Wright	55363
Hennepin	55445	Wright	55376
		Wright	55390



Source:

Minnesota Housing analysis of data from LPS Applied Analytics.

Notes: The index is based on each zip code's composite foreclosure scores, including foreclosures/REO (60%), delinquency (20%), non-prime resents (10%), and county unemployment (10%). Each zip code's rate is divided by the statewide rate to compute the index score. An index score of 200 means the zip code's rate is twice the state rate, while an index score of 50 means the zip code's rate is half the state rate.