



**SPECIAL MEETING
OF THE
MISSOURI HOUSING DEVELOPMENT COMMISSION
THURSDAY, JULY 14, 2016 AT 9:00 A.M.**

Notice is hereby given that the Missouri Housing Development Commission will conduct a Special Meeting on Thursday, July 14, 2016:

**Missouri Housing Development Commission
920 Main, Suite 1400
Kansas City, Missouri 64105**

The agenda of this meeting is attached to this notice.

The news media may obtain copies of this notice by contacting:

Lynn Sigler
Missouri Housing Development Commission
920 Main, Suite 1400
Kansas City, MO 64105
(816)759-6822
lsigler@mhdc.com

MHDC will make reasonable accommodations for persons with disabilities at the public site. To request an accommodation, please contact Lynn Sigler at (816) 759-6822 or lsigler@mhdc.com.

**SPECIAL MEETING OF THE
MISSOURI HOUSING DEVELOPMENT COMMISSION
THURSDAY, JULY 14, 2016 AT 9:00 A.M.**

AGENDA

**MISSOURI HOUSING DEVELOPMENT COMMISSION
920 MAIN STREET, SUITE 1400, KANSAS CITY, MO 64105**

Special Meeting

- 1. Roll Call**
- 2. Report of Staff**
 - a. Request for approval of the National Housing Trust Fund (NHTF) Allocation Plan**
 - b. Request for approval of Bond Resolution No. 1053, Single Family Mortgage Revenue Bonds**
- 3. Such other matters that may come before the Commission**

1) Roll Call



Missouri Housing Development Commission Roster

Governor:

Jeremiah W. (Jay) Nixon
Governor
State Capitol Building
P.O. Box 720
Jefferson City, MO 65102
573.751.3222
Attn: Ted Ardini

Brian May
State of Missouri
Office of the Governor
Wainwright Building, Room 929
111 North 7th Street
St. Louis, MO 63101
314.340.7518

Lieutenant Governor:

Peter Kinder
Lieutenant Governor
State Capitol Building
Room 224
Jefferson City, MO 65101
573.751.4727

Treasurer:

Clint Zweifel
State Treasurer
State Capitol Building
P.O. Box 210
Jefferson City, MO 65102
573.751.8533
Attn: Sarah Swoboda

Attorney General:

Chris Koster
Attorney General
Supreme Court Building
207 W. High Street
P.O. Box 899
Jefferson City, MO 65102
573.751.3321
Attn: Jim Farnsworth

Chairman:

Jeffrey S. Bay (Chairman)
15096 Eagle Lane
Parkville, MO 64152
816.759.6600

Vice Chairman:

Troy L. Nash (Vice Chairman)
Zimmer Real Estate
1220 Washington Street, Suite 100
Kansas City, MO 64105
816.268.4230

Secretary Treasurer:

Greg L. Roberts (Secretary-Treasurer)
The Roberts Law Firm
215 Chesterfield Business Parkway, Suite A
Chesterfield, MO 63005
636.489.4187

Commissioner:

Bill Miller
12502 Bielefeld Court
Florissant, MO 63033
314.838.4717

2) Report of Staff

- a. Request for approval of the National Housing Trust Fund (NHTF) Allocation Plan



July 14, 2016

**TO: Commissioners
Missouri Housing Development Commission**

FROM: Kip Stetzler – Executive Director

SUBJECT: Program Year 2017 NHTF Allocation Plan

**Jeremiah W.
(Jay) Nixon**
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Peter Kinder
Lieutenant Governor

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Chairman

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Greg L. Roberts
Secretary-Treasurer

Bill Miller
Commissioner

Kip Stetzler
Executive Director

Kansas City
920 Main St. Suite 1400
Kansas City, MO 64105
816-759-6600
Fax 816-759-6828

St. Louis
505 N. 7th Street
20th Floor, Suite 2000
St. Louis, MO 63101
314-877-1350
Fax 314-877-1360

At the May 27, 2016 Commission Meeting, MHDC commissioners approved the Draft Program Year 2017 National Housing Trust Fund Allocation Plan (the "Draft Plan") for public review and comment. Notice of public hearings on the Draft Plan was published in newspapers and posted on MHDC's website. These public hearings were held in Kansas City on June 28, in Columbia on June 29, in St. Louis on June 29, and in Springfield on June 29. Written comments were also accepted.

Public comments on the Draft Plan are summarized below:

1. Incentivize developments in Opportunity Areas as part of the obligation to affirmatively further fair housing.
2. Apply Development Location Requirements to "All Developments" by changing the format in the approved draft Allocation Plan which as originally drafted "makes it appear that these requirements only apply to projects applying under Opportunity Areas and Development Location preference."
3. Require strong affirmative marketing that proactively reaches out to families living in highly segregated areas of concentrated poverty.
4. Ensure affordability for rental units for extremely low income and very low income families.
5. Provide NHTF funds as grants or no interest loans.

After receiving, reviewing and considering all public comments, MHDC staff recommends approval of the 2017 Missouri National Housing Trust Fund Allocation Plan (the "Plan"), a copy of which is included in your material. Staff believes that the Plan addresses the comments summarized above:

1. Any application that proposes a development in an Opportunity Area receives a preference in funding and may receive a basis boost resulting in the allocation of additional tax credits.
2. With respect to the language in the Draft Plan regarding development location considerations, staff agrees that clarification is needed. The Plan includes a revision from the Draft Plan to clarify that the development location considerations apply to all developments.

3. Family developments proposed in opportunity areas are required to include an affirmative marketing plan that proactively reaches out to families currently living in census tracts where the poverty rate exceeds 40%. The plan must include a Special Marketing Reserve to assist in initial relocation expenses for families with children.
4. MHDC staff is determined to fulfil the purpose, spirit and intent of the NHTF program by striving to administer NHTF in a manner that ensures affordability for extremely low income and very low income families
5. Staff intends to provide NHTF funds as grants or no interest loans whenever feasible and appropriate.

If approved by the Board, staff will publish the Plan on the MHDC website and then deliver the Plan to the U.S. Department of Housing and Urban Development ("HUD") for a 45 day comment period.

The section below is a bullet point description of the key changes in the Draft Plan and is being included to assist in your review.

The bullet point description is followed by (i) a red-lined comparison of the Draft Plan to the current version and (ii) a clean copy of the Plan.

Staff requests approval of the proposed 2017 Missouri National Housing Trust Fund Allocation Plan.

2017 Program Year National Housing Trust Fund Allocation Plan

Bullet Point Summary of Changes

July 14, 2016

What follows is a bullet point summary of proposed changes to the 2017 Program Year Draft National Housing Trust Fund Allocation Plan. It is being provided to assist you in your review.

Description of Distribution of Funds

- Changed “funding cycle” to “program year.”

Selection Criteria

- Moved Development Location description from “Merits of Project” section to “Selection Criteria” section.

Application Requirements and Eligible Activities

- In the description on how to determine the number of HTF units within a larger development, added the language, “notwithstanding, HTF units must be built to the same quality and standard as non-HTF units.”

Priority Factors

- Removed “and Development Location” from “Opportunity Areas and Development Location” (Development Location section was moved to the Selection Criteria section).
- In the “Rent Levels” section, replaced “MHDC strongly encourages developments providing housing units with HTF Unit rents set at or below 30 percent of median family income of a geographic area as defined by HUD for units intended to serve extremely low-income families,” with “The HTF rent plus utilities of an extremely low-income tenant shall not exceed thirty percent of the income of a family whose annual income equals thirty percent of the median income for the area, as determined by HUD with adjustments for the number of bedrooms in the unit. HUD will publish the HTF rent limits on an annual basis.”

MISSOURI HOUSING DEVELOPMENT COMMISSION

2017 MISSOURI ALLOCATION PLAN FOR THE NATIONAL HOUSING TRUST FUND



**This plan was approved by the
Missouri Housing Development Commission
Board of Commissioners
On July 14, 2016**

~~And will be adopted after approval~~This plan was by approved by the
Department of Housing and Urban Development
On _____, 2016

Purpose

The Missouri Housing Development Commission (“MHDC”) has been designated by the Governor of the state of Missouri as the state-designated entity (“SDE”) for the State. This designation gives MHDC the responsibility of administering the National Housing Trust Fund Program (“HTF”) established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289)(“HERA”). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 *et seq.*) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund." The responsibilities of an SDE in administering HTF are defined in the Interim Rule published in the Federal Register Vol. 80, No. 20, on or about January 30, 2015, and recorded at 24 CFR Parts 91 and 93 (the “Interim Rule”).

One of the duties of the SDE is to prepare an allocation plan (the “HTF Allocation Plan”). The purpose of this HTF Allocation Plan is to set forth the process that MHDC will use to administer the HTF throughout Missouri and pursuant to §91.220(5) of the Interim Rule, this HTF Allocation Plan will be included with the state of Missouri’s Consolidated Plan and Annual Action Plan.

MHDC’s goal is to further the purpose of the HTF which includes efforts to increase and preserve the supply of rental housing for extremely low- and very low-income households, defined as follows:

Extremely low-income families (“ELI families”) means low-income families whose annual incomes do not exceed 30 percent of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families.

Very low-income families (“VLI families”) means low-income families whose annual incomes are in excess of 30 percent but not greater than 50 percent of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families. VLI families also includes any family that resides in a nonmetropolitan area that does not exceed the poverty line applicable to the family size involved.

Developer’s Guide

MHDC has created the Developer’s Guide to MHDC Multifamily Programs (“Developer’s Guide”). The Developer’s Guide is a detailed resource regarding the principles and procedures governing all MHDC rental production programs, including but not limited to HTF. The Developer’s Guide is a supplement to this Plan.

Description of Distribution of Funds

A Notice of Funding Availability (the “NOFA”) will be published immediately following the MHDC commissioners’ formal approval of this HTF Plan and a proposed 2017 NOFA. The NOFA will describe due dates of applications and the types and amounts of funding available which may include, but is not limited to, low income housing tax credits, HOME program funds, MHDC Fund Balance and HTF funds. MHDC will accept applications for its main NOFA once per allocation year, but may issue subsequent NOFAs if deemed appropriate.

To be considered for a HTF allocation, an application must be submitted in accordance with this Plan, the NOFA and the Developer’s Guide. MHDC shall set forth the protocol and timing for the submission of applications in the Developer’s Guide as it may be amended from time-to-time. Missouri does not intend to use sub-grantees in the 2017 [program year funding cycle](#).

Housing Needs Assessment and Strategic Plan and Goals

The total amount of HTF funding allocated to Missouri during 2017 is **three million dollars**.

Overwhelmingly, Missouri’s most common housing problem is cost burden. MHDC will utilize the HTF to address cost burden. MHDC has identified a statewide need for housing within special needs populations, specifically households with disabilities, households with mental illness, households experiencing homelessness and youth aging out of foster care.

