

2021 MHDC Application Workshop



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION



Application Submission

Due Date:

October 08, 2021

Goals

- Examine important application exhibits
- Organized application
 - Effective time management developers – front end
 - Effective time management MHDC – back end
 - Better understanding of project specifics

Web Posting

- Application Documents / Exhibits
 - Already posted
- FIN-100
 - Already posted
 - Must register to download FIN-100



FIN-125 - Application Exhibit Checklist

- Notes all documents required for your application
- Required in binder
- Specifies naming convention and file type
- Specifies when you must have original hardcopy

Flash Drive

- MHDC will only accept a USB Flash Drive as the digital media submission.
- Use the Checklist as a guide when naming your files
- **Please do not group the files into sub-folders!**
- Test and check files before submitting



FIN - 100

The Application

2a. FIN-100

- IT Best Practices for the FIN-100
 - Do not Copy/Paste data from one file or field to another
 - Do not link data from any other document including other FIN-100s
 - The FIN-100 is meant to be filled out from Tab 1 to the last Tab in sequential order

2a. FIN-100 cont.

- IT Best Practices for the FIN-100
 - The building number listed next to the “Details” button on the bottom of the VIb. Building Info” tab must match what is entered in the “Building #” column within the “Rental Unit Worksheet” on the “VIIa. Development Plan” tab

2a. FIN-100 cont.

- IT Best Practices for the FIN-100
 - Workforce units should be flagged as both MHDC Program and Market units under the “Primary Unit Designation” header
 - Workforce units will appear as “Affordable” in the summary section of the “VIIa. Development Plan”
 - Contact Terence Sullivan at 816-759-6616 or tsullivan@mhdc.com with question or problems

FIN-100 (cont.)

- **Scoring Rubric**

- Data from the FIN-100 will be used in scoring
- The Applicant certifies by signature that the data in the FIN-100 is correct.
- Very important that the data is correct – it would be improper for MHDC to make assumptions about data within the FIN-100

2a. FIN-100 (cont.)

- General Information Tab
 - Name of the development – should not change after submission
 - Location information
 - Correct County (SL City versus SL County)
 - Latitude and longitude
 - State senator and representative
 - Important for data processing

2a. FIN-100 (cont.)

- Non Profit Info Tab
 - Will be a Priority Group
 - Reflect HOME/CHDO Set-Aside request
 - Note Operation Expense Grant request
 - Note HOME Supportive Services Program Funds request
 - Sole GP
 - Capacity
 - Must Materially Participate
 - MHDC will evaluate eligibility

2a. FIN-100 (cont.)

- Site Information Tab
 - Each site should be added by clicking on the button labeled “Add Site” at the bottom right of the page – complete all information
 - Each building within the development should be added by clicking on the button labeled “Add Building” at the bottom left of the page – complete all information including longitude/latitude
 - **Market rate units are not allowed in scattered site non-contiguous proposals**

2a. FIN-100 (cont.)

- Site Information – Qualified Census Tract
 - Projects with some buildings in a QCT and some not in a QCT
 - Notify MHDC upfront
 - Discouraged but not prohibited – requires additional due diligence on the part of the developer if approved and on the part of MHDC

2a. FIN-100 (cont.)

- Tax Credit Addendum
 - Master Lease structure – historic
 - Are all syndicators aware and comfortable
 - Must elect: 40@60; 20@50 election or Income Averaging
 - Election at application is irrevocable
 - If 20@50 then **ALL** low-income units must meet the 50% AMI level
 - Must select if application will use the Pilot Program for Accelerated Redemption

FIN-100 (cont.)

- Tax Credit Addendum
 - 15 Year Mandatory Compliance Period
 - Right to Opt Out
 - If you choose “No” – must indicate the number of years you will extend the compliance period past the mandatory 15 years
 - Must extend 15 years on SF and Historic

2a. FIN-100 (cont.)

