



Mississippi Home Corporation  
735 Riverside Drive  
Jackson, MS 39202

**MISSISSIPPI HOME CORPORATION (MHC)  
HOUSING TAX CREDIT PROGRAM  
PROGRAM BULLETIN #16-004**

**TO:** Developers, Owners, Management Agents Representing Owners,  
Interested Parties and State of Mississippi

**FROM:** Cliff Holmes, Vice President of Tax Credits  
Mississippi Home Corporation

**SUBJECT:** 2017 and 2018 Draft Qualified Allocation Plan Public Hearing Announcement

**DATE:** September 14, 2016

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This bulletin serves to inform that the Mississippi Home Corporation (MHC) will hold a public hearing to present proposed changes to the 2017/2018 Qualified Allocation Plan (QAP). Information for the public hearing is as follows:

**The Hilton Hotel  
1001 East County Line Road  
Jackson, MS 39211  
Wednesday, October 5, 2016  
3:30 p.m.**

The purpose of the public hearing is to receive and consider public comments regarding the draft Qualified Allocation Plan. MHC will also accept written comments on the proposed changes by hand delivery or e-mail at [taxcredits@mshc.com](mailto:taxcredits@mshc.com). Written comments must be received no later than 5:00 p.m. on Wednesday, October 12, 2016.

The Mississippi Association of Affordable Housing Providers (MAAHP) will host a reception immediately following the QAP Public Hearing. The reception will provide an excellent opportunity to network with industry professionals and MHC staff.

**Mississippi Home Corporation**  
**EXECUTIVE SUMMARY**  
**of the Proposed Changes to the**  
**2017 and 2018 Qualified Allocation Plan (QAP)**

*Public Hearing: 10/05/2016*

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The following is a summary of proposed changes for Mississippi's 2017 and 2018 Qualified Allocation Plan. The recommended changes are notated in **red font**. MHC will accept public comments from October 5, 2016 through October 12, 2016. All comments are to be submitted in writing and emailed to [taxcredits@mshc.com](mailto:taxcredits@mshc.com).

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## INTRODUCTION

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On **October 5, 2016**, MHC, acting pursuant to statutory requirements, held a public hearing at **The Hilton Hotel, 1001 East County Line Road, Jackson, MS** for the purpose of receiving comments on a draft of Mississippi's **2017 and 2018** Qualified Allocation Plan (QAP). In addition to oral comments received at the hearing, MHC will request written comments from interested members of the public concerning the draft QAP. Both the oral and written comments received will be considered and fully evaluated prior to MHC's adoption of the **2017/2018** Qualified Allocation Plan. The **2017/2018** Qualified Allocation Plan was presented to the Governor of the State of Mississippi, who formally approved its terms by Resolution received by MHC on (tbd).

## SECTION 1: GENERAL POLICIES AND GUIDELINES

### Pages 8-9

#### 1.3 Compliance Eligibility

1. **Major Noncompliance.** Applications that are submitted by an entity with existing major noncompliance findings (that occurred prior to January 1, 2017) for the owner, developer, general partner, management entity or consultant that has previously served as owner, developer, or general partner of any development in which they are associated will be disqualified from consideration.

Applicants with a major noncompliance issue that occurred prior to January 1, 2017 that is resolved by December 31, 2016 are eligible to apply without penalties.

Applicants with a major noncompliance issue that occurred prior to January 1, 2017 that is not resolved by December 31, 2016 but is resolved prior to the submission of the application are eligible to apply. However, points will be deducted from the application. See Addendum A for point deductions.

2. **Verification of Compliance Status.** Prior to submission of the tax credit application, the Applicant (and its associated entities) **may must** verify their compliance status with any and all programs offered or administered by MHC. A written request for compliance status must be received by MHC's Compliance Department by the deadline date outlined in Section 2, Chart 2. **Failure to submit the request by the deadline date will result in a late fee as per Section 2.3. Please note that Applicants with outstanding fees are not eligible to apply.**

~~Applicants will not be charged for any research that takes less than three (3) hours. However, a if a request is submitted by the deadline, applicable research fees will apply. A per hour charge of \$55.00 \$110.00 per hour will be assessed to cover the cost of researching and processing an Applicant's compliance status request that requires more than three (3) hours of research time. The Applicant's compliance status will be verified upon receipt of a tax credit application. Applicants must include the Compliance Verification Letter with the application.~~

~~The request for verification of compliance status is not mandatory. However, any applicant that fails to verify compliance status by the verification deadline date and subsequently appeals a disqualification due to findings of major noncompliance shall be subject to the Appeal Fee outlined in Section 6.4 of the QAP along with the notice of appeal.~~

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#### 1.5 Development Requirements

2. **Community Services Requirements.** All developments must commit to provide a minimum of two (2) community services in at least two (2) unrelated areas not otherwise typically present in low-income rental housing (*see examples below*). Applicants must select services that will meet the needs of its tenants. In addition, the types of services must be kept current as to changing tenant needs, economic conditions, and social change.

All services must be provided for a minimum of ten years beyond the later of the placed in service date or the date of the first service/class. A minimum of one service must be provided quarterly and each service must be offered at least once per year. **In addition, the application must specifically detail the location of each service.**

7. **Scattered Sites Development Requirements.**

Single-family scattered site developments will require prior approval by MHC. Applicants must submit a request for approval by the deadline date outlined in Section 2 of the QAP. The request must include the following information:

- **Ownership Entity Name**
- **Ownership Contact Information**
- **Proposed Development Name**
- Development Construction Type (new construction, acq/rehab)
- Structure Type (multifamily, single-family)
- Number of Sites
- Number of Units/Bldgs. on each site (to be built/rehab)
- Current use of each site
- Distance between each site
- City/County of each site
- Site Location Maps
- Photos of each site
- Any other pertinent information that may be unique to the development.