MHDC’s goal is to approve commitment of 100 percent of the HTF funding available through one or more competitive funding rounds, but shall commit HTF funding only to qualified, eligible applicants who meet all of the requirements and criteria for selection. In the event that less than 100 percent of the HTF funding is approved for commitment, the remaining portion of HTF funding will be carried forward and added to subsequent funding rounds.

All funding will be awarded to developments producing or rehabilitating housing units for extremely low-income households.

Pursuant to §91.220(5)(C) and §91.215(b)(2) of the Interim Rule, MHDC has established goals of providing affordable housing units to households at or below 30 percent AMI as follows:

10 Rental Units Constructed

05 Rental Units Rehabilitated

Participant Standards

All participants must be in good standing with MHDC. In addition to satisfactory previous performance, participants must be aware that:

All identities of interest between members of the development team must be documented to MHDC's satisfaction. This includes, but is not limited to, identities of interest between a property/land seller and purchaser and identities of interest between any two or more development team members such as developer, general partner(s), syndicator(s), investor(s), lender(s), architect(s), general contractor, sub-contractor(s), attorney(s), management agent, etc.

When available and feasible, best efforts must be employed to use local vendors, suppliers, contractors, and laborers.

MHDC has established an MBE/WBE Initiative (as detailed in the Developer's Guide) which encourages involvement of businesses certified as a Minority Business Enterprise (MBE) and/or Woman Business Enterprise (WBE) under a business certification program by a municipality, the state of Missouri, or other certifying agency, as deemed appropriate by MHDC in consultation with the State of Missouri Office of Equal Opportunity.

All participants must agree to abide by the MHDC Workforce Eligibility Policy, as the same may be amended from time-to-time.

Pursuant to the Fair Housing Act (42 U.S.C. 3601 *et seq.*), discrimination on the basis of race, color, national origin, sex, disability or familial status is strictly prohibited. In addition to prohibiting discrimination, the Fair Housing Act also imposes an obligation to affirmatively further the goals of the Fair Housing Act. MHDC is fully committed to affirmatively furthering fair housing by taking meaningful actions to promote fair housing choice, overcome patterns of segregation, and eliminate disparities in access to opportunity, and consequently, MHDC will consider the extent to which a certain development affirmatively furthers fair housing when deciding which developments should be recommended for funding.

In addition to the requirements set forth above, and also in addition to any other requirements set forth in federal, state, or local law, and notwithstanding the site and neighborhood standards cited below, the Commission requires occupancy of housing financed or assisted by MHDC be open to all persons, regardless of race, color, religion, national origin, ancestry, sex, age, disability, actual or perceived sexual orientation, gender identity, marital status, or familial status. Also, contractors and subcontractors engaged in the construction or rehabilitation of such housing shall provide equal opportunity for employment without discrimination as to race, color, religion, national origin, ancestry, sex, age, disability, actual or perceived sexual orientation, gender identity, marital status, or familial status.

The applicant must provide evidence that local public officials, as detailed in the Developer's Guide, have been informed that the applicant is submitting an application to MHDC.

Pursuant to MHDC's adopted Standards of Conduct, criteria has been established upon which individuals and/or entities may be suspended or debarred from future participation in MHDC sponsored programs (4 CSR 170 8.010-8.160, as may be amended from time-to-time).

Selection Criteria

All submitted applications which successfully make it to the competitive review stage will be evaluated by MHDC staff using the selection criteria described below. The selection criteria incorporate both the federal preferences and selection criteria as described in §42(m)(1)(B)(ii) and §42(m)(1)(C) of the Code. The selection criteria will include:

- Project location;
- Housing needs characteristics;
- Project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan;

- Tenant populations with special housing needs;
- Sponsor characteristics;
- Tenant populations of individuals with children;
- Public housing waiting lists; and
- Energy efficiency.

Where a development is located affects almost all of the other selection criteria. Important considerations for location include, but are not limited to:

- a) New construction and conversion proposals must not be located where the total of publicly subsidized housing units (as defined in the Market Study Guidelines) equal more than 20 percent of all units in the census tract where the development will be located.
 - 1) If the proposed development is located in the Kansas City or St. Louis Region, it shall not be located within a one (1) mile radius of any development that: (a) has been approved for State LIHTC, Federal LIHTC, HOME, or Fund Balance funding through MHDC within the previous two (2) fiscal-year funding cycles; and, (b) is less than 90 percent leased-up at the time of application submission.
 - 2) Exceptions to the previous two criteria may include, but are not limited to, applications proposing:
 - i. Mixed-income development;
 - ii. Development to replace existing public housing and/or subsidized housing;
 - iii. Development where at least 25 percent of the units are set aside as Special Needs housing units;
 - iv. Development that includes serviced enriched housing features;
 - v. Development that preserves existing affordable housing;
 - vi. Development that is part of a municipal redevelopment plan; or
 - vii. Senior housing development.
- b) Location in a qualified census tract that will contribute to a concerted community revitalization plan;
- c) Whether existing housing is used as part of a community revitalization plan;
- d) Location in a community with demonstrated new employment opportunities and a proven need for workforce housing;
- e) Infill of existing stable neighborhoods; and
- f) MHDC staff designated targeted areas.

Developments must address the affordable housing needs of the state, region, and locality where they will be located. Important considerations regarding market need include:

- a) Number and growth of the population and intended tenant population in the market area;
- b) Presence, condition, occupancy, and comparability of other affordable housing developments in the market area;
- c) Presence, condition, occupancy, and comparability of market rate housing in the market area;
- d) Capture rate for the proposed development; and
- e) Housing needs of the special needs population in the market area.

No application proposing the delivery of new units will be approved if it is deemed by MHDC to adversely impact any existing MHDC development(s), exist in a questionable market, or create excessive concentration of multifamily units.

A site for newly constructed housing must meet the following site and neighborhood standards, as cited from 24 CFR 983.57(e)(2)

(2) The site must not be located in an area of minority concentration, except as permitted under paragraph (e)(3) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

(3) A project may be located in an area of minority concentration only if:

(i) Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration (see paragraph (e)(3)(iii), (iv), and (v) of this section for further guidance on this criterion); or

(ii) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see paragraph (e) (3)(vi)) of this section for further guidance on this criterion).

(iii) As used in paragraph (e)(3)(i) of this section, “sufficient” does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year, that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

(iv) Units may be considered “comparable opportunities,” as used in paragraph (e)(3)(i) of this section, if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

(v) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:

(A) A significant number of assisted housing units are available outside areas of minority concentration.

(B) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.

(C) There are racially integrated neighborhoods in the locality.

(D) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.

(E) Minority families have benefited from local activities (*e.g.*, acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.

(F) A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.

(G) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

(vi) Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

MHDC will give preference among selected developments to:

- Those serving the lowest income tenants; and
- Those serving qualified tenants for the longest period of time.

Application Requirements and Eligible Activities

Pursuant to §91.220(5)(B) of the Interim Rule, MHDC requires that applications contain a certification that housing units assisted with HTF will comply with HTF requirements. Further a description of the eligible activities that will be conducted with HTF funds must be contained with the application.

HTF must be used for permanent housing.

HTF eligible activities include using funding for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction or rehabilitation of non-luxury housing with suitable amenities, including:

- a. Real property acquisition
- b. Site improvements
- c. Conversion
- d. Demolition
- e. Financing costs
- f. Relocation expenses
- g. Operating costs

Operating cost assistance and operating cost assistance reserves may be provided only to rental housing acquired, rehabilitated, reconstructed or newly constructed with HTF funds and MHDC will award no more than one-third of the state's annual grant to be used as operating cost assistance or operating cost assistance reserves. Operating cost assistance and operating cost assistance reserves may be used for insurance, utilities, real property taxes, maintenance, and scheduled payments to a reserve for replacing major systems. The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit is applied to the HTF-assisted unit's share of the monthly operating cost.

Pursuant to §93.203(a) of the Interim Rule, HTF cannot be used for operating cost assistance reserves if HTF funds are used for the construction or rehabilitation of public housing units. The public housing units constructed or rehabilitated using HTF must receive Public Housing Operating Fund assistance under section 9 of the 1937 Act.

MHDC will only make an award of HTF funds for the purpose of acquisition when such funds are used to purchase real estate involving a particular identifiable housing development on which construction can be reasonably expected to start within 12 months of commitment of HTF funding.

HTF Funds may be used as:

1. Equity investments
2. Interest bearing loans or advances
3. Non-interest bearing loans or advances
4. Interest subsidies
5. Deferred payment loans
6. Grants

MHDC may award HTF funding to refinance existing rental housing project debt when such refinancing will result in a significant overall improvement in the financial or economic stability of the development. MHDC will only refinance an existing rental housing project if applicant is also doing meaningful and necessary rehabilitation.

In housing developments with multiple funding sources, only the actual HTF eligible development costs of the assisted units may be charged to the HTF program. If assisted and non-assisted units are not comparable, actual

costs may be determined based on a method of cost allocation; [notwithstanding, HTF units must be built to the same quality and standard as non-HTF units](#). If assisted and non-assisted units are comparable in terms of size, features, and number of bedrooms, the actual cost of the HTF-assisted units can be determined by prorating the total HTF eligible development costs of the project so that the proportion of the total development costs charged to the HTF program does not exceed the proportion of the HTF-assisted units in the project. Maximum Development Cost Limits are determined using the HUD method of calculating the 221(d)(3) total replacement cost limits.

After project completion, the number of units designated as HTF assisted may be reduced only in accordance with § 93.203, except that in a project consisting of all HTF-assisted units, one unit may be converted to an onsite manager's unit if the grantee determines the conversion is reasonable and that, based on one fewer HTF assisted unit, the costs charged to the HTF program do not exceed the actual costs of the HTF-assisted units and do not exceed the subsidy limit established pursuant to § 93.300(a).

An HTF assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and HTF funding must be repaid.

Pursuant to § 91.220(5)(D) and § 93.301(b) of the Interim Rule, MHDC requires that all developments comply with development building and rehabilitation standards.

