



2027 QUALIFIED ALLOCATION PLAN

DECEMBER 2025

This plan was adopted and approved by the Missouri Housing Development Commission
Board of Commissioners on December 09, 2025

TABLE OF CONTENTS

I. GENERAL INFORMATION	1
A. Purpose.....	1
B. Guidance Documents	1
C. Credit Types and Availability	1
D. Notice of Funding Availability.....	2
E. Application Scoring.....	3
II. STANDARDS	3
A. Participant Standards	3
B. Development Standards	4
C. Underwriting Standards	7
III. MHDC HOUSING PRIORITIES	13
A. Nonprofit Involvement Set-aside	13
B. HOME CHDO Set-aside	13
C. Supportive Housing	13
D. Service-Enriched Housing	15
E. Preservation	16
F. CDBG-DR.....	16
G. Veteran’s Housing	16
H. Workforce Housing.....	17
I. Opportunity Areas	17
J. 50% Maximum Pilot	17
IV. RESERVATION PROCESS.....	18
A. Phase I: Document Review	18
B. Phase II: Priority Scoring.....	19
C. Phase III: General Scoring	20
D. Phase IV: Underwriting/Selection Criteria	25
V. ALLOCATION PROCESS.....	31
A. Conditional Reservation	31
B. Carryover Allocation	31
C. Tax Credit Issuance.....	31
D. Transfer of Reservations and Allocations	32
E. Land Use Restriction Agreement.....	32
F. Bond Developments	33
VI. COMPLIANCE MONITORING	33
VII. OTHER INFORMATION	35
A. Program Fees.....	35
B. Development Changes	36

C. Administration of the QAP 36

D. Amendments to the QAP 36

E. MHDC Discretionary Authority..... 37

F. Other Conditions 37

This document is interactive.

To jump to a specific section, hover your mouse over chosen section in the table of contents and press Ctrl + Click to follow link.

I. GENERAL INFORMATION

A. Purpose

The Missouri Housing Development Commission (“MHDC”) has been designated by the Governor as the “Housing Credit Agency” for the State. This designation gives MHDC the responsibility of administering the Federal Low-Income Housing Tax Credit Program (“Federal LIHTC”) codified as 26 U.S.C. § 42, as amended (the “Code”). MHDC also administers the State Low-Income Housing Tax Credit Program (“State LIHTC”) codified as Mo. Rev. Stat. § 135.350-363, as amended (the “State Act”).

One of the statutory duties of MHDC as the Housing Credit Agency is to prepare a Qualified Allocation Plan (the “QAP”). The purpose of the QAP is to set forth the process that MHDC will use to administer the Federal LIHTC, State LIHTC, and other MHDC multifamily funding. In the process of administering these resources, MHDC will make decisions and interpretations regarding the QAP, applications, and properties. Unless otherwise stated, MHDC is entitled to the full discretion allowed by law in making all such decisions and interpretations.

B. Guidance Documents

MHDC has created supplemental guidance documents for MHDC Multifamily Programs to serve as a supplement to this QAP to detail the principles and procedures governing all MHDC rental production programs including, but not limited to, the Federal LIHTC and State LIHTC.

C. Credit Types and Availability

There are two types of Federal LIHTC and State LIHTC available in Missouri, the “9% Credit” and the “4% Credit.”

1. 9% Credit

For purposes of this QAP, the cumulative amount of both Federal and State 9% Credits MHDC can allocate for any calendar year shall be known as the “Annual 9% Credit Authority.” Developments applying for an allocation under the Annual 9% Credit Authority receive what is commonly known as the “9% Credit.”

The total amount of Federal 9% Credit available in any one year is specified by the Code in § 42(h)(3)(C) and is known as the “State Housing Credit Ceiling.”

a. Geographic Distribution

MHDC will allocate approximately 85% of the 9% Credit (both federal and state) across the state on a population proportionate basis, with the state divided into the following areas:

- **St. Louis Region - 33%:** Franklin, Jefferson, St. Charles, St. Louis City and St. Louis counties.
- **Kansas City Region - 20%:** Cass, Clay, Jackson, Platte and Ray counties.
- **MSA-Rural Region - 20%:** Cape Girardeau MSA (Cape Girardeau and Bollinger counties), Columbia MSA (Boone, Cooper and Howard counties), Jefferson City MSA (Callaway, Cole, Moniteau and Osage counties), Joplin MSA (Jasper and Newton counties), Springfield MSA (Christian, Dallas, Greene, Polk and Webster counties) and St. Joseph MSA (Andrew, Buchanan and DeKalb counties).
- **Rural Region - 27%:** All other counties.

a. **Non-Geographic Distribution**

The amount of 9% Credit remaining after geographic distribution will be awarded at MHDC's discretion. Factors may include communities impacted by natural disasters and/or housing needs.