8. **Tax-Exempt Bond Developments Requirements**

Developments financed with certain tax-exempt bonds are eligible for tax credits without receiving a state allocation. Tax-exempt bond developments include developments financed with exempt facility bonds that are used for qualified residential developments.

Issuance of Bonds

MHC can act as a conduit issuer of tax-exempt bonds; however, the bonds do not constitute an indebtedness of MHC or the State of Mississippi. For all developments utilizing the Housing Tax Credit Program, MHC must act as a conduit issuer of the tax-exempt bonds.

The following documents are required for Bond Resolution:

Inducement Resolution Requirements

1. Investment Grade Rating (independent or enhanced)/OR privately placed with an investment letter to be approved by MHC.
2. General Description / location, number of units, financing sources, Pro-Forma—initial, type and amount of Bond Issue
3. References—other details
4. Copy of latest audited financials
5. List of Developments
6. Location
7. Development Stage
8. Lease-Up
9. Developer to select professionals.
10. Developer is responsible for paying all costs of issuance (including MHC's Issuer Counsel and Financial Advisor).
11. If the principal balance is less than \$15 million, MHC shall be paid twenty basis points but not less than \$10,000. If the principal balance is greater than \$15 million, MHC shall be paid fifteen basis points or \$30,000, whichever is higher.
12. \$3,500 application fee (non-refundable) which is submitted at the time of the Inducement Resolution.
13. Developer pays all costs. Fee Schedule available upon request.
14. MHC **does not** use any of its Bond Allocation for Multi-Family Bonds.

Items to be Provided After Inducement

1. Independent 3<sup>rd</sup> party Market Study
2. Multi-family (MF) Application (for Tax Credits)
3. Plans / Specs
4. Final Pro-Forma
5. Bond Documents
6. Bond Allocation—Bond Counsel applies to MDA—Fee is \$1,000 (to be paid by Developer)

For additional information regarding bond inducement, contact Debbie Purvis at (601) 718-4607.

Housing Tax Credits Requirements

If fifty percent (50%) or more of a development's basis (total development cost including land) is financed with tax-exempt bonds financing, one hundred percent (100%) of the development qualifies for the tax credit without a decrease in the state's allocation. Although bond-financed developments are not required to receive tax credit allocations from the state, the development must satisfy the requirements for an allocation of tax credits under this qualified allocation plan. The development must also commit to a thirty (30) year extended low-income use on the portion supported by tax credits. Bond-financed developments will be reviewed for feasibility and threshold requirements under this allocation plan. ~~In addition, all bond-financed developments that include 4% tax credits must score a minimum of 70 points under However, they will not be required to meet the selection criteria requirements outlined in Addendum A. However, the development does not have to meet the ten percent (10%) requirements for a carryover allocation (Section 7.4(4)) of tax credits. In addition, Tax Exempt Bond deals may not be subject to the same underwriting restrictions as proposed competitive tax credit developments.~~

An opinion letter from a Certified Public Accountant must accompany the application to certify that fifty percent (50%) or greater of aggregate basis will be financed by tax-exempt bonds. Tax-exempt bond applications should be submitted at least sixty (60) days prior to the scheduled closing on the bonds.

Applicants are required to submit a complete application package in accordance with the QAP. Incomplete application packages submitted to MHC will be returned to the applicant.

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**10. Developments with Multiple Buildings. (New Item)**

A development may include multiple buildings if is located on the same or contiguous tracts of land, is owned by the same federal taxpayer and is financed pursuant to a common plan of financing. A development with multiple buildings that is proposing a mixed income structure must have low-income units in each building of the development. Scattered site buildings on noncontiguous tracts of land may also qualify if the development meets all of the other requirements described above and in Section 1.5(7) and the development is 100% rent and income restricted.

**1.6 Maximum Credit Award**

- 1. Annual Credit Authority (ACA).** The annual per capita federal tax credit amount currently available to Mississippi is ~~\$2.30~~ \$2.35 per capita. MHC is also permitted by the Code to carry forward any unused credits from the prior year ("carry forward credits") and any credits recovered from developments that received allocations in previous years but are unable to utilize any or all of the credits ("returned credits"). In addition, MHC may allocate any credits received from the national pool.

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**SECTION 2: IMPORTANT DATES & FEES**  
**Chart 2: Important Dates**

Event	Date
Technical Assistance Period Opens	January 3, 2017
Request for Compliance Verification Deadline (Mandatory)	January 6, 2017
Blight Pre- Approval Package Request Deadline	January 13, 2016
Waiver Requests / Prior Approval Deadline	February 10, 2017
Evidence of Compliance with Community Notification due to MHC	February 21, 2017
MHC's Written Response to Waiver Requests	February 28, 2017
Technical Assistance Period Closes*	March 3, 2017 @ 5:00 pm CST
Application Cycle Opens	March 8, 2017
Application Cycle Closes (MS Excel)	March 14, 2017 @ 4:00 pm CST
Online Application Deadline	March 17, 2017 @ 4:00 pm CST
MHC Annual Conference	April 11-13, 2017

\*NOTE: Applicants may seek technical assistance for any system related issue with the Online Application until 4:00 p.m. on March 16, 2017.