All MHDC-financed developments receiving HTF funding are required to:

1. Comply with the MHDC Design/Construction Compliance Guidelines (MHDC Form 1200), as may be amended from time-to-time.
2. Comply with all applicable local, state and federal ordinances and laws including, but not limited to:
 - a. Local zoning ordinances.
 - b. The construction code utilized by the local government unit where the development is located. In the absence of locally adopted codes, the International Building Code (2012), the International Plumbing Code (2012), the International Mechanical Code (2012), the National Electrical Code (2011), and/or the International Residential Code (2012) must be used.
 - c. The Fair Housing Act of 1968, as amended. In addition, proposals receiving federal, state, county, or municipal funding may be required to comply with the Architectural Barriers Act of 1968, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act, all as amended.
 - d. If applicable, the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA") and/or Missouri Revised Statute 523.205.
 - e. If applicable, The Lead Paint Poisoning Prevention Act, HUD Guidelines for the Evaluation and Control of Lead Based Paint in Housing, and the MHDC Lead Based Paint Policy.
 - f. Improvement of property to mitigate the impact of potential disasters such as tornadoes.
3. All developments with twelve (12) or more units are required to have a minimum of 5 percent of the units (rounded up to the nearest whole number) designed in compliance with one of the nationally recognized standards for accessibility to wheelchair users and an additional 2 percent of the units (rounded up to the nearest whole number) usable by those with hearing or visual impairments.
4. All new construction projects, regardless of number of units, shall be designed and constructed in accordance with the principles of universal design, as detailed in MHDC Form 1200, Design/Construction Compliance Guidelines. This requirement is in addition to the requirement for accessibility of persons with mobility, hearing and/or visual impairments as outlined in item #3 above.
5. Rehabilitation developments with special needs set-aside units must meet item #3 above and must increase the number of units incorporating the principles of universal design to a percentage equal to or greater than the special needs set-aside percentage. The requirements set forth in #3 above for accessibility, hearing, and visual impairments can be included in the units incorporating universal design.
6. Provide facilities, amenities, and equipment appropriate for the population being served by the development.

7. Be designed to meet the established construction budget and utilize construction materials that extend the longevity of the building including materials, products, and equipment which are more durable than standard construction materials. Products must clearly reflect upgrades from UPC construction grades and be economical to maintain.
8. If the development involves new construction, utilize sustainable building techniques and materials to meet the current standards of one of the certification levels of the following green building rating systems: Enterprise Green Communities, any of the LEED rating systems, or the National Green Building Standard (ICC 700 or “NGBS”). In addition, to meet the sustainable housing requirement, the applicant must:
 - a. Demonstrate at the time of application, Firm Submission (as defined in the Developer’s Guide), and construction completion that the development will meet or has met the design and construction requirements for any certification level offered by the three accepted rating systems. The development is not required to receive formal certification, but must be designed and built in such a manner that it could receive formal certification. Green building criteria utilized must be clearly documented for MHDC staff’s review and confirmation.
 - b. Have at least one development team member who is an accredited green building professional with proven experience in sustainable design and/or construction. The team member must be a LEED AP®, LEED Green Associate™ or a Certified Green Professional™. If the development is not being formally certified, the development team member must document the pledged green building standards with pictures, provide a signed and scored scoring tool, and a brief narrative during the construction process.
9. If a development contains more than twelve (12) units and involves rehabilitation, applicants are required to conduct pre-development testing and energy audits of existing buildings to identify energy savings opportunities. The analysis can be a stand-alone document, or incorporated in either the Physical or Capital Needs Assessment reports provided it is in a separate section by itself, and must be prepared by an assessor/rater certified through the Building Performance Institute (BPI), Residential Energy Services Network Home Energy Ratings Systems (RESNET), or ENERGY STAR. The energy audit will be submitted with the initial application for the project.
10. Pay at least federal prevailing wage to all laborers and mechanics employed in the construction of the development, as determined and posted by the United States Department of Labor for the locality of the development and current within ten (10) days of construction closing or as otherwise directed by MHDC. Developments consisting of buildings with four (4) or fewer floors must use the Davis-Bacon residential construction category and developments consisting of buildings with five (5) or more floors must use the Davis-Bacon building construction category or rates as otherwise directed by MHDC.
11. Have contracts that are both reasonable and competitively priced for both hard and soft costs.
12. Adhere to the contractor fee limitations.
13. Commit to contract with Section 3 businesses as may be dictated by regulations tied to federal funding sources and as more thoroughly set out in the Developer’s Guide. A Section 3 Plan (as defined in the Developer’s Guide) signed by the owner/developer and the general contractor must be reviewed and approved by MHDC staff prior to Firm Commitment issuance.
14. MBE/WBE Participation Standard is set at a minimum of 10 percent for MBEs and 5 percent for WBEs for both hard and soft costs. This applies to developments with more than six (6) units. The Participation Standard may be satisfied by MBE/WBE businesses providing comparable-quality and competitively-priced services/materials in the following categories:
 - a. Hard costs for the actual physical cost of construction, which include, but are not limited to, general contracting, grading, excavation, concrete, paving, framing, electrical, carpentry, roofing, masonry, plumbing, painting, asbestos removal, trucking and landscaping.
 - b. Soft costs, which include, but are not limited to, planning, architectural, relocation, legal, accounting, environmental, engineering, surveying, consulting fees, title company, disbursing company, market study, appraisal and soils report.

The calculation of participation rates shall include all line items for which services or materials are provided to the development; provided however, that developer fees may be, but are not required to be, included in the calculation of participation rates. Development costs that do not include actual services or materials, such as public sector financing fees, reserves, land acquisition, building acquisition, construction interest, construction period taxes, tax credit allocation fees, tax credit monitoring fees, and bond issuance cost, shall not be included in the calculation. Calculations are based on work actually performed by the contractor. When the MBE/WBE is not performing the work but is the named contractor, credit will be given for twenty percent (20%) of the contract amount.

A utilization plan, committing in detail, how the applicant intends to meet the Participation Standard MUST be signed by the owner/developer(s) and included in the application. MBE/WBE entities providing soft cost services must be identified at the time of application. Evidence of MBE/WBE proposals and certifications for hard costs will be required as part of the Firm Submission requirements or no later than five (5) days prior to construction loan closing. In the event there is also an award of other funds, there may be additional requirements that must be met to be in compliance with federal regulations.

15. With regard to rehabilitation development, identify and immediately address all life threatening deficiencies if the housing is occupied.
 - a. Major systems are: structural support; roofing; cladding and weatherproofing (*e.g.*, windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. For rental housing, the grantee's standards must require the grantee to estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major system. For multifamily housing projects of 26 units or more, the grantee's standards must require the grantee to determine the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major system is less than the applicable period of affordability, the grantee's standards must require the grantee to ensure that a replacement reserve is established and monthly payments are made to the reserve that are adequate to repair or replace the systems as needed.
 - b. Upon completion, all HTF assisted developments and units will be decent, safe, sanitary and in good repair and all deficiencies must be corrected based on an inspection of all inspectable items and inspected areas pursuant to Uniform Physical Condition Standards.
 - c. For all multifamily developments of 26 or more total units, a capital needs assessment must be performed.
 - d. The work to be undertaken must meet rehabilitation standards. The construction documents (*i.e.*, written scope of work to be performed) must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance. MHDC will review and approve a written cost estimate for rehabilitation after determining that costs are reasonable.
 - e. An initial property inspection must be completed to identify the deficiencies that must be addressed. Additional progress and final inspections must be conducted to determine that work was done in accordance with work write-ups.

Priority Factors

Pursuant to §91.220(5) and §91.220(5)(A) of the Interim Rule, MHDC has established the following housing priorities to encourage the development of housing utilizing HTF:

Merits of the Project

1. **Special Needs.** Developments providing housing opportunities for persons with special needs are strongly encouraged. Developments committing to a special needs set-aside of no less than 10 percent of total units, will receive a preference in funding. A person with special needs is a person who is: (a) physically, emotionally or mentally impaired or suffers from mental illness; (b) developmentally disabled; (c) homeless, including survivors of domestic violence and sex trafficking; or (d) a youth aging out of foster care.

A development with a special needs set-aside cannot give preference to potential residents based upon having a particular disability or condition to the exclusion of persons with other disabilities or conditions. Applicants must submit documentation demonstrating they have obtained commitments from a Lead Referral Agency

which will refer special needs households qualified to lease targeted units and from local service agencies which will provide a network of services capable of assisting each type of special needs population defined above. A “Lead Referral Agency” is a service provider agency that will provide tenants and services to the community through the end of the affordability period. The Lead Referral Agency should demonstrate the ability to serve the targeted special needs population.

Applications submitted with special needs units must include \$1,000 per special needs unit as a payment to the Special Needs Housing Reserve Fund which has been established by MHDC. This reserve will be funded by each development at construction completion when other reserve funds are normally funded. These funds will be held by MHDC and used, as necessary, to temporarily assist special needs properties that have experienced unforeseen operational issues (for example, the loss of rental assistance). Deposits to the Special Needs Housing Reserve Fund are intended for use for all MHDC special needs developments, including those not funded with HTF, commencing with 2014 approvals, and are intended to replace the need for each property to establish a separate special needs reserve. Guidelines for the application and use of reserve funds are posted on MHDC’s website (Rental Production, General Forms and Other Resources).

Developments wanting to be considered for the Special Needs Priority must fully complete the applicable sections of the application and provide the following supplemental documentation with their application. The referral process must include soliciting and accepting referrals from service agencies that serve all types of special needs populations. Applicants should also detail how the marketing will reach all special needs populations:

- i. A draft referral and support agreement with the Lead Referral Agency;
 - ii. Special Needs Marketing Plan Exhibit; and
 - iii. Rental assistance commitment letters (if applicable).
2. **Service Enriched Housing.** Proposals offering significant services tailored to the tenant population will receive a preference in funding. Service enriched housing enhances the connection between affordable housing and supportive services. MHDC recognizes the advantages of supportive housing to individuals, communities and on public resources. To encourage more comprehensive housing environments for vulnerable populations, proposals offering significant services tailored to the tenant population will receive a preference in funding. Developments which offer substantial services and a greater number of services increase the competitiveness of their application. Proposed services should take into account the unique characteristics of residents and help them to identify, access, and manage available resources. Other benefits of a well-planned and properly funded program may include reduced resident turnover, improved property appearance, and greater cooperation between residents and management.

To be considered under the Service Enriched Priority, a development must target a specific population. Examples include, but are not limited to:

- a) Senior households;
- b) Individuals with children;
- c) Formerly homeless individuals and families;
- d) Individuals with physical and/or developmental disabilities;
- e) Individuals diagnosed with mental illness; and
- f) Children of tenants.

The applicant should demonstrate it has experience with the population in question. If the applicant does not have experience with the specified population, it should have a commitment(s) from a service provider(s) who does have the necessary experience. Any commitments should run until the later of (i) the completion of the Compliance Period, or (ii) the completion of the affordability period connected to any MHDC loan on the development. Below are examples of services for both family and senior developments.

Family properties:

- a. Regularly-held resident meetings;
- b. After-school programs for children;
- c. Financial literacy courses for adults;
- d. Parents as Teachers program offered through the local school district;
- e. Credit and/or budget counseling;

- f. Life skills and employment services;
- g. Nutrition and cooking classes;
- h. Domestic violence survivor support and counseling;
- i. Computer lab or computer check-out program;
- j. Food pantry;
- k. Daycare services;
- l. College preparation counseling;
- m. Clothes closet;
- n. Library;
- o. Back to school programs;
- p. Youth sports activities;
- q. Teen support groups; and
- r. Good neighbor and tenant rights classes.