- Proposed Sources of Funds
 - **TC Equity During Construction** - should match LOI
 - **Participation Loans** - Note MHDC's and the Participating Lender's amounts separately
 - Must match the "MHDC Request for Participation Loan"
 - **Term** = Time from Construction Closing to Perm Conversion or pay-down (if TC only)

FIN-100 Economic Impact to Missouri

- A description of the proposed services that will be performed and/or the proposed products that will be provided by Missourians;
- The number of employees in Missouri;
- If the Developer has existing operations in Missouri;
- The percent of hard and soft costs expected to be paid to Missouri-based firms, vendors and /or suppliers;
- The total number of months between initial construction closing and construction completion; and;
- Senior and permanent supportive housing development proposals, projected Missouri savings in Medicaid expenses.

2a. FIN-100 (cont.)

- Tax-Exempt Bond Financing
 - Draw-Down Bonds
 - Be sure to breakout total bond expenses

Other Application Documentation

FIN – 125

Application Checklist Continued

2b. FIN-100 Addendum

- Workbook – multiple spreadsheets must be completed
 - Non-Profit board – use all fields before attaching an additional exhibit – additional exhibit should be in Excel
 - Must be signed
 - Excel and PDF files included as exhibits
 - **Very important – quite a few wrong every year**

2c. Exhibit A to #2013

- Format of form up to the developer – Excel or Word document preferred
- Not a narrative
- To provide justification/explanation of out-of-the-ordinary costs and expenses
- “Other” costs should be explained



2e. Dev/Co-Dev/Consultant Fee Structure Addendum

- Paid Fee
 - List all parties that will draw from developer/consultant fee
 - List work and/or guarantees that each party will perform to merit their fee

4a. Narrative

The Development Questionnaire is no longer required but the narrative will require that certain items be addressed. **Many incorrect in 2020.**

At minimum, address the following in the order listed:

1. Development Characteristics
2. Market Characteristics
3. Development Team Characteristics
4. Financial Feasibility
5. Community Impact
6. Narrowing the Digital Divide
7. Other Salient Information

4a. Narrative (cont.)

1. Development Characteristics

- Type of Development
- Population Served
- Design
- Services and/or Amenities
- Is this part of a phased development?

2. Market Characteristics

- Rent Structure
- What will this development bring to the market?

4a. Narrative (cont.)

3. Development Team Characteristics

- Explain the key team members and experience

4. Financial Feasibility

- Note special sources and/or regulations
- Describe syndicator and investor contact for the equity letter

5. Community Impact

- Note the level of local support (or opposition)
- How will the development address the needs of the community
- Services


4a. Narrative (cont.)

6. Narrowing the Digital Divide

- Specifically address compliance with the HUD Broadband Rule and how the development will comply with the Rule

7. Other Salient Information

- Provide unique or important characteristics
- Goals
- QAP Priorities



Economic Development - Proposals with a significant connection to other economic development in the community - Exhibits for each sub-category

- Economic development within Primary Market Area. Must show on map.
- Economic development is within 2 miles (SL, KC, MSA-Rural or 5 miles (Rural) of housing proposal. Must show on map. (“as a crow flies”)
- Transportation linking housing proposal with economic development project(s). Within 1/2 mile of each.



Economic Development - Proposals with a significant connection to other economic development in the community

- Proof of direct coordination with the economic development project, proof of correspondence and coordination should be provided in the form of a letter from the economic development project stating how the affordable housing proposal will support their workforce. To qualify for these points, the location of the economic development project(s) must be within the PMA of the housing development.