- b. The State LIHTC was established by the State Act, which provides that any development eligible for a Federal LIHTC allocation is eligible for a State LIHTC allocation up to an amount equal to seventy percent (70%) of the available and authorized Federal LIHTC allocation amount authorized under this QAP. The amount of State LIHTC authorized for a development cannot exceed the Federal LIHTC amount authorized. MHDC will determine the amount of State LIHTC (if any) necessary for the financial feasibility of the development and shall make allocations of State LIHTC based on that determination.

2. 4% Credit

Under § 42(h)(4) of the Code, developments financed with tax-exempt private activity bond volume cap ("Bond Developments") may be eligible to receive the "4% Credit." MHDC will:

- a. Accept applications for Bond Developments at least once a year,
- b. Place those awarded on a time-sequence list based on anticipated closing dates ("pipeline"), and
- c. Make volume cap available to Bond Developments based on their order in the pipeline.

MHDC will determine the amount of State LIHTC (if any) necessary for the financial feasibility of the development and make allocations of State LIHTC based on that determination.

The amount of State 4% Credits available for Bond Developments is statutorily capped at \$6 million per fiscal year. The amount of State 4% Credits may be reduced by the state legislature, making any allocation subject to change. MHDC may choose to allocate no State 4% Credits or State 4% Credits in an amount up to the imposed statutory limit, as it deems necessary for the financial feasibility of the development.

3. State LIHTC Accelerated Redemption Pilot Program

MHDC has established a pilot program for developments that request to accelerate redemption of State LIHTC in their application ("AR Applications"). MHDC may select up to fifty percent (50%) of the total State credits approved. AR Applications are subject to the same review as standard redemption applications. Developers applying for the Accelerated Redemption Pilot Program must include a Letter of Intent ("LOI") for both accelerated and non-accelerated pricing. For this purpose, only one application and one application fee are required.

The annual State LIHTC amount available for redemption in the first five (5) years of the tax credit redemption period among pilot developments will equal the annual issuance amount of the allocated Federal LIHTC. The remainder of State LIHTC will be equally distributed over years six through ten.

D. Notice of Funding Availability

The Multifamily Rental Housing Production Program's Notice of Funding Availability (the "NOFA") will be published following the Commission's formal approval of the QAP and the proposed NOFA. The NOFA will describe the types and amounts of funding available and the due date for applications. In addition to LIHTC, the NOFA will reflect funding available for MHDC Fund Balance, HOME Program, National Housing Trust Fund (NHTF), and other sources as available. The NOFA will be published to MHDC's website. To be considered for a 9% Credit or 4% Credit allocation, an application must be

submitted in accordance with this QAP, the NOFA (as applicable), Application Guide, Developer's Guide, and subject-level guidance documents.

MHDC may consider any application for:

- 4% Credits for a potential allocation of 9% Credits if the application meets the requirements and competes successfully with other 9% Credit applications, or
- 9% Credits for a potential allocation of 4% Credits.

MHDC will set forth the protocol and timing for the submission of applications in the Application Guide. MHDC will accept applications for 4% Credits that do not include a request for other MHDC-administered funds in one or more separate application round(s). The NOFA(s) will describe the applicable application and submission requirements.

Approval of 9% Credit applications and 4% Credit applications will take place at a public Commission meeting, notice of which shall be made in accordance with the provisions of Mo. Rev. Stat. § 610 including, but not limited to, being posted on the MHDC website. MHDC will issue a Conditional Reservation describing the amount(s) of funding approved and the MHDC requirements that accompany such funding approval after formal Commission approval.

E. Application Scoring

For this QAP, as an additional aid in awarding 9% and 4% Credits, MHDC will score applications under evaluation criteria below. The Application Guide, Developer's Guide, and subject-level guides contain additional information.