Senior Properties:

- a. Regularly-held resident meetings;
- b. Transportation to shopping and medical appointments;
- c. Nutrition and cooking classes;
- d. Enrichment classes such as seminars on health issues, prescription drugs, Medicare, internet;
- e. Coordination with agencies providing assistance with paying bills and balancing checkbooks;
- f. Periodic health screenings;
- g. Assistance preparing a Vial of Life;
- h. Exercise program such as the Arthritis Foundation Exercise Program;
- i. Monthly community activities (i.e., pot luck dinners, holiday events, bingo);
- j. Access to fitness equipment;
- k. Food pantry or access to a mobile food pantry if available;
- l. Housekeeping; and
- m. Computer lab or check-out program.

Developments wanting to be considered under the Service Enriched Priority must fully complete the applicable sections of the application and provide the following with their application:

- i. A detailed supportive services plan explaining the type of services to be provided, who will provide them, how they will be provided, and how they will be funded. The plan should include, but is not limited to, a description of how the development will meet the needs of the tenants, including access to supportive services, transportation, and proximity to community amenities. MHDC prefers the services be onsite or near the proposed development;
 - ii. Letters of intent from service providers anticipated to participate in the development's services program; and
 - iii. Service coordinator job description
3. **MBE/WBE**. For developments with more than six units, a preference in funding will be given to an application that reflects:
- a) A MBE/WBE Developer, a Developer group that includes a MBE/WBE, and/or a Developer Mentor/Protégé relationship; or
 - b) MBE/WBE participation percentages significantly greater than the MBE/WBE Participation Standard of 10 percent for MBE and 5 percent for WBE for both hard and soft costs (as further detailed in the Developer's Guide).

The Mentor/Protégé Relationship shall be designed to support, promote, and develop the knowledge, skill and ability of the MBE/WBE protégé in a manner intended to assist in the growth and development of the MBE/WBE as a developer.

Applicants seeking the MBE/WBE Priority pursuant to a) above must provide a comprehensive Utilization Plan (as defined in the Developer's Guide) signed by the owner/developer detailing the role of, and functions to be

performed by, the MBE/WBE. The roles and functions of the MBE/WBE must be those typically performed by the owner/developer. Applicants must also submit proof of MBE/WBE certification with the application. Applicants seeking the MBE/WBE Priority pursuant to b) above must provide a comprehensive Utilization Plan signed by the owner/developer detailing how the applicant intends to significantly exceed the MBE/WBE Participation Standard.

Applicants seeking the MBE/WBE Priority must include a history of MBE/WBE participation with the application including details of projected participation rates and actual participation rates on a project by project basis.

4. **Transit Oriented Developments.** The following criteria will be considered in the determination of a development's ability to meet the definition of a TOD:
 - a. The development must be located within 1,750 feet of a transit stop.
 - b. The development must include a mix of transportation choices, including biking and walking.
 - c. Transit service at the stop must be frequent (every 15-30 minutes).
 - d. The transit service must offer increased mobility choices and good transit connections.
 - e. The master development plan must include a balanced mix of uses, providing residents the ability to live, work, and shop in the same neighborhood.
 - f. The master development must include significant retail development.
 - g. The master development must include a mix of housing choices (rental and for-sale, affordable and market-rate).
5. **Redevelopment Plan.** Applications that are a part of a redevelopment plan which has been approved/adopted by a local government will receive a preference in funding. The application must include a letter from the local authorizing official that the proposed development is a part of the redevelopment plan.
6. **Opportunity Areas and Development Location.** MHDC encourages affordable housing developments in high-opportunity areas by targeting communities that meet the following criteria: access to high-performing school systems, transportation and employment; as well as located in a census tract with 15% or lower poverty rate. **Family developments** that meet these criteria will receive a preference in funding. Family developments proposed in opportunity areas are required to include an affirmative marketing plan that proactively reaches out to families currently living in census tracts where the poverty rate exceeds 40%. The plan must include a Special Marketing Reserve to assist in initial relocation expenses for families with children. Note that the minimum unit size for a family development in an opportunity area is two-bedroom. Developments that apply under this priority must also apply under the Service Enriched Priority. MHDC will, on a case by case basis with reasonable and well documented justification, allow flexibility for meeting all four criteria for qualification. Please refer to the Market Study Guidelines which specifies how data on each of these criteria is to be collected. Below are examples of services for this type of family development:
 - a. Regularly-held resident meetings
 - b. After-school programs for children
 - c. Financial literacy courses for adults
 - d. Credit and/or budget counseling
 - e. Life skills and employment services
 - f. Computer lab or computer check-out program
 - g. Daycare services
 - h. College preparation counseling
 - i. Library
 - j. Back to school programs
 - k. Youth sports activities
 - l. Teen support groups
 - m. Good neighbor and tenant rights classes

~~Where a development is located affects almost all of the other selection criteria. Important considerations for location include, but are not limited to:~~

- ~~a) New construction and conversion proposals must not be located where the total of publicly subsidized housing units (as defined in the Market Study Guidelines) equal more than 20 percent of all units in the census tract where the development will be located.~~

~~1) If the proposed development is located in the Kansas City or St. Louis Region, it shall not be located within a one (1) mile radius of any development that: (a) has been approved for State LIHTC, Federal LIHTC, HOME, or Fund Balance funding through MHDC within the previous two (2) fiscal year funding cycles; and, (b) is less than 90 percent leased up at the time of application submission.~~

~~2) 1) Exceptions to the previous two criteria may include, but are not limited to, applications proposing:~~

~~i. Mixed income development;~~

~~ii.i. Development to replace existing public housing and/or subsidized housing;~~

~~iii.i. Development where at least 25 percent of the units are set aside as Special Needs housing units;~~

~~iv.i. Development that includes serviced enriched housing features;~~

~~v.i. Development that preserves existing affordable housing;~~

~~vi.i. Development that is part of a municipal redevelopment plan; or~~

~~vii.i. Senior housing development.~~

~~b) a) Location in a qualified census tract that will contribute to a concerted community revitalization plan;~~

~~e) a) Whether existing housing is used as part of a community revitalization plan;~~

~~d) a) Location in a community with demonstrated new employment opportunities and a proven need for workforce housing;~~

~~e) a) Infill of existing stable neighborhoods; and~~

~~f) a) MHDC staff designated targeted areas.~~

~~Developments must address the affordable housing needs of the state, region, and locality where they will be located. Important considerations regarding market need include:~~

~~a) Number and growth of the population and intended tenant population in the market area;~~

~~b) a) Presence, condition, occupancy, and comparability of other affordable housing developments in the market area;~~

~~e) a) Presence, condition, occupancy, and comparability of market rate housing in the market area;~~

~~d) Capture rate for the proposed development; and~~

~~e) a) Housing needs of the special needs population in the market area.~~

~~No application proposing the delivery of new units will be approved if it is deemed by MHDC to adversely impact any existing MHDC development(s), exist in a questionable market, or create excessive concentration of multifamily units.~~

Rent Levels

Rents must be appropriate for the market and affordable for the intended population. For at least one year after the last building of a development is placed in service, monthly rents cannot exceed the MHDC-approved rents reflected in the Firm Commitment. Any increase in annual rents must be approved by MHDC.

Rents must meet the requirements of the various financing sources in the application and, at a minimum, must meet the requirements of the HTF Interim Rule to be eligible for an allocation of HTF under this HTF Allocation Plan.

MHDC strongly encourages developments providing housing units with HTF Unit rents set at or below 30 percent of median family income of a geographic area as defined by HUD for units intended to serve extremely low income families. The HTF rent plus utilities of an extremely low-income tenant shall not exceed thirty percent of the income of a family whose annual income equals thirty percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. HUD will publish the HTF rent limits on an annual basis.

If the HTF unit received federal or state project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30 percent of the tenant's adjusted income, the maximum rent can be up to the rent allowable under the federal or state project-based rental subsidy program.

Geographic Distribution

An attempt will be made to allocate HTF throughout the state on a population proportionate basis and by geographic diversity. However, MHDC will focus on projects with the most impact.

Ability to Deploy Funds Quickly

A development team's experience with affordable housing, MHDC, and the type of development being proposed is important. The following development team members will be evaluated: Developer(s), General Partner(s), Management Agent, Syndicator(s)/Investor(s), Contractor, Architect, Sustainable Design Team, Consultant(s), Lead Referral Agency (for special needs housing), and the service provider for service-enriched housing.

An applicant may become a recipient of HTF funding only if it is an organization, agency or other entity that will:

- a) Make acceptable assurances to MHDC that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities including the affordability period;
- b) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- c) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- d) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate and manage and operate an affordable multifamily rental housing development.

MHDC will assess the applicant's experience, performance, financial strength and capacity to complete the proposed development in a timely and efficient manner.

Items considered will include, but are not limited to:

- i. Number of affordable developments completed;
- ii. Occupancy of developments owned and/or managed;
- iii. Number of developments in development stages;
- iv. Performance, quality, and condition of previously completed developments;
- v. Previous and outstanding compliance issues; and
- vi. Performance regarding MHDC deadlines for previous funding awards.

The proposed general partner, developer, and general contractor will be assessed for their capacity to successfully manage the pre-development, closing, construction, and lease-up of the proposed development in addition to previously approved developments currently in those stages of development.

Development team members not in good standing with MHDC will not be approved for funding.

Affordability Period

The minimum period of affordability is 30 years.

Ability to Leverage Funds

A preference in funding will be extended to applicants proposing developments utilizing contributions or financial support from Owners, General Partners or otherwise derived from non-federal sources. Such financial support may be donated cash, real estate, labor, materials, abatement of local taxes, waiver of fees or other items that result in the reduction of development costs and reduced need for federal subsidy or funding.

MISSOURI HOUSING DEVELOPMENT COMMISSION

**2017 MISSOURI ALLOCATION PLAN
FOR THE NATIONAL HOUSING TRUST FUND**



**This plan was approved by the
Missouri Housing Development Commission
Board of Commissioners
On July 14, 2016**

**This plan was approved by the
Department of Housing and Urban Development
On _____, 2016**

Purpose

The Missouri Housing Development Commission (“MHDC”) has been designated by the Governor of the state of Missouri as the state-designated entity (“SDE”) for the State. This designation gives MHDC the responsibility of administering the National Housing Trust Fund Program (“HTF”) established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289)(“HERA”). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 *et seq.*) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund." The responsibilities of an SDE in administering HTF are defined in the Interim Rule published in the Federal Register Vol. 80, No. 20, on or about January 30, 2015, and recorded at 24 CFR Parts 91 and 93 (the “Interim Rule”).

One of the duties of the SDE is to prepare an allocation plan (the “HTF Allocation Plan”). The purpose of this HTF Allocation Plan is to set forth the process that MHDC will use to administer the HTF throughout Missouri and pursuant to §91.220(5) of the Interim Rule, this HTF Allocation Plan will be included with the state of Missouri’s Consolidated Plan and Annual Action Plan.

MHDC’s goal is to further the purpose of the HTF which includes efforts to increase and preserve the supply of rental housing for extremely low- and very low-income households, defined as follows:

Extremely low-income families (“ELI families”) means low-income families whose annual incomes do not exceed 30 percent of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families.