**2.1 Application Period**

Applicants may apply for the competitive 9% credit funding only during the application cycle. Tax Exempt Bond (4%) financed developments may submit applications year round.

The competitive Application Cycle for 2017 will be held as follow:

Cycle	Application	Deadline	Cycle Set Aside
1	Hardcopy Online	March 8 – March 14, 2017 (CST) March 8 – March 17, 2017 (CST)	ACA Credits

A complete **hardcopy** application package must be submitted to MHC no later than ~~2:00 p.m.~~ **4:00 p.m.** Central Standard Time by the last day of the application period to be considered for an allocation. Late applications will not be accepted. **Online applications will be due Friday, March 17, 2017 by 4:00 p.m. (CST).**

**2.2 Technical Assistance Period**

MHC’s Technical Assistance period will open on **January 3, 2017** and close on **March 3, 2017**. During this time, Applicants may contact the Allocation Staff regarding the QAP application and/or its process. **All inquiries must be submitted in writing and emailed to taxcredits@mshc.com. Applicants may not submit questions to MHC staff email addresses.** Upon the end of the Technical Assistance period, MHC will implement its “Quiet Period.” During this time, Applicants may not contact the Allocation Staff, MHC Senior Management, or any MHC staff person regarding any active application or the application process. The Quiet Period will end upon the issuance of the tax credit reservations.

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**Chart 3: Fees**

Type of Fee		Amount of Fee
Application Fee		<del>\$1,050</del> <b>\$1,500</b> (9% competitive round and Tax Exempt Bond w/out MHC as conduit issuer) \$3,500 (Tax Exempt Bond w/ MHC as conduit issuer)
Servicing Fees	Reservation	50% of Servicing Fee
	Commitment	50% of Servicing Fee
Late/Non-Response Fees		\$100 per day for the first five (5) days \$250 per day for days six (6) thru fifteen (15) \$500 per day for days sixteen (16) thru thirty (30)
50% Completion Penalty Fee		1.25% of the first 5 years credit allocation
Signage Penalty Fee		\$50.00 per day for each day that proper signage is not in place (see Section 7.5)
Subsequent Site Visit Fee		\$250 per visit will be assessed for each subsequent visit after an unsatisfactory initial inspection
8609 Reprocessing Fee		Minimum \$25 fee for up to ten (10) Forms 8609 and \$1.50 for each additional form if owners fail to report any discrepancies within seven (7) business days.
HUD Subsidy Layering Review		<del>\$250</del> <b>\$1,250</b> per development.

**2. Fees**

- 1. Application Fee.** The application fee under the competitive 9% cycle is ~~\$1,050~~ **\$1,500** and is due at the time of the application submission. Failure to include the application fee will disqualify the application. Regardless of the funding decision, all application fees are non-refundable.

The application fee for Tax Exempt Bond financed developments is \$3,500 if MHC is the conduit issuer of the bonds. For bond transactions in which MHC is not the conduit issuer, the application fee will be ~~\$1,050~~ **\$1,500**. **Please note that incomplete Tax Exempt Bond applications will be returned to the Applicant and the appropriate application fee must be repaid to resubmit application.**

- 2. Servicing Fee.** A Servicing Fee of ~~2.5%~~ **2.75%** of the total credit over the ten (10) year period will be assessed to each development that receives a reservation of tax credits. The Servicing Fee consists of Allocation Fees (2%) and Compliance Monitoring Fees ~~(.5%)~~ **(.75%)**. Fifty percent of the Servicing Fee will be due at the time of Reservation and the other fifty percent will be due at the time of Commitment.
- 3. Refunding of Servicing Fee.** ~~Refunds are limited to 75% of the total servicing fee and will only be allowed if tax credits are returned to MHC within six (6) months of the Reservation date. There will be no refund of the servicing fee for credits returned /recaptured beyond this date. MHC will grant a refund of paid servicing fees for the credit award minus \$20,000 or 15%, whichever is less.~~

**SECTION 3: 2017 SET-ASIDES**

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**3.2 Smaller Credit Amount Set-Aside**

MHC will set aside ~~one million three hundred seventy five thousand dollars (\$1,375,000)~~ 25% of its ACA credit authority for smaller LIHTC deals ~~filing applications in in Desoto, Tippah, Alcorn, Prentiss, Tishomingo, Benton, Union, Pontotoc, Chickasaw, Lee, Itawamba, Monroe, Madison, Rankin, Copiah, Simpson, Jefferson Davis, Covington, Jones, Wayne, Marion, Lamar, Forrest, Perry and Greene counties.~~ that target the Special Needs Population. Each development filing under this set-aside will be limited to two hundred seventy-five thousand dollars (\$275,000) in first year credits. **Multiphase developments are not eligible to compete in this set-aside.**

~~Additionally, all Smaller Credit Amount Set Aside awarded deals (not to exceed 5 developments), will receive up to four hundred thousand dollars (\$400,000) each in HOME Grant Funds (HOME). All HOME applications are due at the time of the Tax Credit application submission. Developers must request a HOME application from [taxcredits@mshomecorp.com](mailto:taxcredits@mshomecorp.com). MHC expects to fund at least two and up to five developments, depending on availability of HOME funds.~~

### 3.3 Statewide Set-Aside

The remainder of ACA credits, after the other set-asides above, will be utilized for developments statewide.

MHC reserves the right to fund no more than 65% of a specific development-type (single family or multi-family). In the event an eligible tax credit award causes a specific development category to exceed the 65% threshold, MHC may fund the development so long as no more than 50% of the award exceeds the 65% threshold for the particular development type.

