



Handouts

- PowerPoint slides
- 2021 Qualified Allocation Plan (QAP) Summary of Approved Content Changes

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Vision and Mission

Vision
All Minnesotans live in a safe, stable home they can afford in a community of their choice.

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

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Overview of Minnesota Housing's Strategic Direction

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Overarching Strategic Objectives

- Focus on the people and places most impacted by housing instability and housing disparities
- Create an inclusive and equitable housing system
- Finance housing to improve outcomes in education, employment, health and other areas of life

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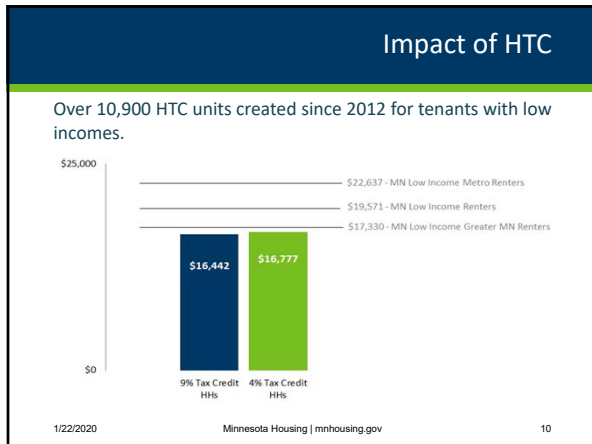
Purpose and History of the QAP

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What are HTC?

- Housing Tax Credits (HTC) are a federal resource
 - Reduces investor's federal tax liability for 10 years
 - In exchange, investor buys LIHTC and agrees to 30 years of affordability
 - Proceeds from sale of credits used for affordable housing
- Minnesota Housing awards or allocates housing tax credits in two ways:
 - Competitively through the annual RFP process
 - For bonds issued pursuant to an allocation of state volume cap by MMB (4% Only)

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- ### 9% HTC
- Minnesota Housing's 9% HTC allocation
 - 12 to 16 projects with 700 to 900 total units annually
 - Generates an estimated over \$100 million in private investment from the sale of the credits
 - Projects with total development costs of \$166 million
 - Suballocators
 - Minneapolis
 - St. Paul
 - Dakota County
 - Washington County
 - "Competitive Credit"
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- ### 4% HTC with Deferred
- Deferred (gap) funding sources are offered through the Consolidated RFP
 - Applicants requesting deferred funding may also request a 4% HTC financial structure where Minnesota Housing issues tax-exempt volume limited bonds.
 - Projects in certain locations may be able to receive tax - exempt bonds and tax credits from a suballocator and subsequently request deferred funding.
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4% HTC Only

- Awarded for bonds issued pursuant to an allocation of state volume cap by Minnesota Management and Budget (MMB)

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Purpose and Process

- IRS requirement
- Each suballocator has a Qualified Allocation Plan (QAP)
- QAP, Procedural Manual, and Self-scoring Worksheet(s)
 - Geographic distribution and funding set-asides
 - Funding rounds, rules and procedures
 - Funding priorities

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QAP Development Process

- Review 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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2021 QAP
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QAP Priorities

- Serve people with the **greatest needs**, largest barriers, fewest choices, lowest incomes
- Support **community and economic development** and promote housing in **areas of opportunity**
- **Preserve** existing subsidized and federally-assisted housing
- Use scarce **resources efficiently**
- Finance **high-quality buildings**

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2021 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. Preservation
6. Efficient Use of Resources & Leverage
7. Building Characteristics

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Approved Changes

- Strategic priorities
 - 9% projects
- State Designated Basis Boost
- Serves Lowest Income Tenants/Rent Reduction
- Rental assistance
- Increasing Geographic Choice
- Location efficiency: Walkability
- Location efficiency: Rural and small urban areas (population fewer than 50,000 people)

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Approved Changes

- Qualified Census Tract/Community Revitalization and Tribal Equivalent Areas
- Minority-owned/Women-owned Business Enterprise
- Preservation
- Efficient Use of Scarce Resources/Leverage
- Building Characteristics selection criteria

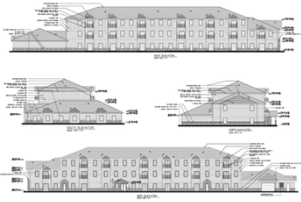
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Local Communities' Influence

- Strategic Priority
 - Community Development Initiative
- Selection Priorities
 - Financial Readiness
 - Other Contributions
 - Site Location

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Example: Grand Rapids Rental Housing



- Aurora Heights
- Affordable workforce housing and units for homeless single adults
- Strong civic leadership, experienced development partners, housing study supporting the need for rental housing

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Example: Minneapolis Rental Housing



- Bimosedaa
- Permanent supportive housing units for homeless individuals and people with disabilities
- Critical project addressing the issue of unsheltered homelessness with local rental subsidy and services commitment

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Example: Mankato Rental Housing



- Colonial Square Apartments
- Preservation of 100% project-based Section 8 development with critical physical needs
- Strong local contributions and area revitalization priority

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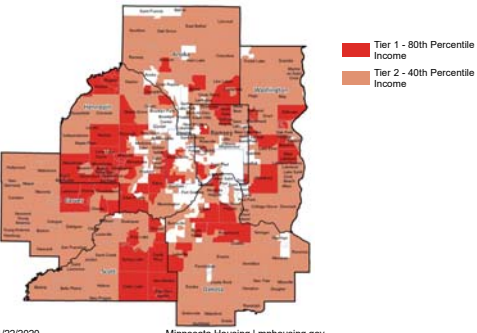




