



2024 – 2025 Qualified Allocation Plan
Overview and Proposed Changes

June 9, 2022



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Our Mission
The Core Purpose

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

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Agenda

- Overview and introduction to the Qualified Allocation Plan
- Policy areas with proposed changes
- Next steps: Public Comment Period
- Questions and answers
 - Use GoTo tool to submit questions

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Handouts and Resources

- Handouts:
 - 2024-2025 Qualified Allocation Plan Summary of Proposed Changes
 - Qualified Allocation Plan
 - Self-scoring Worksheet
 - Methodology Guide
- Website:
<https://www.mnhousing.gov/sites/multifamily/taxcredits/qap>

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Qualified Allocation Plan Overview

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What are Housing Tax Credits?

- Low Income Housing Tax Credits (HTC) are a federal resource
 - Reduces investor's federal tax liability for 10 years
 - In exchange, investor buys HTCs and agrees to 30 years (or longer) of affordability
 - Proceeds from sale of credits used for affordable housing
- Outlined in Internal Revenue Code (IRC) Section 42 and Internal Revenue Service (IRS) guidance

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HTC Qualified Allocation Plan

- Qualified Allocation Plan (QAP) and Self-Scoring Worksheet
 - Geographic distribution and funding set-asides
 - Funding rounds, rules, and procedures
 - Funding priorities
- Two-year QAP
 - 2023 RFP/2024 HTC
 - 2024 RFP/2025 HTC

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QAP Development Process

- Review previous year's scoring, selections and policies
 - Are we achieving our funding and strategic priorities?
 - Are clarifications necessary?
 - Are we creating adverse/unintended consequences?
- Emerging needs
- Community feedback and engagement

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2024-2025 QAP

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Policy Focus and Engagement

Broader and deeper conversations to develop the proposed changes to the QAP –

Engagement Themes:

1. Clarify the Equitable Development criterion and application materials to better convey eligibility requirements.
2. Continue to prioritize economic opportunity for people of color and indigenous communities to lead and participate in the development process by considering additional scoring incentives.
3. Participants recommended changes to the geographic criteria to expand the definition to include tribal sponsored projects and provide more opportunities for projects that are sponsored by a tribe or located on tribal nation service areas.
4. Participants recommend changes to the geographic criteria and the Rural Development/Small Project set aside to expand the definition to prioritize smaller, rural communities in Greater Minnesota.
5. Minnesota Housing should continue to explore ways to simplify the criteria and application process for projects, including both the High Priority Homeless and People with Disabilities criteria.

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Policy Focus and Engagement

Themes continued:

6. Continue to prioritize High Priority Homeless projects in the state while addressing potential need and resource fit complexities. There is a need for homeless units that are better tailored to meet the needs of the local community.
7. Continue to prioritize projects that intend to serve People with Disabilities while addressing need and resource fit complexities. There is a need for units that better align the proposed population/household type with the planned resources and the needs of the local community.
8. Prioritize smoke-free policies to address the Agency's goal of creating and preserving safe and healthy housing.
9. Address housing barriers that impact survivors of domestic violence and modify processes and protocols of the Housing Tax Credit (HTC) Program as reflected in the QAP, Compliance Manual, and related documents, as they pertain to the Violence Against Women Act (VAWA).

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Selection Categories

1. Greatest Need Tenant Targeting
2. Serves Lowest Income for Long Durations
3. Increasing Geographic Choice
4. Supporting Community and Economic Development
5. Efficient Use of Scarce Resources & Leverage
6. Building Characteristics

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Proposed Changes

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Policies Areas

- Permanent Supportive Housing
- Preservation
- Geographic Criteria
- Equitable Development
- Black Indigenous People of Color (BIPOC)/Women Business Enterprise

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Supportive Housing

- Permanent Supportive Housing for High Priority Homeless (HPH)
 - Address market issues for High Priority Homeless (HPH) units
 - Substantially reduce and streamline the application materials for the majority of projects that include units that will serve High Priority Homeless households.
- People with Disabilities (PWD)
 - Clarify documentation requirements to help ensure that projects are serving the intended population and are serving the needs of the local community.
 - Clarify language to address potential market issues due to resource misalignment.
 - Substantially reduce and streamline the application materials for all projects that include units to serve People with Disabilities.

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Preservation

- Streamline and simplify the current two tiers into one category focused on preserving existing units with rents at or below the county 30% to 50% Multifamily Tax Subsidy Project (MTSP).

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Geographic Criteria

- Hold Harmless Provision
- Methodology Guide
- Workforce Housing - Add additional language to expand the hold harmless provision and modify how communities are evaluated and updated on an annual basis.
- Rural/Tribal - Revise the rural/tribal methodology to a two-tier scoring category based on the population of a community
- Qualified Census Tract (QCT)/Community Revitalization, Tribal Equivalent Areas, and Opportunity Areas - Add clarifying language

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Equitable Development

- Add language to help refine and clarify documentation requirements
- Refined Qualified Stakeholder Group requirements:
 - Clarify entities that qualify as a Qualified Stakeholder Group
 - Clarify meaningful community participation
 - Refined requirements on the Qualified Stakeholder Group letter

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Black Indigenous People of Color (BIPOC)/Women Business Enterprise

- Create a new incentive for diverse ownership opportunities by adding a new tiered point option for ownership/sponsorship.
- Expand diverse community partners by increasing the total points.
- Modify the incentives for participation and add two opportunities for points for projects that meet one of three partnership scenarios.

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Proposed Changes Qualified Allocation Plan

- Increase to the per development limit
 - From \$1,350,000 to \$1,700,000
- Rural Development/Small Project Set-Aside (RD set-aside)
 - From \$375,000 to \$425,000
 - Units from 12 to 24
 - Expand the definition

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Proposed Changes Qualified Allocation Plan

- Administrative Updates
 - ~~Add language to allow discretion for supplemental HTC requests if the project was a partial allocation.~~
 - ~~Add language to allow discretion to allow additional extensions to submit carryover requirements.~~
(edits not proposed)
 - Eliminate any references to prior HTC forms that have become unnecessary.
 - Add language to clarify that administrative, non-material modifications are allowed.

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Next Steps: Public Comment Period

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Public Comments Requested

- Public comments requested through Wednesday, June 29 at 5 p.m. CT:
 - Qualified Allocation Plan
 - Self-scoring Worksheet
 - Methodology Guide
- June 14, 2-4 p.m. CT: Webinar with the Metropolitan Consortium of Community Developers and the Minnesota Housing Partnership (Zoom)
- June 28, 10-11 a.m. CT: Public hearing: (Go To Webinar)

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Public Comments Requested

- Written Comments
 - Email HTC.MHFA@state.mn.us
 - Mail to Minnesota Housing, attn: Tamara Wilson, Minnesota Housing, 400 Wabasha Street North, Suite 400, St. Paul, MN, 55102
- Comment by Phone
 - Call Kelly Winter at 651.297.5142

Anticipated final recommended QAP: November 2022

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Contact Information

QAP Comments: HTC.MHFA@state.mn.us

HTC Questions: Nicola Viana,
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QAP Questions: Minnesota Housing staff or Summer Jefferson,
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Questions

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