

Minnesota Housing proposes an amendment to add a new reallocation policy to Chapter 2 and a related application fee to Chapter 8 of the [2022-2023 Housing Tax Credit Qualified Allocation Plan](#) (QAP). Under limited situations and provided certain criteria are met, the policy would allow a return and reallocation of 9% Housing Tax Credit (HTC) for projects that are unable to place in service by the Internal Revenue Service (IRS) required deadline.

If adopted, the proposed amendment would apply to all projects that have received a carryover allocation of 9% HTCs from Minnesota Housing and that request a return and reallocation of credits under the 2022-2023 QAP. The proposed reallocation policy is also proposed to be incorporated into Chapter 2 of the draft 2024-2025 QAP.

Proposed Amendment

The following language would be added to Chapter 2 of the 2022-2023 QAP. The existing sections would be unchanged but renumbered accordingly.

1. Reallocation Policy

Notwithstanding any other provisions of this QAP, when a project that has received a carryover allocation of 9% HTCs from Minnesota Housing, has determined that it will be unable to place in service by the date required pursuant to Section 42, an owner may request (i) that they be able to return the original allocation of HTC and (ii) that Minnesota Housing reallocate the same amount of HTC in a future credit year.

Minnesota Housing reserves the right, at its sole discretion, to provide a new allocation of 9% HTCs to a project that received a carryover allocation in a prior calendar year. An owner that requests a return and reallocation will not be required to submit a new applicant or be scored against other applicants under the QAP applicable to the future credit year. To be eligible for this return and reallocation of HTC, at a minimum, the following conditions must be met to Minnesota Housing's sole satisfaction:

- a. The owner must provide written notice to Minnesota Housing in a timely fashion, describing the circumstances surrounding the request, all remedial measures attempted by the developer to mitigate the delay, and any other pertinent information related to the inability to meet the required placed in service deadline, as part of their request to return their allocation.
- b. The reason for the request must be extenuating circumstances beyond the reasonable control of the developer. These circumstances may include but are not limited to delays such as fire, natural disaster, pandemic, or other large scale issues with a significant impact to the housing industry.

- c. The Project is economically viable without additional HTC's or other deferred funding from Minnesota Housing.
- d. Minnesota Housing must find that the project in all respects, except time to place in service, still meets the selection criteria and conditions upon which the HTC were originally allocated and the minimum requirements of the QAP applicable to the future credit year, and that the Project continues to meet affordable housing needs in the community for which it is planned.

An owner may only return and receive a reallocation once per project. A developer may only return and received a reallocation once per year.

The owner shall submit the required fee with the written request. The fee is non-refundable regardless of outcome. The request is subject to Minnesota Housing board approval. Applicants should not assume that this reallocation will be automatically provided or rely on this statement when determining the timeline of the proposed project.

Minnesota Housing, in its sole discretion, may assess negative ranking points on subsequent applications from the applicant (or related entity).

A project located in a HUD-designated Difficult to Develop Area or Qualified Census Tract at the time of original allocation may retain its designation if consistent with Section 42. Effective dates can be based upon year of application or allocation. Refer to the HUD Designation Notice found on HUD's website for additional details.

The following allocation fee would be added to Chapter 8 of the 2022-2023 QAP.

1. Reallocation Request Fee

A reallocation fee must be submitted to Minnesota Housing for projects requesting a return and reallocation of HTC's.

The fee for projects requesting a reallocation will be \$15,000. The amount will be included in the Fee Schedule and Remittance Form.

Next Steps

Please review the proposed changes and provide feedback during the public comment period.



Amended 2022-2023 Housing Tax Credit Qualified Action Plan

The formal comment period is from Wednesday, Sept 28, 2022 and Wednesday, October 5, 2022 at 5:00 p.m. CT. Minnesota Housing will consider all comments received through this deadline. Presentation and final action on the Amended 2022-2023 QAP and 2024-2025 QAP are expected to occur at Minnesota Housing's board meeting that will be held on Thursday, November 17, 2022.