II. STANDARDS

A. Participant Standards

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

1. Applications must document all identities of interest between members of the development team to MHDC's satisfaction. These include, but are 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(s), general partner(s), syndicator(s), investor(s), lender(s), architect(s), consultant(s), general contractor(s), sub-contractor(s), attorney(s), management agent(s), supplier(s), vendor(s), etc.

An Identity of Interest relationship exists if any officer, director, board member, or authorized agent of any development team member:

- Is also an officer, director, board member, investor, or authorized agent of any other development team member;
- Has any influence, control, or any financial interest in any other development team member's firm or corporation;
- Is a business partner of an officer, director, board member, investor, or authorized agent of any other development team member;
- Has a familial relationship through blood, marriage or adoption with an officer, director, board member, investor, or authorized agent of any other development team member; or
- Advances any funds or items of value to the owner.

2. All participants must adhere to all applicable federal, state, and local laws, regulations, guidance, revenue rulings and the like as may be promulgated by the IRS, HUD, or any other federal or state agency. Participants are solely responsible for ensuring their own compliance.
3. Any individual or entity awarded Federal LIHTC and/or State LIHTC cannot resell their ownership interest (or any Federal LIHTC and/or State LIHTC flowing therefrom) unless approved by MHDC, excluding individuals or entities included in investor group. MHDC may bar any individual or entity which violates this provision from further participation in any MHDC rental production programs.
4. When available and feasible, developers must employ best efforts to use local vendors, suppliers, contractors, and laborers.
5. MHDC's MBE/WBE Initiative 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. MHDC encourages developments to reach 10% MBE and 5% WBE participation.
6. All participants must agree to abide by the MHDC Workforce Eligibility Policy, as the same may be amended from time to time.
7. Applicants and owners must abide by the Fair Housing Act (42 U.S.C. § 3601 et seq. and including any and all regulations and guidance promulgated by HUD thereunder), discrimination on the basis of race, color, religion, 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.
8. In addition to the requirements set forth in Paragraph 7, above, 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, disability, or familial status, consistent with the Missouri Human Rights Act (RSMo § 213.010 et seq.), and other applicable federal, state, and local laws. Also, contractors and subcontractors engaged in the construction or rehabilitation of such housing shall follow all applicable federal, state, and local equal opportunity for employment laws.
9. 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).

B. Development Standards

All MHDC-approved developments are required to:

1. Comply with MHDC Design/Construction Compliance Guidelines, as may be amended from time to time. This requirement is in addition to the requirement for accessibility of persons with mobility, hearing and/or visual impairments.

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 (2024), the International Plumbing Code (2024), the International Mechanical Code (2024), the National Electrical Code (2023), and/or the International Residential Code (2024) must be used. MHDC may allow exceptions to some of the requirements under the applicable Code if requested before application submission.
 - 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 of 1990, all as amended.
 - d. If applicable, the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (“URA”) and/or Mo. Rev. Stat. § 523.205.
3. Have a minimum of five percent (5%) 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 two percent (2%) 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 Design/Construction Compliance Guidelines.
5. For rehabilitation, the scope of work shall address work to be done in all units.
6. Rehabilitation developments with Supportive Housing 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 Supportive Housing percentage. The requirements set forth in #3 above for accessibility, hearing, and visual impairments can be included in the units incorporating universal design.
7. Provide facilities, amenities, and equipment appropriate for the population being served by the development.
8. 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 standard construction grades and be economical to maintain.
9. 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 Leadership in Energy and Environmental Design (LEED) rating systems, or the National Green Building Standard (ICC 700-2020 or “NGBS”). In addition, to meet the sustainable housing requirement, the applicant must:
 - a. Demonstrate at the time of application, Firm Submission, 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. If not being formally certified, the development must document the pledged green building standards with pictures, provide a signed and complete scoring tool, and a brief narrative during the construction process.