Very low-income families (“VLI families”) means low-income families whose annual incomes are in excess of 30 percent but not greater than 50 percent of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families. VLI families also includes any family that resides in a nonmetropolitan area that does not exceed the poverty line applicable to the family size involved.

Developer’s Guide

MHDC has created the Developer’s Guide to MHDC Multifamily Programs (“Developer’s Guide”). The Developer’s Guide is a detailed resource regarding the principles and procedures governing all MHDC rental production programs, including but not limited to HTF. The Developer’s Guide is a supplement to this Plan.

Description of Distribution of Funds

A Notice of Funding Availability (the “NOFA”) will be published immediately following the MHDC commissioners’ formal approval of this HTF Plan and a proposed 2017 NOFA. The NOFA will describe due dates of applications and the types and amounts of funding available which may include, but is not limited to, low income housing tax credits, HOME program funds, MHDC Fund Balance and HTF funds. MHDC will accept applications for its main NOFA once per allocation year, but may issue subsequent NOFAs if deemed appropriate.

To be considered for a HTF allocation, an application must be submitted in accordance with this Plan, the NOFA and the Developer’s Guide. MHDC shall set forth the protocol and timing for the submission of applications in the Developer’s Guide as it may be amended from time-to-time. Missouri does not intend to use sub-grantees in the 2017 program year.

Housing Needs Assessment and Strategic Plan and Goals

The total amount of HTF funding allocated to Missouri during 2017 is **three million dollars**.

Overwhelmingly, Missouri’s most common housing problem is cost burden. MHDC will utilize the HTF to address cost burden. MHDC has identified a statewide need for housing within special needs populations, specifically households with disabilities, households with mental illness, households experiencing homelessness and youth aging out of foster care.

MHDC’s goal is to approve commitment of 100 percent of the HTF funding available through one or more competitive funding rounds, but shall commit HTF funding only to qualified, eligible applicants who meet all of the requirements and criteria for selection. In the event that less than 100 percent of the HTF funding is approved for commitment, the remaining portion of HTF funding will be carried forward and added to subsequent funding rounds.

All funding will be awarded to developments producing or rehabilitating housing units for extremely low-income households.

Pursuant to §91.220(5)(C) and §91.215(b)(2) of the Interim Rule, MHDC has established goals of providing affordable housing units to households at or below 30 percent AMI as follows:

10 Rental Units Constructed

05 Rental Units Rehabilitated

Participant Standards

All participants must be in good standing with MHDC. In addition to satisfactory previous performance, participants must be aware that:

All identities of interest between members of the development team must be documented to MHDC's satisfaction. This includes, but is not limited to, identities of interest between a property/land seller and purchaser and identities of interest between any two or more development team members such as developer, general partner(s), syndicator(s), investor(s), lender(s), architect(s), general contractor, sub-contractor(s), attorney(s), management agent, etc.

When available and feasible, best efforts must be employed to use local vendors, suppliers, contractors, and laborers.

MHDC has established an MBE/WBE Initiative (as detailed in the Developer's Guide) which encourages involvement of businesses certified as a Minority Business Enterprise (MBE) and/or Woman Business Enterprise (WBE) under a business certification program by a municipality, the state of Missouri, or other certifying agency, as deemed appropriate by MHDC in consultation with the State of Missouri Office of Equal Opportunity.

All participants must agree to abide by the MHDC Workforce Eligibility Policy, as the same may be amended from time-to-time.

Pursuant to the Fair Housing Act (42 U.S.C. 3601 *et seq.*), discrimination on the basis of race, color, national origin, sex, disability or familial status is strictly prohibited. In addition to prohibiting discrimination, the Fair Housing Act also imposes an obligation to affirmatively further the goals of the Fair Housing Act. MHDC is fully committed to affirmatively furthering fair housing by taking meaningful actions to promote fair housing choice, overcome patterns of segregation, and eliminate disparities in access to opportunity, and consequently, MHDC will consider the extent to which a certain development affirmatively furthers fair housing when deciding which developments should be recommended for funding.

In addition to the requirements set forth above, and also in addition to any other requirements set forth in federal, state, or local law, and notwithstanding the site and neighborhood standards cited below, the Commission requires occupancy of housing financed or assisted by MHDC be open to all persons, regardless of race, color, religion, national origin, ancestry, sex, age, disability, actual or perceived sexual orientation, gender identity, marital status, or familial status. Also, contractors and subcontractors engaged in the construction or rehabilitation of such housing shall provide equal opportunity for employment without discrimination as to race, color, religion, national origin, ancestry, sex, age, disability, actual or perceived sexual orientation, gender identity, marital status, or familial status.

The applicant must provide evidence that local public officials, as detailed in the Developer's Guide, have been informed that the applicant is submitting an application to MHDC.

Pursuant to MHDC's adopted Standards of Conduct, criteria has been established upon which individuals and/or entities may be suspended or debarred from future participation in MHDC sponsored programs (4 CSR 170 8.010-8.160, as may be amended from time-to-time).

Selection Criteria

All submitted applications which successfully make it to the competitive review stage will be evaluated by MHDC staff using the selection criteria described below. The selection criteria incorporate both the federal preferences and selection criteria as described in §42(m)(1)(B)(ii) and §42(m)(1)(C) of the Code. The selection criteria will include:

- Project location;
- Housing needs characteristics;
- Project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan;

- Tenant populations with special housing needs;
- Sponsor characteristics;
- Tenant populations of individuals with children;
- Public housing waiting lists; and
- Energy efficiency.

Where a development is located affects almost all of the other selection criteria. Important considerations for location include, but are not limited to:

- a) New construction and conversion proposals must not be located where the total of publicly subsidized housing units (as defined in the Market Study Guidelines) equal more than 20 percent of all units in the census tract where the development will be located.
 - 1) If the proposed development is located in the Kansas City or St. Louis Region, it shall not be located within a one (1) mile radius of any development that: (a) has been approved for State LIHTC, Federal LIHTC, HOME, or Fund Balance funding through MHDC within the previous two (2) fiscal-year funding cycles; and, (b) is less than 90 percent leased-up at the time of application submission.
 - 2) Exceptions to the previous two criteria may include, but are not limited to, applications proposing:
 - i. Mixed-income development;
 - ii. Development to replace existing public housing and/or subsidized housing;
 - iii. Development where at least 25 percent of the units are set aside as Special Needs housing units;
 - iv. Development that includes service enriched housing features;
 - v. Development that preserves existing affordable housing;
 - vi. Development that is part of a municipal redevelopment plan; or
 - vii. Senior housing development.
- b) Location in a qualified census tract that will contribute to a concerted community revitalization plan;
- c) Whether existing housing is used as part of a community revitalization plan;
- d) Location in a community with demonstrated new employment opportunities and a proven need for workforce housing;
- e) Infill of existing stable neighborhoods; and
- f) MHDC staff designated targeted areas.

Developments must address the affordable housing needs of the state, region, and locality where they will be located. Important considerations regarding market need include:

- a) Number and growth of the population and intended tenant population in the market area;
- b) Presence, condition, occupancy, and comparability of other affordable housing developments in the market area;
- c) Presence, condition, occupancy, and comparability of market rate housing in the market area;
- d) Capture rate for the proposed development; and
- e) Housing needs of the special needs population in the market area.

No application proposing the delivery of new units will be approved if it is deemed by MHDC to adversely impact any existing MHDC development(s), exist in a questionable market, or create excessive concentration of multifamily units.

A site for newly constructed housing must meet the following site and neighborhood standards, as cited from 24 CFR 983.57(e)(2)

(2) The site must not be located in an area of minority concentration, except as permitted under paragraph (e)(3) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

(3) A project may be located in an area of minority concentration only if:

(i) Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration (see paragraph (e)(3)(iii), (iv), and (v) of this section for further guidance on this criterion); or

(ii) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see paragraph (e) (3)(vi)) of this section for further guidance on this criterion).

(iii) As used in paragraph (e)(3)(i) of this section, “sufficient” does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year, that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

(iv) Units may be considered “comparable opportunities,” as used in paragraph (e)(3)(i) of this section, if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

(v) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:

(A) A significant number of assisted housing units are available outside areas of minority concentration.

(B) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.

(C) There are racially integrated neighborhoods in the locality.

(D) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.

(E) Minority families have benefited from local activities (*e.g.*, acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.

(F) A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs.

(G) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

(vi) Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

MHDC will give preference among selected developments to:

- Those serving the lowest income tenants; and
- Those serving qualified tenants for the longest period of time.

Application Requirements and Eligible Activities

Pursuant to §91.220(5)(B) of the Interim Rule, MHDC requires that applications contain a certification that housing units assisted with HTF will comply with HTF requirements. Further a description of the eligible activities that will be conducted with HTF funds must be contained with the application.

HTF must be used for permanent housing.

HTF eligible activities include using funding for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction or rehabilitation of non-luxury housing with suitable amenities, including:

- a. Real property acquisition
- b. Site improvements
- c. Conversion
- d. Demolition
- e. Financing costs
- f. Relocation expenses
- g. Operating costs

Operating cost assistance and operating cost assistance reserves may be provided only to rental housing acquired, rehabilitated, reconstructed or newly constructed with HTF funds and MHDC will award no more than one-third of the state's annual grant to be used as operating cost assistance or operating cost assistance reserves. Operating cost assistance and operating cost assistance reserves may be used for insurance, utilities, real property taxes, maintenance, and scheduled payments to a reserve for replacing major systems. The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit is applied to the HTF-assisted unit's share of the monthly operating cost.

Pursuant to §93.203(a) of the Interim Rule, HTF cannot be used for operating cost assistance reserves if HTF funds are used for the construction or rehabilitation of public housing units. The public housing units constructed or rehabilitated using HTF must receive Public Housing Operating Fund assistance under section 9 of the 1937 Act.

MHDC will only make an award of HTF funds for the purpose of acquisition when such funds are used to purchase real estate involving a particular identifiable housing development on which construction can be reasonably expected to start within 12 months of commitment of HTF funding.

HTF Funds may be used as:

1. Equity investments
2. Interest bearing loans or advances
3. Non-interest bearing loans or advances
4. Interest subsidies
5. Deferred payment loans
6. Grants

MHDC may award HTF funding to refinance existing rental housing project debt when such refinancing will result in a significant overall improvement in the financial or economic stability of the development. MHDC will only refinance an existing rental housing project if applicant is also doing meaningful and necessary rehabilitation.

In housing developments with multiple funding sources, only the actual HTF eligible development costs of the assisted units may be charged to the HTF program. If assisted and non-assisted units are not comparable, actual costs may be determined based on a method of cost allocation; notwithstanding, HTF units must be built to the same quality and standard as non-HTF units. If assisted and non-assisted units are comparable in terms of size, features,

and number of bedrooms, the actual cost of the HTF-assisted units can be determined by prorating the total HTF eligible development costs of the project so that the proportion of the total development costs charged to the HTF program does not exceed the proportion of the HTF-assisted units in the project. Maximum Development Cost Limits are determined using the HUD method of calculating the 221(d)(3) total replacement cost limits.