5e. Site Review - FEMA Flood Map

- Outline site as appropriate – single site and scattered sites
- Note site on FEMA map



FEMA

6a-6d. Applicant Site Control

- Executed purchase option – deed – long term lease
 - Price
 - Legal descriptions
 - Zoning
 - Organization
 - Timing



6e. MHDC Scattered Site Addendum

- **This really helps for multiple sites!!!**

8a-8d. Preliminary Financing Commitments

- Fed LIHTC and Historic Credits
 - Reflect ownership percentage & amount of annual credits to be purchased
 - Price per dollar of credit
 - Total capital contribution (10%/10% minimum equity during construction)
 - Detail syndication costs and asset management fees
 - One letter can be used for multiple equity types

8e. Preliminary Financing Commitments

- Non-MHDC financing – Private Bank
 - Interest rate
 - Loan term / amortization term
 - Maximum loan amount
 - 2nd position to MHDC Fund Balance if requesting MHDC Fund Balance and not a Participation Loan
 - No variable rate permanent loans
 - No permanent loans with balloon payments due before year 18

8e. Preliminary Financing Commitments

- Non-MHDC funding – grants/city loans/etc.
 - Submit commitment letter from agency granting/loaning funds
- Non-MHDC funding – assumptions or restructured loans
 - Include documentation reflecting current balance
 - Letter from current lender stating the loan qualifies for assumption/restructuring
 - New terms for the assumed/restructured loan

8f. Preliminary Financing Commitments (cont.)

- MHDC Participation Loan
 - MHDC Request for Participation Loan form must be included
 - Must include letter of intent from the participating lender stating that
 - Take co-first lien position to MHDC Fund Balance
 - Amount willing to loan
 - Acknowledge that the loan is subject to the MHDC Participation Loan Agreement



8h. MHDC Financing Fee Addendum

- Used to detail very complicated loan fee structures
- Helps indicate where fees are located in development costs

10a-10j. Public Official Contact Verification

- For all notifications - include a copy of the letter and certified mail delivery receipt
- Email accepted according to guidelines in Developer Guide
- 10d: If there is no city resolution – must provide proof that all council members/alderpersons have been notified in all districts abutting the district the proposal is located in
- Letter of support on letterhead is proof of notification

10a-10j Public Official Contact Verification (cont.)

- Threshold Documents – Very Important
 - Chief Executive of the local jurisdiction, State Senator, State Representative and ED of local housing authority
 - QAP states “A missing threshold document will result in an application being eliminated from consideration.”

11a - 11d. Statutorily Required Documents

- **IRS/MO 8821**
 - Completed by:
 - All general partners or members of the developer/ownership entity
 - All key principals of developer/ownership entity
 - All guarantors
- **IRS 8821**
 - Complete Section 1 and sign and date Section 7
- **MO 8821**
 - Complete only the top section and **sign/date** at the bottom

11f & 11g. Evidence of Consistency with Consolidated Plan / Comprehensive plan

- In both cases – a formal letter on official letterhead with signatures required
- 11f – letter must be from HUD or local governing official in charge of the Consolidated Plan
- 11g – letter must be from the City Planning Director, Community Development Director, City Manager or other city official in a comparative role

HOUSING PRIORITIES DOCUMENTATION

FIN-125

Checklist Continued

12b. ii. - Service Enriched Priority

- **Applications must include a fully executed letter of intent for each Service Parameter to receive points for that category.**
- **Service Provider Letter of Intent** must include:
 - Name of the service or program
 - Nature of the services or program that will be offered
 - Service delivery plan
 - Duration of commitment
 - Primary contact person with signature

12c. iv. - IEH Priority Questionnaire

- Required if applying for the **Independence Enabling Housing** Priority
- Very Important - gives MHDC vision of plan for this priority



12c. v. - HOME Supportive Services Budget

- Required if applying for the **HOME Supportive Services funds**

12d. Preservation Priority

- Property Note
 - Copies of all notes on project and current balance
- Property Regulatory Agreement
 - Includes regulatory agreements, LURAs or any other restrictions placed against the property
- Rent Subsidy Agreement
 - Provide most current HAP contract, RD Rental Assistance Agreement or PHA Subsidy Agreement
- Property Audited Financials (last 3 years)

12d.v. Preservation Priority - Preservation Letter

- Preservation Letter – HUD Properties
 - Contact HUD office
- Preservation Letter – MHDC Properties
 - Schedule meeting with Asset Management
 - Inspection – must include new owner/development team, Asset Management staff, and current owner/management must be given notice of inspections

12d.v. Preservation Priority - Preservation Letter

- Preservation Letter – RD properties
 - Support letter
 - Meetings with RD discussing all details about the project – sources, rental assistance, rents, expenses, replacement reserves, Capital Needs Assessment, etc.