Example: 65% of the credit amount is \$1,000,000. MHC has funded multi-family development in the amount of \$900,000. The next eligible award requires \$300,000. 50% of that award would be \$150,000. This exceeds the 65% threshold by \$50,000 so the development would not be funded. In this example only an eligible development of \$200,000 or less could be funded.

## SECTION 4: THRESHOLD FACTORS

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#### 4.2 Site Control

- 2. Lease.** Lease of the proposed site development for a term meeting or exceeding the 30-year compliance period or for such longer period as the applicant represents in the application that the development will be held for occupancy by low income persons and families. MHC shall approve all lease hold documents and the fundamental structure thereof. The developer must, at a minimum, make monthly, quarterly, bi-annual or annual payments under the lease.

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#### 4.5 Development Financing

The Applicant must demonstrate sufficient funding sources for the completion of the proposed development. Documentation must be provided for all sources listed in the application. All financing documentation must identify the Proposed Ownership Entity and the Proposed Development Address. If the permanent financing will not be provided by a federally regulated financial institution, supporting documentation verifying that the entity has sufficient funds must be included with the application package. In addition, the application must include copies of the proposed budgets and cash flow statements acknowledged by the permanent lender and syndicator/investor.

- 1. Banks and other Lending Institutions.** A Letter of Interest or Intent from the financial institution providing the Permanent Financing loan must be provided in the application. The letter must include a term sheet for each loan type (including but not limited to permanent loans, construction loans, bridge loans, etc.) that identifies the loan amount, interest rate, amortization period, term of the loan, loan to value factor, minimum debt service coverage allowable, loans and commitment and origination fees. If the permanent financing will not be provided by a federally regulated financial institution, supporting documentation verifying that the entity has sufficient funds must be included with the application package. A firm Commitment Letter will be required to be submitted with the Reservation Package. See Section 7.1(5).
- 3. HUD Financed Developments.** For HUD financed properties involving a Transfer of Physical Assets (TPA), the application must contain written correspondence from the local agency's state field office which confirms that a transfer package has been submitted and pending approval. The only allowable condition to obtaining such transfer approval will be obtaining housing tax credits. Additionally, MHC will require a HUD Lender approval letter evidencing timely completion of property transfer.

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#### 5.8 Limits on Fees

- 3. General Contractor Fees.** Amounts in excess of the subject limits will be considered excessive. The developer and contractor are limited to one fee earned for builder overhead (2%), general contractor (6%), and builder profit (6%) if no more than twenty-five percent (25%) of construction is sub-contracted to a related party, directly or indirectly.

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- 4. Other Fees.**
  - General Requirements (line item 46 on application page A15) cannot exceed six percent (6%) of the total construction cost.

- Construction Contingency (line item 11 on application page A15) cannot exceed five percent (5%) of new construction costs and ten percent (10%) of rehabilitation costs.
- All "other" line items must be identified and listed and may not exceed two percent (2%) of the total construction cost.
- Architect fees should be limited to no more than \$1,850 per unit for designing/planning. Additionally architects performing contract administration fee should be limited to no more than \$500 per unit.
- All ~~other soft cost~~ line items must be identified and listed and may not exceed two percent (2%) of the total construction cost.

## SECTION 6: APPLICATION PROCESS

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### 6.1 Request for Waivers

Applicants shall submit requests for waivers prior to the application cycle for any of the following:

1. Request to waive the maximum construction costs limits (Section 5.6(2));
2. Request for consideration of the State Designated Discretionary Basis Boost (Section 5.3(3));
3. Request to deviate from the Minimum Design Quality Standards (Addendum B); (*acq./rehab only*)
4. Request to waive GPAG 1.2(2) Development Size;
5. Request to waive GPAG 1.5(1) Minimum Financing Requirements (*PHA participants only*);
6. Request for prior approval for Scattered Sites developments (Section 1.5(7))

### 6.2 Application Package

2. **Application CD.** The CD must consist of the MS Excel application (yellow pages), ~~the Site Control documents, and the Market Study~~ and the Market Study addendums (if applicable).
3. **Application Packages.** The Application Package must consist of the MS Excel application (with original signatures), the Application CD, and the items required in the Table of Contents (Attachment 1).
4. **Application Submission.** All Application Packages must be submitted in hard copy form (with original signatures) and electronic form on a CD. All applications are considered final at the time they are received. Additional information cannot be submitted unless specifically requested by MHC. All application packages must be submitted to: Mississippi Home Corporation, 735 Riverside Drive, Jackson, Mississippi 39202.
  - a. **Excel Application:** The Excel Applications must be submitted in hard copy form (with original signatures) and electronic form on a CD.
  - b. **Online Application:** The online application must be submitted via the web only. All required documents in the Table of Contents (Attachment 1) must be uploaded with the online application. Applicants will not be required to print and submit a hard copy of the online application.
5. **Binders.** The Application Package must be submitted in two separate binders as outlined in the Table of Contents (Attachment 1). Additional binders may be used if necessary. All binders must be labeled. Applicants must use green (ACCO USA Stock No. 2597) binders to submit the application package. Binders may be purchased from MHC at a cost of \$3.50 each.
6. **Table of Contents.** All applications must include a Table of Contents (Attachment 1) and all sections of the application must be tabbed as per the Table of Contents. Points will be deducted for items that are not placed under the correct tab (see Addendum A for point deductions).

### 6.3 MHC Review Process

All competitive applications will be reviewed for Site Location, Threshold Factors, Selection Criteria, Required Documents and Financial Feasibility, respectively. Tax Exempt Bond financed developments will be reviewed for all except the Selection Criteria; however all Tax Exempt Bond application must score a minimum of 70 points. Any application that does not meet the requirements of each component will be disqualified.