After project completion, the number of units designated as HTF assisted may be reduced only in accordance with § 93.203, except that in a project consisting of all HTF-assisted units, one unit may be converted to an onsite manager's unit if the grantee determines the conversion is reasonable and that, based on one fewer HTF assisted unit, the costs charged to the HTF program do not exceed the actual costs of the HTF-assisted units and do not exceed the subsidy limit established pursuant to § 93.300(a).

An HTF assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and HTF funding must be repaid.

Pursuant to § 91.220(5)(D) and § 93.301(b) of the Interim Rule, MHDC requires that all developments comply with development building and rehabilitation standards.

All MHDC-financed developments receiving HTF funding are required to:

1. Comply with the MHDC Design/Construction Compliance Guidelines (MHDC Form 1200), as may be amended from time-to-time.
2. Comply with all applicable local, state and federal ordinances and laws including, but not limited to:
 - a. Local zoning ordinances.
 - b. The construction code utilized by the local government unit where the development is located. In the absence of locally adopted codes, the International Building Code (2012), the International Plumbing Code (2012), the International Mechanical Code (2012), the National Electrical Code (2011), and/or the International Residential Code (2012) must be used.
 - c. The Fair Housing Act of 1968, as amended. In addition, proposals receiving federal, state, county, or municipal funding may be required to comply with the Architectural Barriers Act of 1968, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act, all as amended.
 - d. If applicable, the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA") and/or Missouri Revised Statute 523.205.
 - e. If applicable, The Lead Paint Poisoning Prevention Act, HUD Guidelines for the Evaluation and Control of Lead Based Paint in Housing, and the MHDC Lead Based Paint Policy.
 - f. Improvement of property to mitigate the impact of potential disasters such as tornadoes.
3. All developments with twelve (12) or more units are required to have a minimum of 5 percent of the units (rounded up to the nearest whole number) designed in compliance with one of the nationally recognized standards for accessibility to wheelchair users and an additional 2 percent of the units (rounded up to the nearest whole number) usable by those with hearing or visual impairments.
4. All new construction projects, regardless of number of units, shall be designed and constructed in accordance with the principles of universal design, as detailed in MHDC Form 1200, Design/Construction Compliance Guidelines. This requirement is in addition to the requirement for accessibility of persons with mobility, hearing and/or visual impairments as outlined in item #3 above.
5. Rehabilitation developments with special needs set-aside units must meet item #3 above and must increase the number of units incorporating the principles of universal design to a percentage equal to or greater than the special needs set-aside percentage. The requirements set forth in #3 above for accessibility, hearing, and visual impairments can be included in the units incorporating universal design.
6. Provide facilities, amenities, and equipment appropriate for the population being served by the development.
7. Be designed to meet the established construction budget and utilize construction materials that extend the longevity of the building including materials, products, and equipment which are more durable than standard

construction materials. Products must clearly reflect upgrades from UPC construction grades and be economical to maintain.

8. If the development involves new construction, utilize sustainable building techniques and materials to meet the current standards of one of the certification levels of the following green building rating systems: Enterprise Green Communities, any of the LEED rating systems, or the National Green Building Standard (ICC 700 or “NGBS”). In addition, to meet the sustainable housing requirement, the applicant must:
 - a. Demonstrate at the time of application, Firm Submission (as defined in the Developer’s Guide), and construction completion that the development will meet or has met the design and construction requirements for any certification level offered by the three accepted rating systems. The development is not required to receive formal certification, but must be designed and built in such a manner that it could receive formal certification. Green building criteria utilized must be clearly documented for MHDC staff’s review and confirmation.
 - b. Have at least one development team member who is an accredited green building professional with proven experience in sustainable design and/or construction. The team member must be a LEED AP®, LEED Green Associate™ or a Certified Green Professional™. If the development is not being formally certified, the development team member must document the pledged green building standards with pictures, provide a signed and scored scoring tool, and a brief narrative during the construction process.
9. If a development contains more than twelve (12) units and involves rehabilitation, applicants are required to conduct pre-development testing and energy audits of existing buildings to identify energy savings opportunities. The analysis can be a stand-alone document, or incorporated in either the Physical or Capital Needs Assessment reports provided it is in a separate section by itself, and must be prepared by an assessor/rater certified through the Building Performance Institute (BPI), Residential Energy Services Network Home Energy Ratings Systems (RESNET), or ENERGY STAR. The energy audit will be submitted with the initial application for the project.
10. Pay at least federal prevailing wage to all laborers and mechanics employed in the construction of the development, as determined and posted by the United States Department of Labor for the locality of the development and current within ten (10) days of construction closing or as otherwise directed by MHDC. Developments consisting of buildings with four (4) or fewer floors must use the Davis-Bacon residential construction category and developments consisting of buildings with five (5) or more floors must use the Davis-Bacon building construction category or rates as otherwise directed by MHDC.
11. Have contracts that are both reasonable and competitively priced for both hard and soft costs.
12. Adhere to the contractor fee limitations.
13. Commit to contract with Section 3 businesses as may be dictated by regulations tied to federal funding sources and as more thoroughly set out in the Developer’s Guide. A Section 3 Plan (as defined in the Developer’s Guide) signed by the owner/developer and the general contractor must be reviewed and approved by MHDC staff prior to Firm Commitment issuance.
14. MBE/WBE Participation Standard is set at a minimum of 10 percent for MBEs and 5 percent for WBEs for both hard and soft costs. This applies to developments with more than six (6) units. The Participation Standard may be satisfied by MBE/WBE businesses providing comparable-quality and competitively-priced services/materials in the following categories:
 - a. Hard costs for the actual physical cost of construction, which include, but are not limited to, general contracting, grading, excavation, concrete, paving, framing, electrical, carpentry, roofing, masonry, plumbing, painting, asbestos removal, trucking and landscaping.
 - b. Soft costs, which include, but are not limited to, planning, architectural, relocation, legal, accounting, environmental, engineering, surveying, consulting fees, title company, disbursing company, market study, appraisal and soils report.

The calculation of participation rates shall include all line items for which services or materials are provided to the development; provided however, that developer fees may be, but are not required to be, included in the calculation of participation rates. Development costs that do not include actual services or

materials, such as public sector financing fees, reserves, land acquisition, building acquisition, construction interest, construction period taxes, tax credit allocation fees, tax credit monitoring fees, and bond issuance cost, shall not be included in the calculation. Calculations are based on work actually performed by the contractor. When the MBE/WBE is not performing the work but is the named contractor, credit will be given for twenty percent (20%) of the contract amount.

A utilization plan, committing in detail, how the applicant intends to meet the Participation Standard MUST be signed by the owner/developer(s) and included in the application. MBE/WBE entities providing soft cost services must be identified at the time of application. Evidence of MBE/WBE proposals and certifications for hard costs will be required as part of the Firm Submission requirements or no later than five (5) days prior to construction loan closing. In the event there is also an award of other funds, there may be additional requirements that must be met to be in compliance with federal regulations.

15. With regard to rehabilitation development, identify and immediately address all life threatening deficiencies if the housing is occupied.
 - a. Major systems are: structural support; roofing; cladding and weatherproofing (*e.g.*, windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. For rental housing, the grantee's standards must require the grantee to estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major system. For multifamily housing projects of 26 units or more, the grantee's standards must require the grantee to determine the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major system is less than the applicable period of affordability, the grantee's standards must require the grantee to ensure that a replacement reserve is established and monthly payments are made to the reserve that are adequate to repair or replace the systems as needed.
 - b. Upon completion, all HTF assisted developments and units will be decent, safe, sanitary and in good repair and all deficiencies must be corrected based on an inspection of all inspectable items and inspected areas pursuant to Uniform Physical Condition Standards.
 - c. For all multifamily developments of 26 or more total units, a capital needs assessment must be performed.
 - d. The work to be undertaken must meet rehabilitation standards. The construction documents (*i.e.*, written scope of work to be performed) must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance. MHDC will review and approve a written cost estimate for rehabilitation after determining that costs are reasonable.
 - e. An initial property inspection must be completed to identify the deficiencies that must be addressed. Additional progress and final inspections must be conducted to determine that work was done in accordance with work write-ups.

Priority Factors

Pursuant to §91.220(5) and §91.220(5)(A) of the Interim Rule, MHDC has established the following housing priorities to encourage the development of housing utilizing HTF:

Merits of the Project

1. **Special Needs.** Developments providing housing opportunities for persons with special needs are strongly encouraged. Developments committing to a special needs set-aside of no less than 10 percent of total units, will receive a preference in funding. A person with special needs is a person who is: (a) physically, emotionally or mentally impaired or suffers from mental illness; (b) developmentally disabled; (c) homeless, including survivors of domestic violence and sex trafficking; or (d) a youth aging out of foster care.

A development with a special needs set-aside cannot give preference to potential residents based upon having a particular disability or condition to the exclusion of persons with other disabilities or conditions. Applicants must submit documentation demonstrating they have obtained commitments from a Lead Referral Agency which will refer special needs households qualified to lease targeted units and from local service agencies which will provide a network of services capable of assisting each type of special needs population defined above. A "Lead Referral Agency" is a service provider agency that will provide tenants and services to the community

through the end of the affordability period. The Lead Referral Agency should demonstrate the ability to serve the targeted special needs population.

Applications submitted with special needs units must include \$1,000 per special needs unit as a payment to the Special Needs Housing Reserve Fund which has been established by MHDC. This reserve will be funded by each development at construction completion when other reserve funds are normally funded. These funds will be held by MHDC and used, as necessary, to temporarily assist special needs properties that have experienced unforeseen operational issues (for example, the loss of rental assistance). Deposits to the Special Needs Housing Reserve Fund are intended for use for all MHDC special needs developments, including those not funded with HTF, commencing with 2014 approvals, and are intended to replace the need for each property to establish a separate special needs reserve. Guidelines for the application and use of reserve funds are posted on MHDC's website (Rental Production, General Forms and Other Resources).

Developments wanting to be considered for the Special Needs Priority must fully complete the applicable sections of the application and provide the following supplemental documentation with their application. The referral process must include soliciting and accepting referrals from service agencies that serve all types of special needs populations. Applicants should also detail how the marketing will reach all special needs populations:

- i. A draft referral and support agreement with the Lead Referral Agency;
 - ii. Special Needs Marketing Plan Exhibit; and
 - iii. Rental assistance commitment letters (if applicable).
2. **Service Enriched Housing.** Proposals offering significant services tailored to the tenant population will receive a preference in funding. Service enriched housing enhances the connection between affordable housing and supportive services. MHDC recognizes the advantages of supportive housing to individuals, communities and on public resources. To encourage more comprehensive housing environments for vulnerable populations, proposals offering significant services tailored to the tenant population will receive a preference in funding. Developments which offer substantial services and a greater number of services increase the competitiveness of their application. Proposed services should take into account the unique characteristics of residents and help them to identify, access, and manage available resources. Other benefits of a well-planned and properly funded program may include reduced resident turnover, improved property appearance, and greater cooperation between residents and management.