12d. Preservation Priority (cont.)

- Physical Needs Assessment for HUD-MHDC Properties
 - Detailed PNA - match project needs
 - PNA will be used for plans and specs if project is approved
- As-Is Capital Needs Assessment for RD properties
 - Discuss with RD
 - Must meet RD's requirements

12e. Opportunity Area

- MHDC encourages Family Developments in opportunity areas that meet all the following criteria:
 1. Access to high-performing schools
 2. Access to transportation
 3. Employment opportunities
 4. Located in a census tract with a poverty rate $\leq 15\%$
- Include Affirmative Market Plan
 - Must include a Special Marketing Reserve to assist in initial relocation expenses for families with children
- Must also apply under the SE Priority
 - Refer to Developer's Guide for service examples and additional guidance

12f. Opportunity Zone

- **Qualified Opportunity Zones** are low-income census tracts designated under the 2017 Tax Cuts and Jobs Act
 - <https://ded.mo.gov/content/opportunity-zones>
- Goal - to potentially drive needed capital into distressed communities
- Application must include:
 - Letter affirming the development is located in a designated Opportunity Zone with an active Opportunity Fund

12f. Opportunity Zone (cont.)

- **An Opportunity Fund** - investment vehicle organized as a corporation or partnership for the purpose of investing in Opportunity Zones that holds at least 90% of its assets in qualified Opportunity Zone assets.
- Major benefit of investing in opportunity zones - certain eligible investments may gain favorable tax incentives such as temporary deferrals for the investor
 - Refer to Developer's Guide for additional guidance



12. Housing Priorities


- Applications that will include CDBG-DR funding must obtain a Letter of Intent prior to application submission
- This letter does not guarantee an award from MHDC

REMAINING REQUIREMENTS



13. Zoning

- Evidence of proper zoning is required in the application.
- Land requiring rezoning must include a letter from the appropriate governmental body describing what needs to be done to be in compliance and the time frame for achieving such compliance.



14e. Architectural Items - Development Characteristics Worksheet

- Pay careful attention as this should not change later should the project be approved



16b. MBE/WBE Fee Structure

- Paid Fee
 - List all parties that will draw from developer/consultant fee
 - List work and/or guarantees that each party will perform to merit their fee

17a-17e. Relocation

- Include with Application:
 - A current Tenant List with incomes
 - Relocation Plan
 - Draft General Information Notice (GIN)
- **Permanent Displacement** – Goal is no tenant permanently displaced
- There may be additional relocation guidelines when federal funds are utilized. When multiple funding sources, the most stringent rule will be used.



19. Utility Allowance Schedule

- Most current utility allowance schedule from the local public housing authority (PHA) or the HUD Utility Schedule Model (HUSM).
- On projects that request HOME funds, HUSM will be applied to HOME units to calculate gross rent.

20a-20d. Developer and General Partner Information

- **FIN-105** - Experience Summary for Developer
- **FIN-107** - Developer Qualification
 - All guarantor's in any capacity should be listed
- Developer Financial Statements
 - Mail as confidential to Gus Metz
 - Note on memo page in binder
- Experience Summary for Key Principals of GP
 - Only necessary if GP has different key principals than the developer

Self-Scoring

- Provide a completed copy of the MHDC Application Self-Scoring form
- Important to see where applicant believes it should receive points and allows MHDC to evaluate accordingly.

22. MHDC Waiver Request

- Must be submitted and signed by MHDC **before** the application is submitted
 - Call and discuss first
 - Don't wait until the last day
 - Include the signed, approved copy with the application



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