1. **Application.** The Excel Application and the Online Application must be completed in its entirety. In addition, the information in both applications must be consistent. Failure to complete the application or provide consistent data will result in a deduction of points (see Addendum A for point deductions). For its 2017 Application Cycle, MHC will utilize the information provided in the Excel Application and the hard copy of the Application Package for review purposes. In instances where there are inconsistencies between the Excel Application and the Online Application, the Excel Application will prevail.
4. **Selection Criteria.** MHC will use the Selection Criteria stated in Addendum A to rank developments during the competitive application cycle. These applications must meet the minimum score of ninety-five (95) points to be considered for a reservation of tax credits. Tax Exempt Bond applications must meet the minimum score of 70 to be considered. Points will be awarded or deducted based solely on the information submitted in the application. The application package must include sufficient documentation and required forms to support the points claimed. Applicants will not be allowed to cure a deficient scoring item. Applicants are encouraged to utilize MHC's Technical Assistance for clarification of any scoring item prior to submission of the application. MHC will not consider waiver requests with respect to any scoring item.

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#### 6.4 Appeals Process

Determinations regarding the applicant's satisfaction of:

- Eligibility requirements
  - ~~Finding of Major Non-compliance~~  
~~There is an appeal fee of \$1,250 for developments cited for outstanding major non-compliance which did not submit a compliance status verification request to MHC prior to application submission, as outlined in Section 1.3(2) of the QAP.~~
  - Underwriting criteria
  - Scoring under the Selection Criteria
- The appeal shall be limited to the content of the initial application and no additional documentation will be accepted by MHC. If MHC is required to request supplemental information to clarify the appealed item, the applicant will only receive half of the scoring item's point value if the points are reinstated, **regardless of Scoring, Threshold, or Compliance issue.**

### SECTION 7: FUNDED DEVELOPMENTS

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#### 7.6 Development Requests

##### 6. HUD Subsidy Layering Reviews.

Requests for Subsidy Layering Reviews should be submitted to MHC's Construction Lending Division along with the development's Sources and Uses documentation and the ~~\$1,000~~ \$1,250 review fee.

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#### 7.8 Notification to MHC of Special Events (NEW)

All Owners of funded developments are required to notify MHC's Marketing Department of all upcoming events pertaining to the development (*e.g. Ribbon Cutting Ceremonies, Groundbreaking Ceremonies, and any other public events initiated by the Owner*) prior to setting the date of the event. The Marketing Department, at the Owner's discretion, may assist with the planning of the special event. All notifications must be submitted to the Marketing Department's email address at [marketing\\_news@mshc.com](mailto:marketing_news@mshc.com).

#### 7.9 IRS Form 8609 Requirements

### SECTION 8: COMPLIANCE MONITORING PLAN SUMMARY

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#### 8.8 Monitoring Fees

The owner of a development in noncompliance will be responsible for reimbursing MHC for all expenses incurred. Expenses for conducting additional on-site inspections will include but are not limited to:

- a. The standard mileage rate in effect at the time of the re-inspection,
- b. Any overnight expenses,
- c. A meal allowance of ~~\$25.00~~ \$35.00 per day, and
- d. A charge of ~~\$55.00~~ \$110.00 per hour to review tenant files and a charge of \$110 per hour to perform a re-inspection of the development's physical condition.
- e. MHC will also charge **one hundred and ten dollars (\$110.00)** per hour with a **one hundred and ten dollar (\$110.00)** minimum to review documents forwarded to MHC to correct noncompliance. Any additional expenses incurred by MHC as it relates to an owner's noncompliance shall be the responsibility of the owner.

#### 8.9 Mandatory Tax Credit Compliance Training

Fundamental Compliance Monitoring training is mandatory for owners **and on-site managing agents** of "NEW" tax credit developments within forty-five (45) days of the placed in service date of the first building or no later than the date of the next scheduled MHC compliance monitoring training. The training may be administered by MHC or by an approved organization **in order to receive the IRS form 8609s.**

**Additionally, every three (3) years after, owners and on-site managers must show documentation of tax credit training conducted by an approved organization or MHC. In the event of a change in on-site management/managing partner, the individual must acquire training within 120 days of the initial change.**



**ADDENDUM A SELECTION CRITERIA**

MHC will use the Selection Criteria in this Addendum to rank developments during the 2017 and 2018 Application Cycle. An applicant must score a minimum of ninety-five (95) points to be considered for a reservation of housing tax credits.

*site location*

Developments may receive up to ten points if the site is located in up to two of the four categories listed in Chart 5. For scattered site developments, all sites must be fully located in the scoring item selected.