- b. Have at least one development team member who is a LEED AP®, LEED Green Associate™, or a Certified Green Professional™.
- 10. If a development involves rehabilitation, applicants must conduct pre-development testing and energy audits of existing buildings to identify energy savings opportunities. The minimum standard for energy audits is ASHRAE Level 1. 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 prepared by an assessor/rater certified through the Building Performance Institute (BPI), Residential Energy Services Network (RESNET) Home Energy Ratings Systems (HERS), or ENERGY STAR. The energy audit will be submitted with the development's initial application.
- 11. All applications must establish the development will include sufficient broadband infrastructure in accordance with Narrowing the Digital Divide through Installation of Broadband Infrastructure in HUD-Funded New Construction and Substantial Rehabilitation of Multifamily Rental Housing, 81 FR 92626 (the "HUD Broadband Rule").
- 12. Have contracts that are both reasonable and competitively priced for both hard and soft costs. Copies of the contracts must be provided to MHDC if requested.
- 13. Compliance with Section 3 of the HUD Act of 1968 as codified in 24 CFR § 75 ("Section 3") is required for developments receiving HOME, HOME-ARP, or NHTF funds. If required by such federal funding sources, MHDC must approve a Section 3 Plan (as detailed in the Developer's Guide) signed by the owner/developer and the general contractor prior to Firm Commitment issuance.
- 14. MHDC will enforce the HOME Final Rule on all MHDC projects funded with HOME funds as required by law.
- 15. All MHDC-approved developments requesting MHDC financing must pass an environmental review as a condition of financing and must also commit to identifying and satisfying any existing environmental conditions to the satisfaction of MHDC and/or HUD as detailed in the Developer's Guide and the MHDC Environmental Review Guidelines.
- 16. Developments receiving HOME funds, HOME-ARP, NHTF, or HUD/MHDC Risk Sharing Insurance must comply with all state and federal environmental rules and regulations, specifically including but not limited to, 24 CFR § 50.4, 24 CFR § 58.6, 24 CFR § 58.5 and any additional rules, regulations, or procedures required by HUD or MHDC.
- 17. For mixed income developments, MHDC requires the affordable units be distributed proportionately throughout each building and every floor of each building of the development and throughout the bedroom/bath mix and type, when feasible and practicable. Both market rate and affordable units must have the same design regarding unit amenities and square footage. Amenities include, but are not limited to, fireplaces, covered parking, in-unit washer/dryers, etc. A development with multiple buildings that is proposing a mixed income structure must have low-income units in each building.
- 18. When Average-Income Minimum Set-aside is elected, MHDC does not allow skewing the unit configuration such that unit Area Median Income ("AMI") designations are not reasonably distributed throughout the development in the initial unit designations and throughout the affordability period.
- 19. If receiving federal historic credits and/or state historic credits, developments must waive the right to opt out of the Declaration of Land Use Restriction Covenants for Low-Income Housing Tax Credits ("LIHTC LURA") to be recorded and choose to extend the compliance period (as defined in the Code) for an additional fifteen (15) years.

20. A development may include multiple buildings if it has similarly constructed units, 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. All buildings within the proposed development must have the same occupancy type (i.e., Family, Senior 55+, or Senior 62+). Scattered site buildings on noncontiguous tracts of land may also qualify if the development meets all of the other requirements described above, all buildings in the development can be subject to a single LURA, and the development is 100% rent and income restricted. Costs associated with the development of a separate community building may not be eligible for tax credits unless the building contains a residential rental unit.
21. Developments receiving a subsequent allocation of LIHTC will be considered a resyndication if awarded while subject to a valid extended use agreement in the extended use period. Developments must follow the original LURA restrictions for the original LURA term.
22. All applications for funding must establish an Infectious Disease Management Plan (“ID Plan”) to be adopted and followed by the owner/property management agent in response to an outbreak of infectious disease or comparable circumstances. The ID Plan should be prepared in accordance with guidance from the Centers for Disease Control (CDC) or other appropriate local health authorities.
23. Developments with MHDC funding must have a VAWA Emergency Transfer (VET) Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault or Stalking. Adoption of the *Model Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking* (HUD-5381) form will not be sufficient to meet an owner/agent’s responsibility to adopt an emergency transfer plan. Owner/agents must consult applicable regulations and program-specific HUD guidance when developing their own emergency transfer plans to ensure their plans contain all required elements ([HUD Notice H 2017-05](#)).

C. Underwriting Standards

MHDC has adopted the following underwriting standards for all developments seeking a Federal LIHTC and/or State LIHTC allocation and/or other MHDC administered funds. Meeting these standards does not constitute a representation regarding the feasibility or viability of the development and does not guarantee or imply an allocation will be made.

Application Guides provide a more detailed description of the underwriting standards and expectations. MHDC staff may adjust assumptions according to market conditions at the time of application.