To be considered under the Service Enriched Priority, a development must target a specific population. Examples include, but are not limited to:

- a) Senior households;
- b) Individuals with children;
- c) Formerly homeless individuals and families;
- d) Individuals with physical and/or developmental disabilities;
- e) Individuals diagnosed with mental illness; and
- f) Children of tenants.

The applicant should demonstrate it has experience with the population in question. If the applicant does not have experience with the specified population, it should have a commitment(s) from a service provider(s) who does have the necessary experience. Any commitments should run until the later of (i) the completion of the Compliance Period, or (ii) the completion of the affordability period connected to any MHDC loan on the development. Below are examples of services for both family and senior developments.

Family properties:

- a. Regularly-held resident meetings;
- b. After-school programs for children;
- c. Financial literacy courses for adults;
- d. Parents as Teachers program offered through the local school district;
- e. Credit and/or budget counseling;
- f. Life skills and employment services;
- g. Nutrition and cooking classes;
- h. Domestic violence survivor support and counseling;

- i. Computer lab or computer check-out program;
- j. Food pantry;
- k. Daycare services;
- l. College preparation counseling;
- m. Clothes closet;
- n. Library;
- o. Back to school programs;
- p. Youth sports activities;
- q. Teen support groups; and
- r. Good neighbor and tenant rights classes.

Senior Properties:

- a. Regularly-held resident meetings;
- b. Transportation to shopping and medical appointments;
- c. Nutrition and cooking classes;
- d. Enrichment classes such as seminars on health issues, prescription drugs, Medicare, internet;
- e. Coordination with agencies providing assistance with paying bills and balancing checkbooks;
- f. Periodic health screenings;
- g. Assistance preparing a Vial of Life;
- h. Exercise program such as the Arthritis Foundation Exercise Program;
- i. Monthly community activities (i.e., pot luck dinners, holiday events, bingo);
- j. Access to fitness equipment;
- k. Food pantry or access to a mobile food pantry if available;
- l. Housekeeping; and
- m. Computer lab or check-out program.

Developments wanting to be considered under the Service Enriched Priority must fully complete the applicable sections of the application and provide the following with their application:

- i. A detailed supportive services plan explaining the type of services to be provided, who will provide them, how they will be provided, and how they will be funded. The plan should include, but is not limited to, a description of how the development will meet the needs of the tenants, including access to supportive services, transportation, and proximity to community amenities. MHDC prefers the services be onsite or near the proposed development;
 - ii. Letters of intent from service providers anticipated to participate in the development's services program; and
 - iii. Service coordinator job description
3. **MBE/WBE**. For developments with more than six units, a preference in funding will be given to an application that reflects:
- a) A MBE/WBE Developer, a Developer group that includes a MBE/WBE, and/or a Developer Mentor/Protégé relationship; or
 - b) MBE/WBE participation percentages significantly greater than the MBE/WBE Participation Standard of 10 percent for MBE and 5 percent for WBE for both hard and soft costs (as further detailed in the Developer's Guide).

The Mentor/Protégé Relationship shall be designed to support, promote, and develop the knowledge, skill and ability of the MBE/WBE protégé in a manner intended to assist in the growth and development of the MBE/WBE as a developer.

Applicants seeking the MBE/WBE Priority pursuant to a) above must provide a comprehensive Utilization Plan (as defined in the Developer's Guide) signed by the owner/developer detailing the role of, and functions to be performed by, the MBE/WBE. The roles and functions of the MBE/WBE must be those typically performed by the owner/developer. Applicants must also submit proof of MBE/WBE certification with the application. Applicants seeking the MBE/WBE Priority pursuant to b) above must provide a comprehensive Utilization Plan

signed by the owner/developer detailing how the applicant intends to significantly exceed the MBE/WBE Participation Standard.

Applicants seeking the MBE/WBE Priority must include a history of MBE/WBE participation with the application including details of projected participation rates and actual participation rates on a project by project basis.

4. **Transit Oriented Developments.** The following criteria will be considered in the determination of a development's ability to meet the definition of a TOD:
 - a. The development must be located within 1,750 feet of a transit stop.
 - b. The development must include a mix of transportation choices, including biking and walking.
 - c. Transit service at the stop must be frequent (every 15-30 minutes).
 - d. The transit service must offer increased mobility choices and good transit connections.
 - e. The master development plan must include a balanced mix of uses, providing residents the ability to live, work, and shop in the same neighborhood.
 - f. The master development must include significant retail development.
 - g. The master development must include a mix of housing choices (rental and for-sale, affordable and market-rate).
5. **Redevelopment Plan.** Applications that are a part of a redevelopment plan which has been approved/adopted by a local government will receive a preference in funding. The application must include a letter from the local authorizing official that the proposed development is a part of the redevelopment plan.
6. **Opportunity Areas.** MHDC encourages affordable housing developments in high-opportunity areas by targeting communities that meet the following criteria: access to high-performing school systems, transportation and employment; as well as located in a census tract with 15% or lower poverty rate. **Family developments** that meet these criteria will receive a preference in funding. Family developments proposed in opportunity areas are required to include an affirmative marketing plan that proactively reaches out to families currently living in census tracts where the poverty rate exceeds 40%. The plan must include a Special Marketing Reserve to assist in initial relocation expenses for families with children. Note that the minimum unit size for a family development in an opportunity area is two-bedroom. Developments that apply under this priority must also apply under the Service Enriched Priority. MHDC will, on a case by case basis with reasonable and well documented justification, allow flexibility for meeting all four criteria for qualification. Please refer to the Market Study Guidelines which specifies how data on each of these criteria is to be collected. Below are examples of services for this type of family development:
 - a. Regularly-held resident meetings
 - b. After-school programs for children
 - c. Financial literacy courses for adults
 - d. Credit and/or budget counseling
 - e. Life skills and employment services
 - f. Computer lab or computer check-out program
 - g. Daycare services
 - h. College preparation counseling
 - i. Library
 - j. Back to school programs
 - k. Youth sports activities
 - l. Teen support groups
 - m. Good neighbor and tenant rights classes

Rent Levels

Rents must be appropriate for the market and affordable for the intended population. For at least one year after the last building of a development is placed in service, monthly rents cannot exceed the MHDC-approved rents reflected in the Firm Commitment. Any increase in annual rents must be approved by MHDC.

Rents must meet the requirements of the various financing sources in the application and, at a minimum, must meet the requirements of the HTF Interim Rule to be eligible for an allocation of HTF under this HTF Allocation Plan.

The HTF rent plus utilities of an extremely low-income tenant shall not exceed thirty percent of the income of a family whose annual income equals thirty percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. HUD will publish the HTF rent limits on an annual basis.

If the HTF unit received federal or state project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30 percent of the tenant's adjusted income, the maximum rent can be up to the rent allowable under the federal or state project-based rental subsidy program.

Geographic Distribution

An attempt will be made to allocate HTF throughout the state on a population proportionate basis and by geographic diversity. However, MHDC will focus on projects with the most impact.

Ability to Deploy Funds Quickly

A development team's experience with affordable housing, MHDC, and the type of development being proposed is important. The following development team members will be evaluated: Developer(s), General Partner(s), Management Agent, Syndicator(s)/Investor(s), Contractor, Architect, Sustainable Design Team, Consultant(s), Lead Referral Agency (for special needs housing), and the service provider for service-enriched housing.

An applicant may become a recipient of HTF funding only if it is an organization, agency or other entity that will:

- a) Make acceptable assurances to MHDC that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities including the affordability period;
- b) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- c) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- d) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate and manage and operate an affordable multifamily rental housing development.

MHDC will assess the applicant's experience, performance, financial strength and capacity to complete the proposed development in a timely and efficient manner.

Items considered will include, but are not limited to:

- i. Number of affordable developments completed;
- ii. Occupancy of developments owned and/or managed;
- iii. Number of developments in development stages;
- iv. Performance, quality, and condition of previously completed developments;
- v. Previous and outstanding compliance issues; and
- vi. Performance regarding MHDC deadlines for previous funding awards.

The proposed general partner, developer, and general contractor will be assessed for their capacity to successfully manage the pre-development, closing, construction, and lease-up of the proposed development in addition to previously approved developments currently in those stages of development.

Development team members not in good standing with MHDC will not be approved for funding.

Affordability Period

The minimum period of affordability is 30 years.

Ability to Leverage Funds

A preference in funding will be extended to applicants proposing developments utilizing contributions or financial support from Owners, General Partners or otherwise derived from non-federal sources. Such financial support may be donated cash, real estate, labor, materials, abatement of local taxes, waiver of fees or other items that result in the reduction of development costs and reduced need for federal subsidy or funding.

DRAFT

2) Report of Staff

b. Request for approval of Bond Resolution No. 1053, Single Family Mortgage Revenue Bonds



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Jeremiah W. (Jay) Nixon
Governor

Peter Kinder
Lieutenant Governor

Clint Zweifel
State Treasurer

Chris Koster
Attorney General

Jeffrey S. Bay
Chairman

Troy L. Nash
Vice Chairman

Greg L. Roberts
Secretary-Treasurer

Bill Miller
Commissioner

Kip Stetzler
Executive Director

Kansas City
920 Main St. Suite 1400
Kansas City, MO 64105
816-759-6600
Fax 816-759-6828

St. Louis
505 N. 7th Street
20th Floor, Suite 2000
St. Louis, MO 63101
314-877-1350
Fax 314-877-1360

July 14, 2016

**TO: Board of Commissioners
Missouri Housing Development Commission**

**FROM: Marilyn Lappin
Director of Finance**

SUBJECT: Resolution No. 1053 – Authorizing the Issuance of Single Family Mortgage Revenue Bonds (First Place Homeownership Loan Program)

The Commission's First Place program continues to be an important product available to Missouri first time homebuyers. During this calendar year, the 2016 Series A and B bonds totaling \$146 million provide financing for approximately 1,385 first time homebuyers and facilitated refunding \$6 million in 2006 single family mortgage revenue bonds. The current level of first time homebuyer mortgage production merits planning for additional bonds to continue funding the First Place program.

Attached is Resolution No. 1053 which authorizes issuance of single family mortgage revenue bonds in one or more series for a total amount not to exceed \$100 million. This consists of bonds to provide "new money" to continue funding for MHDC's First Place homeownership program and bonds to refund MHDC's 2007 A and B bonds totaling approximately \$10 million.

Similar to the 2016 Series A and B financing structures, it is expected that "new money" bonds will be sold that incorporate utilization of available yield spread generated from prior bond financings and available single family bond-financed trust assets for purposes of overcollateralization. These features enable the Commission to offer lower interest rates on its first time homebuyer loans and minimize the rates on its bonds.