CHART 5: SITE LOCATION

(1) Contributes to a Concerted Revitalization Plan	5 pts
(2) Zip Code Concentration	5 pts
<del>(3) Development County</del>	<del>5 pts</del>
(4) Natural Disaster Area	5 pts
<del>(5) Certified Health Care Zone</del>	<del>5 pts</del>
(6) High Opportunity Area	10 pts
<b>Maximum Points:</b>	<b>10pts</b>

- 1. CONTRIBUTES TO A CONCERTED REVITALIZATION PLAN 5 PTS**
- 2. QUALIFIED ZIP CODE 5 PTS**
- ~~**3. DEVELOPMENT COUNTY UP TO 5 PTS**~~

(tbd)

~~Developments may be awarded up to five points depending on the county of the proposed site. The points are based on the housing need as determined by the following indicators: (1) HTC units allocated between 2013 and 2015, (2) renter households below 60% of AMI, and (3) Growth Rank. Points assigned to include approximately 16 counties in each category based on the indicators. See Chart 6 for corresponding county points.~~

Chart 6: Development Location (County) Points

COUNTY	PTS	COUNTY	PTS	COUNTY	PTS	COUNTY	PTS
ADAMS	1	BERNARD	2	LINCOLN	3	SIMPSON	1
ALCON	1	BERNICE	1	LOWMEYER	2	SMITH	2
AMITE	2	HAMILTON	5	MADISON	1	STONE	1
ATTALA	5	HARRIS	1	MARION	3	SUNFLOWER	5
BENTON	5	HAYNES	5	MARSHALL	4	TALLAHATCHIE	5
BOLIVAR	3	HEWITT	3	MCCURTAIN	4	TATE	2
CALHOUN	3	HILL	3	MERCER	3	TIPPAH	4
CARROLL	1	HOUSTON	1	MILLERS	1	TISHMINGO	4
CHICKASAW	2	JACKSON	1	MORNINGSTAR	1	TUNICA	3
CHOCTAW	3	JASPER	4	MURPHY	4	UNION	1
CLARKE	5	JEFFERSON	5	NEAL	4	WALTHALL	5
CLAY	4	JONES	4	NEELY	2	WARREN	3
COAHOMA	3	KEOSAUPEE	4	NEWELL	2	WASHINGTON	5
COPIAH	4	LAFAYETTE	4	NEWTON	4	WAYNE	3
COVINGTON	1	LAGLER	2	OKMULGEE	4	WEBSTER	5
DE SOTO	4	LAWRENCE	2	OSBORN	2	WILKINSON	5
FOREST	1	LEWIS	1	OSWALD	4	WINSTON	5
FRANKLIN	3	LIBERTY	5	QUINN	3	YALOBUSHA	2
GEORGIA	4	LITTLE	1	RAHWAY	3	YAZOO	2
GREENE	5	LITTORE	4	SCOTT	2		
				SHARKEY	1		

- 4. NATURAL DISASTER AREA 5 PTS**

Five points may be awarded to developments that are located in a county that has been recently impacted by a federally declared natural disaster (e.g. hurricane, tornado, and flood). The natural disaster event must have occurred after January 1, 2014. The county must be listed on the Federal Notice provided by FEMA ([www.fema.gov/disasters](http://www.fema.gov/disasters)) as being adversely affected by the major disaster.

**5. CERTIFIED HEALTHCARE 5 PTS**

Five points may be awarded to developments located within a county which has certificates of need of more than three hundred and seventy-five (375) acute care hospital beds (see Chart 7). Developments may also locate in a county that has less than 375 acute care hospital beds as long as the county's health care zone has a master plan from the American Institute of Certified Planners (AICP) as approved by the Governor's office (see Chart 8).

All proposed developments must be located within a five (5) mile radius of a qualifying health care facility. Applicants must contact Dr. Ben Mokry for a map which verifies the proposed development's location within a five (5) mile radius of the acute care facility. The market study must include a Certified Healthcare Zone Market Study Addendum (see Addendum G) that addresses the housing priority for this specialized need. Applicants must also include a specified marketing plan that identifies how they will target qualified medical professional personnel for the development.

**Chart 7: Counties with 375 or More Acute Care Hospital Beds**

Desoto	Forrest	Harrison	Hinds
Jackson	Lauderdale	Lee	Rankin

**Chart 8: Counties with less than 375 Acute Care Hospital Beds with Master Plans**

Adams	Clay	Clarke	Copiah	Humphrey
Lowndes	Madison	Marshall	Montgomery	Noxubee
Panola	Scott	Yazoo		

Copies of approved master plans may be found on MHC's website ([www.mshomecorp.com](http://www.mshomecorp.com)).

*development characteristics*

**7. NATIONAL GREEN BUILDING STANDARDS UP TO 10 PTS**

Points will be awarded to developments that build/rehabilitate the development to meet the standards of the ICC 700 National Green Building Standards as follow:

- ~~(a) Bronze Level..... 7 points~~
- (a) Silver Level..... 7 points
- (b) Gold Level..... 10 points

**8. NEW CONSTRUCTION OR REHABILITATION OF BLIGHT 10 PTS**

Ten points will be awarded to a development that proposes to revitalize a blighted area through either the demolition and new construction of buildings or the rehabilitation of existing buildings. Applications must demonstrate how the proposed housing will contribute to revitalizing and/or stabilizing the area/neighborhood. Buildings may not be demolished prior to submission of the application.

Points will be awarded if the site has one or more of the following:

- (a) The proposed site has one or more substantial building(s) that has been abandoned, is uninhabitable and constitutes a threat to human health, safety, and public welfare. A building will be considered substantial if it measures at least 15,000 sq. ft.
- (b) The proposed site consists of a neighborhood with at least four commercial or residential buildings that are deteriorated or deteriorating and constitutes a threat to human health, safety, and public welfare. A neighborhood will be defined as a group of houses or buildings that are together in an area.
- (c) The proposed development consists of scattered sites with blighted structures on four or more individual parcels that have been abandoned, is uninhabitable and constitutes a threat to human health, safety, and public welfare. A blighted structure must be a minimum of 650 sq. ft.
- ~~(d) The proposed development intends to use four or more residential lots where a blighted residential property was removed by the local jurisdiction using MHC's Blight Elimination Program. The proposed development may also qualify if it intends to use four or more lots where blighted properties exist at the time of application. The application must include evidence that the local jurisdiction intends to apply for funding under MHC's Blight Elimination Program and the specific lots to be used will be listed for demolition.~~

**9. DEVELOPMENT BASED RENTAL ASSISTANCE (DBRA)**

**5 PTS**

The applicant can elect any of the following:

◆ **Private Owner Rental Assistance (New)**

Owner-based Rental Assistance must be provided at a minimum of \$100.00 per unit for at least fifty-one percent (51%) of the Tax Credit units. Tenant paid rents must be reduced by the amount of the owner rental assistance payment. The application must include a certification from the development's owner to commit to provide rental assistance payments. The certification must include the amount of rental assistance, the number of units that will be subsidized, the number of years the assistance will be provided, and a plan that identifies which households will be selected for housing assistance payments.