1. **Rents.** The proposed rents must not exceed the rent maximums set by funding sources utilized, set to meet debt coverage requirement in #2 below, be achievable (as supported by the market study), and not result in permanently displacing tenants.
2. **Debt Coverage.** Development proposals must show stabilized debt service coverage (DSC) between 1.20 and 1.50 throughout the term of the permanent loan(s). MHDC may underwrite to the standard for MHDC debt regardless of the source. Developments will be ineligible if the DSC is below 1.00 at any point during the Compliance Period.
3. **Development Cost Minimums.** For rehabilitation developments seeking 9% or 4% Credits, the total construction costs must equal or exceed forty percent (40%) of the total replacement costs. MHDC may permit exceptions if submitted at least thirty (30) days before the application due date.
4. **Construction Cost Analysis.** MHDC will hire an independent third party to provide an up-front construction analysis for approved developments after submission of Firm Submission documents. If it is determined the costs submitted are either excessive or deficient, MHDC may

adjust the amount of Federal LIHTC, State LIHTC, and/or loan funds allocated prior to closing. This review will also include a replacement reserve analysis for rehab, preservation, or conversions, (except for RD properties).

5. Increase in Eligible Basis. Developments located in a Qualified Census Tract or in a Difficult Development Area may be eligible to increase eligible basis by up to 30%.

- a. **Qualified Census Tract**
- b. **Difficult Development Areas**
- c. **State Designated Difficult Development Areas.** MHDC may designate properties covered as a Priority under Section III as located in a difficult development area. To qualify for such an increase, a property must make an election at application and meet the requirements of the Priority.

6. Developer and Contractor Fee Limits. Developer and contractor fees are limited as follows:

- a. **Developer Fee.** For the purposes of the developer fee limit, “Developer Fee” is defined as the sum of the developer fee and consultant fees including, but not limited to, the following types of consultants: development and/or credit, application, and historic consultants. Development costs paid for by a previous owner are not considered when calculating developer fee, even if the cost of the previous work is included in the sales/purchase contract.

For 9% Applications:

1. New Construction Developments are limited to the lesser of:
 - a) \$4,000,000; or
 - b) \$45,000 per unit; or
 - c) 13% of total development costs (excluding Developer/Consultant Fee category, MHDC fees, and all reserves).
2. Acquisition-Rehabilitation Developments are limited to the lesser of:
 - a) \$6,000,000; or
 - b) 35% of Hard Costs; or
 - c) 13% of total development costs (excluding Developer/Consultant Fee category, MHDC fees, and all reserves).
3. Combination Developments with both New Construction and Rehabilitation are limited to the lesser of the above calculations.

For 4% Applications:

1. New Construction Developments are limited to the lesser of:
 - a) \$45,000 per unit; or
 - b) 13% of total development costs (excluding Developer/Consultant Fee category, MHDC fees, and all reserves).
2. Acquisition-Rehabilitation Developments are limited to the lesser of:
 - a) 35% of Hard Costs; or
 - b) 13% of total development costs (excluding Developer/Consultant Fee category, MHDC fees, and all reserves).
3. Combination developments with both New Construction and Rehabilitation are limited to the lesser of the above calculations.

MHDC fees include application fee, appraisal fee, construction cost analysis fee, and inspection fee. The Developer Fee may not increase after approval. Deferred developer fees must demonstrate full payment within 15 years from available cash flow.

In cases where there is a consultant or co-general partner, the applicant must detail the responsibilities and amounts earned of each party. If the consultant is not providing development guarantees, whether to any lender or any other partner or member of the ownership entity, then the maximum allowable consultant fee cannot exceed thirty percent (30%) of the total developer fee.

- b. **Contractor Fees.** Contractor fees are limited for general requirements, overhead, and builder's profit and cannot exceed fourteen (14%) of the total construction costs less the sum of general requirements, overhead, builder's profit, bonding and permits. This limitation on contractor fees must be incorporated into the construction contract. Contractors must provide a cost certification demonstrating compliance with the limit.

- Builder's Profit maximum six percent (6%) of construction costs;
- Builder's Overhead two percent (2%) of construction costs; and
- General Requirements six percent (6%) of construction costs.

All general requirement items in the Contractor's/Mortgagor's Cost Breakdown must be included in the calculation of the maximum amount for general requirements, regardless of the party who pays for the items.