QAP 2021 Location Specific Maps


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Economic Integration



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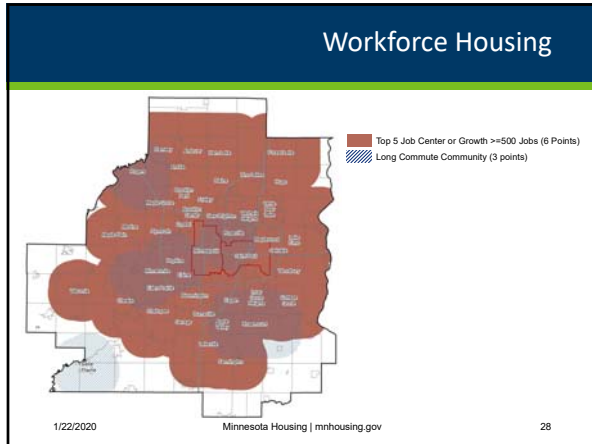
Higher Performing Schools

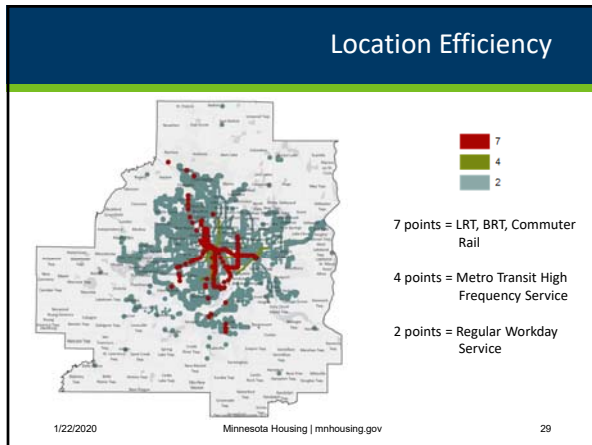


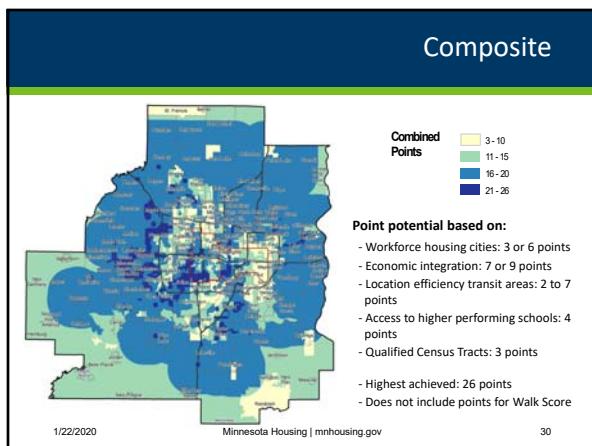
Higher than average performance on two of three indicators:

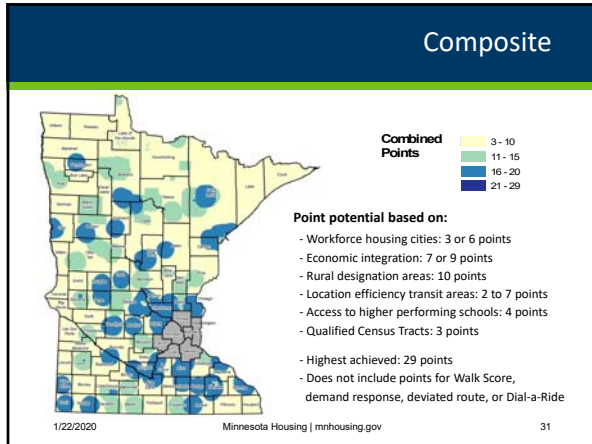
- 3rd grade reading
- 8th grade math
- High school graduation

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Accessing Community Profiles

www.mnhousing.gov > Policy & Research > Community Profiles

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Upcoming 2022 QAP Engagement

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**2022 QAP/2021 RFP
Funding Priorities Development**

- Anticipated timeline:
 - Early engagement in January/February before developing the QAP and scoring framework
 - Draft release of the QAP/scoring framework in early summer
 - Opportunity for formal public comments on the draft QAP/scoring framework
 - Potential second draft QAP release (if needed) in late summer
 - Final QAP approval in early fall

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Policy Areas for Early Feedback

- Align government incentives for the production and preservation of housing for populations that are not being adequately served by the current rental housing market
- Prioritize communities most impacted by housing instability and housing disparities.
- Create economic opportunities for communities that will benefit most from housing development work
- Review the role geography should play in helping to drive funding decisions around housing investment throughout the state
- How best to continue focusing on ending homelessness in Minnesota and the role of coordinated entry in regard to that focus
- How best to advance energy efficiency and building innovation in rental housing while ensuring cost reasonableness
- How best to achieve deeper and longer-term affordability

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**Engagement & Opportunities
to Stay Connected**

- Upcoming in-person opportunities:
 - Minnesota Housing (Jan. 28)
 - Saint Peter (Jan. 30), Cloquet (Feb. 5), Brainerd (Feb. 10)
 - Check the [calendar](#) for other metro opportunities
- Sign up for [email updates](#) specific to the 2022 QAP
- Comments/feedback can be emailed to: HTC.mhfa@state.mn.us (early feedback on policy areas prior to first QAP draft)

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Questions and Answers

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For More Information

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