The disbursement of assistance will be monitored in accordance with the compliance monitoring requirements outlined in the Compliance Monitoring Plan in effect at the time of the issuance of the Forms 8609. Additionally, a copy of the most recent rent roll must be submitted that verifies each unit that is receiving the rental assistance. Development owners and/or management entities that fail to meet all of the owner-based rental assistance requirements will subject the development team to penalties as outlined in Section 1.4(6) of the QAP.

◆ **Private Owner Deeper Targeting Rental Assistance- (For Special Needs Set Aside Only)**

Developments may receive points for providing rental assistance to at least ~~10%~~7% of the total development units for persons targeted in the Mississippi Affirmative Olmstead Initiative. Applicants that select this scoring component must commit to providing the rental assistance for a minimum of ten years.

**12. DEVELOPMENT TYPE**

**UP TO 25PTS**

**A. New Construction Points**

(a) Single Family Homes	5 pts
(b) Lease Purchase Option for Tenants	10 pts
<del>(c) Local Authority Support</del>	<del>5 pts</del>
<b>Maximum Points:</b>	<b>20 15 pts</b>

~~(c) Local Authority Support (5 pts.)~~

~~Five points will be awarded to proposed new construction of housing developments that receive support from the local municipality in one of the following forms:~~

- ~~◆ Letter of Support~~
- ~~◆ Tax Abatement~~
- ~~◆ HOME or CDBG awards~~
- ~~◆ Off-site improvements~~

~~Documentation for the support must be provided by the highest ranking elected official and must clearly define the type of support that is being committed. The documentation must also be on official letterhead, be properly executed, include the development's name and location, and be dated within six months of the application date.~~

**B. Acquisition/Rehabilitation Points**

(c) Preservation (5 pts.)

Five points will be awarded to developments that preserve existing federal affordable housing programs that meet one of the following:

- Developments that have previously received an award of housing tax credits may be eligible if it meets all of the following: (1) **The Extended Use Period has expired and** (2) the development has been in service for at least 20 years; (3) requires substantial rehabilitation; and (4) the development exited the program in good standing. Developments that have a history of neglect and poor ownership will not be considered if proposed by a related party to the owners who did not properly maintain the property. Applicants must complete the "Previous Award of Tax Credits" section of the application. In addition, the application must include a copy of the original LURA and the first year's IRS Forms 8609 for all buildings showing Part II completed.

## *housing needs characteristics*

### 15. SPECIAL NEEDS HOUSING

UP TO 17 PTS

◆ **Elderly** (~~15 pts~~ 10 pts)

◆ **Housing for Disabled Persons Targeted by Mississippi Affirmative Olmstead Initiative** (~~up to 17 pts~~ 10 pts)  
(For developments applying in the Special Needs Set Aside only)

Ten points will be awarded to developments that set aside a minimum of ~~10%~~ 7% but no more than 20% of the total development units for persons targeted by the Mississippi Affirmative Olmstead. To qualify for this incentive, the owner must agree to accept referrals from the Mississippi Olmstead initiative referral network and execute a memorandum of understanding between the owner, property manager, and the Community Mental Health Center serving the area under the Mississippi Olmstead Initiative for the period of the targeting agreement.

◆ **Housing For Veterans** (10 pts)

**Bonus Points.**

**MAOI Developments.** Seven bonus points may be awarded to developments that set aside an additional 10% (with minimum of 2 units) of the total units in the development for persons targeted in the Mississippi Affirmative Olmstead Initiative and rents limited to 30% or less of the county specific AMI. Applicants must indicate this election on the application form. In addition, a statement, executed by a principal member of the Ownership Entity, electing to set aside 10% of the total units for persons targeted in the Mississippi Affirmative Olmstead Initiative at or below 30% of the area median gross income must be included in the application package. Developments proposing units in this category that also receive Section 8 Project Based Rental Assistance (HAP Contracts) are required to put units targeting persons in the Mississippi Affirmative Olmstead Initiative under the HAP contract for the duration of the contract, including extensions. Developments that receive Deeper Targeting points (Scoring item #10) may not receive these points.

**Elderly or Veterans Developments.** Five bonus points may be awarded to developments that set aside an additional 10% (with minimum of 2 units) of the total units in the development targeting the Elderly or Veterans population and rents limited to 30% or less of the county specific AMI. Applicants must indicate this election on the application form. In addition, a statement, executed by a principal member of the Ownership Entity, electing to set aside 10% of the total units for Elderly/Veteran persons at or below 30% of the area median gross income must be included in the application package.

## *development team characteristics*

### 16. DEVELOPMENT EXPERIENCE

UP TO 13 PTS

Up to thirteen points will be awarded to an applicant that has at least one qualified principal member. Points will be based on the number of developments placed in service between 2001 and 2015. An additional three points will be awarded to applicants that have at least one qualified development in Mississippi. Applicants must complete the Development Experience Form (Attachment 6) for each qualified principal member.