The 2007 A and B Bonds financed approximately \$85 million single family mortgages. The current market offers the opportunity to improve the fiscal results of these financings by selling bonds for purposes of refunding the outstanding 2007 Series A and B bonds to achieve a lower cost of borrowing.

RECOMMENDATION

Staff recommends approval of Resolution No. 1053 authorizing the issuance of single family mortgage revenue bonds in an amount not to exceed \$100 million.

MISSOURI HOUSING DEVELOPMENT COMMISSION

RESOLUTION NO. 1053

Approved July 14, 2016

**With Respect to a First Place Homeownership Loan Program
and
Authorizing the Issuance of**

**Single Family Mortgage Revenue Bonds
(First Place Homeownership Loan Program)**

RESOLUTION NO. 1053

A RESOLUTION AUTHORIZING AND PROVIDING FOR CONTINUATION OF THE FIRST PLACE HOMEOWNERSHIP LOAN PROGRAM; AUTHORIZING THE ISSUANCE BY THE MISSOURI HOUSING DEVELOPMENT COMMISSION OF ITS SINGLE FAMILY MORTGAGE REVENUE BONDS (FIRST PLACE HOMEOWNERSHIP LOAN PROGRAM), IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE BOND PURCHASE AGREEMENTS, SERIES SUPPLEMENTS FOR EACH SERIES, LENDER/SERVICER AGREEMENTS, CONTINUING DISCLOSURE AGREEMENTS AND OTHER DOCUMENTS RELATED THERETO; APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF SAID BONDS; APPROVING THE USE OF ONE OR MORE PRELIMINARY OFFICIAL STATEMENTS AND THE USE AND EXECUTION OF ONE OR MORE OFFICIAL STATEMENTS IN CONNECTION WITH THE SALE OF SAID BONDS; AND AUTHORIZING THE OFFICERS, EMPLOYEES AND REPRESENTATIVES OF THE COMMISSION TO DO AND PERFORM ALL THINGS NECESSARY, APPROPRIATE AND INCIDENTAL THERETO.

WHEREAS, there exists within the State of Missouri (the "State") a recognized shortage of decent, safe and sanitary housing for low and moderate income persons and families; and

WHEREAS, pursuant to Sections 215.010 to 215.250, inclusive, Revised Statutes of Missouri, and Appendix B(1) thereto, as amended (collectively, the "Act"), the Missouri Housing Development Commission (the "Commission") is authorized to issue and sell revenue bonds in order to aid in providing an adequate supply of residential housing for low and moderate income persons or families and for the purpose of purchasing mortgages and notes evidencing loans for the construction, rehabilitation or purchase of single family residential housing and to refund revenue bonds previously issued for such purposes; and

WHEREAS, the Commission, pursuant to Resolution No. 1043, approved March 16, 2015, as amended (the "March 2015 Resolution"), and the Indenture of Trust, dated as of May 1, 2015, as amended (the "Master Indenture"), between the Commission and UMB Bank, N.A. (the "Trustee"), has authorized the establishment of the First Place Homeownership Loan Program; and

WHEREAS, the Commission hereby deems and determines it necessary, desirable and in the public interest to provide for the continuation of said First Place Homeownership Loan Program and the issuance of one or more additional series of revenue bonds in accordance with the Master Indenture for the aforementioned purposes.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE MISSOURI HOUSING DEVELOPMENT COMMISSION AS FOLLOWS:

Section 1. Definitions. All words and phrases not otherwise defined herein shall have the respective meanings set forth in the Master Indenture and any Series Supplement entered into between the Commission and the Trustee in connection with the issuance of a series of the hereinafter defined Bonds (each, a "Series Supplement"), unless a different meaning clearly appears in context.

Section 2. Declaration of Purposes. It is hereby declared and determined that the purpose of this Resolution is to provide a means of financing the costs of acquiring single family residential property to provide adequate, safe and sanitary housing for low and moderate income persons and families in accordance with the Act.

Section 3. Continuation of First Place Homeownership Loan Program. The First Place Homeownership Loan Program (the "Program") created and established pursuant to the Act, the March 2015 Resolution and the Master Indenture shall be further implemented and administered as provided in this Resolution, the Master Indenture, the Series Supplements and the other financing documents authorized pursuant to this Resolution.

Section 4. Execution of the Series Supplements; Designation of Trustee. For the purposes set forth in **Section 5**, the Chairman, Vice Chairman, Executive Director, Director of Finance or Assistant Secretary are hereby authorized to execute and affix the official seal of the Commission to the Series Supplements. The Series Supplements shall be in substantially the form submitted to this meeting with such changes or amendments thereto as the officer executing each such Series Supplement shall approve, which approval shall be conclusively evidenced by his or her execution of said document.

UMB Bank, N.A., is hereby designated to serve in the capacity of Trustee under and pursuant to the terms of the Series Supplements.

Section 5. Authorization for Issuance of Bonds; Execution of the Bonds. For the purpose of providing funds necessary for continuation of the Program, there are hereby authorized to be issued and delivered pursuant to the Act and this Resolution and under and in accordance with the Master Indenture and the applicable Series Supplement revenue bonds to be designated "Missouri Housing Development Commission Single Family Mortgage Revenue Bonds (First Place Homeownership Loan Program)" in the aggregate principal amount of not to exceed \$100,000,000 (the "Bonds"), the proceeds of which will be applied to (i) acquire new Guaranteed Mortgage Securities, and/or (ii) refund one or more series of single family mortgage revenue bonds previously issued by the Commission, with series designations as provided in **Section 11**. The Bonds may be issued in one or more series and shall mature on the respective dates (not later than January 1, 2049, and in the amounts specified in the applicable Series Supplement, and shall be payable on the dates, bear interest at the rates (not to exceed an average interest rate of 5.50% per annum) and be dated as set forth in the applicable Series Supplement and shall be in the form and shall be subject to redemption and payment prior to their respective maturities, all as set forth and specified in the Master Indenture and the applicable Series Supplement. The Chairman or Vice Chairman and the Executive Director, Secretary or Assistant Secretary are hereby authorized to execute the Bonds by their manual or facsimile signatures in the manner specified in the Master Indenture and to affix or cause to be imprinted thereon the official seal of the Commission.

Section 6. Sale of the Bonds; Approval of Official Statement. The Bonds shall be sold and delivered to the order of the purchasers thereof (collectively, the "Purchasers") in accordance with the terms and conditions of the Bond Purchase Agreements relating to each series of Bonds between the Commission and the Purchasers (each, a "Purchase Contract"). The Chairman, Vice Chairman, Executive Director or Director of Finance are hereby authorized to execute and deliver such Purchase Contracts in substantially the form submitted to this meeting with such changes or amendments thereto as the officer executing such Purchase Contracts shall approve, which approval shall be conclusively evidenced by his or her execution of said Purchase Contracts.

The forms of the Preliminary Official Statements (each, a "Preliminary Official Statement") and the final Official Statements (each, an "Official Statement") and the use and distribution thereof by the Purchasers in connection with the offering and sale of each series of Bonds are hereby ratified and approved in substantially the forms presented to this meeting. The Chairman, Vice Chairman, Executive Director, Director of Operations or Director of Finance are hereby authorized to execute and deliver the Official Statements, with such changes or amendments thereto as the officer executing such Official Statements

shall approve, which approval shall be conclusively evidenced by the such officer's execution of said Official Statements.

Section 7. Approval of Lender/Servicer Agreements and Continuing Disclosure Agreements.

The Chairman, Vice Chairman, Executive Director or Director of Finance are hereby authorized to execute and deliver, for and on behalf of the Commission, origination, servicing and administration agreements with the mortgage lending and servicing institutions signatory thereto relating to the Bonds (the "Lender/Servicer Agreements") and one or more Continuing Disclosure Agreements, relating to the Bonds (the "Disclosure Agreements"), each in substantially the form presented to this meeting with any changes therein as the officer executing such Lender/Servicer Agreements and Disclosure Agreements shall approve, his or her execution being conclusive evidence of such approval.

Section 8. Further Authority. The Chairman, the Vice Chairman, Executive Director and Director of Finance are hereby further authorized and directed to execute any and all documents and agreements required to be executed pursuant to the Master Indenture and the Series Supplements or necessary or convenient for the Program, including any agreements authorized by the Master Indenture or the Series Supplements with respect to the investment of moneys held in the funds and accounts under the Master Indenture, agreements relating to the servicing of the mortgage loans and documents relating to the sale of Guaranteed Mortgage Securities financed with the proceeds of prior bonds of the Commission. The Chairman, the Vice Chairman, the Secretary, the Assistant Secretary, the Executive Director, the Director of Finance and other officers of the Commission, its attorneys and other agents, consultants or employees and the officers and employees of the Trustee are hereby authorized and directed to (i) furnish such information, execute such instruments and take such other action in cooperation with the Purchasers as the Purchasers may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Purchasers may designate (provided, however, the Commission shall not be required to register as a dealer or broker in any such state or jurisdiction or make any additional representations or warranties in connection with the sale of securities, or to subject itself to service of process in any state or jurisdiction in which it is not already so subject) and (ii) do and perform all acts and things required of them by the provisions of this Resolution, the Purchase Contract, the Master Indenture, the Series Supplements and the Lender/Servicer Agreements necessary or incidental for the purpose of implementing and carrying out the Program, the issuance and delivery of the Bonds, and for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements set forth herein, in the Bonds, the Purchase Contract, the Master Indenture, the Series Supplements, the Lender/Servicer Agreements and the Disclosure Agreement.

Section 9. Authority. This Resolution is adopted under the authority of the Act.

Section 10. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any remaining provisions of this Resolution.

Section 11. Series Designations; Authority to Modify. The Chairman, Vice Chairman, Executive Director and/or Director of Finance are hereby authorized to cause each series of the Bonds to be designated by the year in which issued and by alphabetical order within such year; provided, that such series designations may be further modified such that Bonds issued under the Master Indenture are assigned series designations in accordance with the chronological order of issuance of such Bonds or otherwise at the discretion of the Chairman, Vice Chairman, Executive Director or Director of Finance.

Section 12. Reimbursement of Expenditures; Official Intent. The Commission declares its intent to borrow the proceeds of the Bonds to finance or refinance the costs of acquisition of mortgage-backed securities, and to reimburse the Commission for expenditures made by the Commission to acquire mortgage-backed securities prior to the issuance of the Bonds.

Section 13. Effective Date. This Resolution shall be in full force and effect from and after its adoption by the Commission.

PASSED BY THE MISSOURI HOUSING DEVELOPMENT COMMISSION THIS 14th DAY OF JULY, 2016.

MISSOURI HOUSING DEVELOPMENT COMMISSION

By: _____
Chairman

ATTEST:

Assistant Secretary

3) Such other matters that may come before
the Commission