7. **Site Acquisition.** After application submission and approval, the acquisition amount cannot increase and cannot be higher than the "as is" appraised value stated on the submitted appraisal. The current "as is" market value of the property should use market rents and expenses and current vacancy, with no consideration to any contributory value of the tax credits or other special financing.

For acquisition costs greater than \$25,000, application submissions must include an appraisal or a Broker Opinion of Value (BOV) for the property.

If a BOV is submitted at application, then an appraisal must be submitted at the firm submission phase. The Broker Opinion of Value must:

- i. Have a report date of not more than six months earlier than the date of Application Submission;
- ii. Include a summary of the property condition;
- iii. Be completed by a qualified third party; and
- iv. Clearly state a value for which the property could reasonably be sold. The acquisition amount should not be greater than the stated value.

All appraisals submitted must:

- i. Include MHDC as the intended user;
- ii. Have an effective date of not more than six months earlier than the date of Application Submission (i.e., site inspection date);
- iii. Be completed by an MHDC approved appraiser;
- iv. Meet MHDC's appraisal requirements, and
- v. If the Application is claiming acquisition credits, the appraisal must document separate values for buildings and land.

The applicant will obtain appraisals independently, however, MHDC reserves the right to order its own appraisal if there are unresolved questions or concerns about the report.

8. Tax Credit Amount. The Code and the State Act require that MHDC allocate to a development no more than the Federal LIHTC and State LIHTC amounts, respectively, which MHDC determines necessary to ensure the financial feasibility of the development and its viability as a qualified low-income housing development throughout the compliance period. MHDC may reserve a lesser amount of LIHTC than the amount(s) requested, to reserve less LIHTC than would result by using an applicable fraction of one hundred percent (100%), and/or to deny approval of any LIHTC. MHDC will determine the Federal LIHTC and State LIHTC amounts necessary at the following processing stages:

- i. Application;
- ii. Conditional Reservation;
- iii. Approved Firm Commitment and Carryover Allocation are issued and/or a Letter of determination (also known as a “42(m) Letter”) is issued, if applicable; and
- iv. When the development is placed in service (after all project costs are finalized and a third-party cost certification has been completed) and requests issuance of IRS Form(s) 8609.

9. Maximum Credit Amount. MHDC will limit the annual Federal 9% and State 9% Credit to an amount necessary for the feasibility of the development, including any applicable basis boost. In no event can the Federal 9% and State 9% Credit be awarded without Commission approval (“Initial Approval Amount”). The maximum amount of 9% Credit that can be allocated to any one development without further Commission approval is the Initial Approval Amount plus ten percent (10%) (“Maximum Credit Amount”). MHDC may lower the amount of annual Federal and/or State LIHTC for purposes of application review and approval as a result of statutory changes or limitations placed on the State LIHTC by the Commission or the state legislature.

10. Additional Credit. Owners can apply for an increase in Federal LIHTC and/or State LIHTC amounts if a development’s eligible basis has increased. MHDC may award additional credits if:

- i. The development continues to meet the requirements of the QAP at the time of original award approval;
- ii. There are additional Federal LIHTCs and/or State LIHTCs available;
- iii. MHDC is satisfied the additional amount is necessary for the financial feasibility and viability of the development; and
- iv. The increased amount of Federal LIHTC and/or State LIHTC does not exceed MHDC’s Maximum Credit Amount.

11. Use of HOME. HOME funds are subject to the requirements of the Build America, Buy America Act (BABA).

12. Use of NHTF. Funding from NHTF is subject to the BABA requirements.

13. Use of HOME-ARP. MHDC will use HOME- ARP funding for developments that commit to setting aside fifteen percent (15%) or more of the units for the following tenant population:

- i. Homeless;
- ii. At-risk of homelessness (as defined by the McKinney-Vento Homeless Assistance Act);
- iii. Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking;

- iv. Individuals for whom provision of supportive services or assistance herein would prevent homelessness or who are at the greatest risk of housing instability; or
- v. Veterans and their families that meet any of the preceding criteria.

14. Development Financing Commitments/LOIs. MHDC requires a preliminary commitment letter at the time of application for all non-MHDC sources of financing. Updated commitment letters are required at Firm Submission for approved applications. If an application includes multiple non-MHDC commitments/LOIs, the applicant must specify which commitment should take precedence. If applying for the Accelerated Redemption Pilot Program, commitments/LOIs should be submitted for both accelerated and standard redemption.