◆ **Qualified Principal Member**

A qualified principal member is a person who has previous experience (as a developer or general partner) in the Low Income Housing Tax Credit Program or other affordable housing programs (i.e., Rural Development, HUD). A qualified principal member must have a minimum of 51% ownership interest in the general partnership to be eligible. In cases where the principal of the general partner is an entity, the qualifying principal member must own a minimum of 51% ownership of the entity. Additionally, all members of the general partner must be in good standing with all MHC programs. Development experience points will not be awarded if a principal of the general partner entity has any outstanding major noncompliance issues which occurred prior to January 1, 2016. **In cases where a development has Non-profit involvement, the qualified principal member must have 49% ownership.**

◆ **Experience (any state)**

Qualified Principal Members that have developments that Placed in Service (in any state) between 2001 and 2015 will be awarded points as stated in Chart 11.

**Chart 11: Development Experience Points (any state)**

No. of Developments Placed in Service between 2001 - 2015	Eligible Points
One Development	2 points
Two Developments	4 points
Three Developments	6 points
Four Developments	8 points
Five (or more) Developments	10 points

**17. MANAGEMENT EXPERIENCE UP TO 20 PTS**

Ten points will be awarded to applicants that have a contract with a property management company that has at least three (3) years previous experience in managing low income housing tax credit developments. **The application package must include an agreement or letter of intent from the management company.** Additional points may be awarded if at least one of the developments is located in Mississippi and/or if the contact person of the management entity has an HTC Certification. The application package must include a complete Management Performance Form (*Attachment 7*). Points will not be awarded if this form is not accurately completed. MHC will consider requests for Joint Ventures (experienced management entities partnering with inexperienced management entities) after the management entity has completed a minimum of three successful years in operation from the development's placed in service date.

Five points will be deducted from an applicant's score if the Management Entity has any major noncompliance issues that occurred prior to January 1, 2017 that is not corrected by December 31, 2016. **Applicants are encouraged to request verification of their compliance status by the deadline date outlined in Section 2, Chart 2 of this QAP. See Section 1.3(2) for more details.**

**Chart 12: Management Experience Points**

Scoring Criteria	Eligible Points
Qualified Development(s)	10 pts
Mississippi Developments	5 pts
HTC Certification	5 pts
Major Non-Compliance not corrected by 12/31/16	-5 pts

*point adjustments*

**1. OVER CONCENTRATION -5 PTS**

Five (5) points will be deducted if an applicant proposes a new construction development in a primary market area that has received three (3) or more tax credit awards during the previous two (2) years. The following chart indicates the areas which are subject to this point deduction:

Zip Code(s) with 3+ Developments Allocated HTC in Previous Two Years (2014 2015- 2015 2016)

COUNTY	ZIP	2015	2016
<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>

**4. OTHER POINT DEDUCTIONS**

One point will be deducted for each of the following:

- a. Application sections not tabbed in accordance with the Table of Contents (-1 pt.)
- b. Amenities not highlighted on plans/drawings (-1 pt.)
- c. Documentation provided under "Other Attachments" is not labeled/identified on the Table of Contents (-1 pt.)
- d. Failure to include any addendums or exhibits to site control documents (See Section 4.2) (-1 pt.)
- e. Missing/Incomplete item(s) for Required Documents (-1 pt. each)
- f. Failure to include required copies of documents in the Table of Contents. (-1 pt.)
- g. The development has a major noncompliance issue that occurred prior to January 1, 2017 that was corrected after December 31, 2016. (-5 pts.)
- h. Online application submitted late. (-5 pts)
- i. Online application incomplete or inconsistent with hardcopy application (-5 pts)
- j. Documents located in incorrect sections (-1 pt. each)

## tiebreakers

In the event of a tie in the scores, the Tiebreaking System will be used in the following order:

1. Priority funding will be given to the development that have the **lowest cost per unit (CPU) lowest soft cost percentage as it relates to the total hard cost (all improvements plus the cost of the land/buildings.)**
2. Applications will be ranked according to tax credits per unit favoring the development that requires the fewest tax credits per unit.
3. A development to be located in a qualified census tract shall take precedence over one that is not.
4. For multi-phased developments submitted within the same cycle that remain tied after applying the above tie-breakers, priority funding will be given to the first phase.

### ADDENDUM B

#### MINIMUM DESIGN QUALITY STANDARDS

Page 76, item 18 (New)

##### SINGLE FAMILY HOMES

The following is required for all new construction of single family homes:

18. All SFLP developments, including townhome developments must build the required ADA minimum number of handicapped accessible units. If the development is a planned traditional townhome unit with all bedrooms being on the second floor, the developer will be required to construct the appropriate number of accessible units with the accommodating bedroom(s) on the first floor.

Page 77 (New)

##### SINGLE FAMILY HOMES AND MULTIFAMILY APARTMENTS

The following is required for all new construction and rehabilitation developments:

##### **NATIONAL GREEN BUILDING STANDARD:**

All developments are required to meet the minimum requirement of Bronze Level, ICC 700 National Green Building Standard.

### ADDENDUM G

#### CERTIFIED HEALTHCARE ZONE MARKET STUDY ADDENDUM REQUIREMENTS

Page 94, Addendum G

~~ADDENDUM G: CERTIFIED HEALTH CARE ZONE MARKET STUDY ADDENDUM REQUIREMENTS~~