Applications must include all financing commitments, including Federal LIHTC and State LIHTC equity and reflect each in the application, including sources that will be contributed outside of the typical timeline of the proposal.

a. Participation Loan

Applications must clearly state whether or not they are requesting a participation loan. Applicants requesting an MHDC Fund Balance participation loan should include an LOI from a lending institution(s) which state:

- i. That the lender is willing to take a co-first lien position with MHDC;
- ii. The amount that the lender is willing to loan;
- iii. An acknowledgement by the lender that any participation loan is subject to the terms and conditions of MHDC's Participation Loan Agreement;
- iv. The lender agrees to MHDC's required deal terms. MHDC will determine appropriate loan financing for the project.

15. MHDC Reserves. The following required reserves cannot be funded with Fund Balance, HOME Funds or NHTF Funds.

MHDC Reserves
<u>Operating Reserve:</u> The operating reserve must reflect at least six months of operating expenses and debt service. Anything less than or more must be explained in the application.
<u>Replacement Reserve:</u> The initial replacement reserve should be \$600 per unit. Any other amount will require an explanation.
<u>Set-Aside Reserves:</u> All applications submitted under the Supportive Housing Priority must include \$1,000 per set-aside unit as payment to the Set-Aside Preferences Housing Reserve Fund established by MHDC. Each development approved pursuant to the Supportive Housing Priority must contribute to this reserve no later than construction completion when other reserves are normally funded. MHDC will hold these funds and use, as necessary, to temporarily assist developments funded under the Supportive Housing Priority with unforeseen operational issues (for example, the loss of rental assistance).

Service Enriched Reserve: If the developer proposes an escrow for services not funded by a specific grant, the developer must contribute at least 15% of the escrow amount from the developer fee. The maximum amount of such an escrow is the lesser of \$5,000 per unit or \$250,000 per development. MHDC will review developments requesting priority status and extensive services. Developments offering services but not selecting the priority and not receiving a services grant will be one hundred percent (100%) developer funded and should be deducted from the Developer's Fee.

Debt Service Reserve: MHDC may require a debt service reserve if the development cannot maintain the DSC guidelines.

Tax and Insurance: Developments with a MHDC permanent loan must fund a tax and insurance reserve prior to loan conversion and/or 8609 issuance in an amount appropriate for annual tax and insurance expenses as determined by MHDC.

III. MHDC HOUSING PRIORITIES

An application submitted under one or more of the priorities listed below must still satisfy all other selection criteria and successfully compete against other applications. An application seeking a boost (up to 30%) in 9% Credits must explain the need.

A. Nonprofit Involvement Set-aside

26 U.S.C. § 42(h)(5)(C) defines a qualified nonprofit organization as:

1. A 501(c)(3) or (c)(4) nonprofit organization;
2. Having an express purpose of fostering low-income housing as evidenced in the Articles of Incorporation or Bylaws;
3. One that will own an interest in the development and materially participate in the development and operation of the development throughout the compliance period. Material participation is defined in 26 U.S.C. §469(h);
4. Is not affiliated with, nor controlled by, a for-profit organization; and
5. The nonprofit must be involved in the ownership as either a general partner or co-general partner and must materially participate in the development and operation of the housing development throughout the tax credit compliance period. Material participation is only present if the nonprofit is “involved in the operations of the activity on a basis which is regular, continuous, and substantial.”

Developments wanting to be considered for this priority must fully complete the applicable sections of the application and submit all required items.

B. HOME CHDO Set-aside

MHDC will endeavor to set-aside fifteen percent (15%) of HOME Funds to be loaned to Community Housing Development Organizations (“CHDO”) as CHDO Set-aside. Certain legal, organizational, and other requirements apply for nonprofit organizations to qualify for CHDO status (24 CFR § 92.2). If the development is seeking HOME funds under the CHDO Set-aside, the CHDO must be the sole general partner (in the case of a limited partnership) or sole managing member (in the case of a limited liability company) of the ownership entity to qualify.

Developments wanting to be considered for this priority must fully complete the applicable sections of the application and submit all required items.

C. Supportive Housing

(9% Applications eligible for up to thirty percent (30%) boost in eligible basis)

MHDC will endeavor to set aside thirty-three percent (33%) of Federal and State LIHTC (4% Credit and 9% Credit) for developments containing units qualifying under the Supportive Housing Priority outside the geographic set-aside, subject to the quality of the applications received. The Supportive Housing Priority consists of Permanent Supportive Housing and Vulnerable Persons. Developments may not apply for both. Projects may be eligible for the basis boost.

Rents should be made affordable through project-based or tenant-based subsidies. The Lead Referral Agency is responsible for coordinating tenant-based rental assistance with service providers or governmental agencies, whenever necessary and possible. In the absence of assistance, and proposed rents are above 30% AMI, the applicant must provide evidence that tenants will qualify at 30% of their income. In no circumstance should tenants pay more than the greater of 30% AMI rents, or 30% of their income towards rents.

1. Permanent Supportive Housing Priority

Eligibility: Developments committing to a Permanent Supportive Housing Set-Aside of at least fifteen percent (15%) of the total units (“Permanent Supportive Housing Priority”) for persons with a disabling condition(s).

Developments funded under this 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 households in need of permanent supportive housing qualified to lease identified units and from local service agencies which will provide a network of services. The referral process must include soliciting and accepting referrals from service agencies that serve all types of permanent supporting housing populations. For purposes of the Permanent Supportive Housing Priority, a “Lead Referral Agency” is a service provider agency that will provide tenants and services to the community through 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. The Lead Referral Agency should demonstrate the ability to serve identified populations in need of permanent supportive housing. The Lead Referral Agency may change with MHDC’s approval.

Developments wanting to be considered for this Priority must fully complete the applicable sections of the application and submit all required items.

2. Vulnerable Persons Priority

Eligibility: Developments committing to a set-aside of at least fifteen percent (15%) of the total units (“Vulnerable Persons Priority”) for

- The homeless, as defined by HUD, including survivors of domestic violence and human or sex trafficking; or
- A youth transitioning out of foster care.

Applicants must submit commitments from a Lead Referral Agency which will refer vulnerable persons qualified to lease identified units and from local service agencies which will provide a network of services. The referral process must include soliciting and accepting referrals from service agencies that serve all types of vulnerable persons. For purposes of this Priority, a “Lead Referral Agency” is a service provider agency that will provide tenants and services to the community through 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. The Lead Referral Agency should demonstrate the ability to serve identified vulnerable persons populations. The Lead Referral Agency may change with MHDC’s approval.

Developments wanting to be considered for this Priority must fully complete the applicable sections of the application submit all required items.

D. Service-Enriched Housing

(9% Applications eligible for up to thirty percent (30%) boost in eligible basis)

Eligibility: Proposals offering significant services tailored to the tenant population (“Service- Enriched Priority”). Proposed services should consider the unique characteristics of residents and help them to identify, access, and manage available resources. The desired outcomes are for tenants to stay housed, have social and community connections, improve their physical and mental health, increase their income and employment, and to be satisfied with the services and housing. 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's services must target a specific population. Examples include, but are not limited to:

- Senior households;
- Individuals with children;
- Formerly homeless individuals and families;
- Individuals with disabling conditions;
- Children of tenants; and
- Veterans.

The applicant should demonstrate it has either experience with the population in question or a commitment(s) from a service provider(s) who does for renewable three-year terms. Longer commitments will be viewed more favorably. Services for family and senior developments include, but are not limited to, the following examples.

Family Properties:	
1. Regularly-held resident meetings	2. Daycare services
3. After-school programs for children	4. College preparation counseling
5. Financial literacy courses for adults	6. Clothes closet
7. Parents as Teachers program offered through the local school district	8. Library
9. Credit and/or budget counseling	10. Back to school programs
11. Life skills and employment services	12. Youth sports activities
13. Nutrition and cooking classes	14. Teen support groups
15. Domestic violence survivor, including human or sex trafficking, support and counseling	16. Good neighbor and tenant rights classes
17. Computer lab or computer check-out program	18. Job training and job placement services
19. Food pantry	20. Reentry programs for persons with prior justice system involvement

Senior Properties	
1. Regularly-held resident meetings	2. Assistance preparing a Vial of Life
3. Transportation to shopping and medical appointments	4. Exercise program such as the Arthritis Foundation Exercise Program
5. Nutrition and cooking classes	6. Monthly community activities (i.e., potluck dinners, holiday events, bingo)
7. Enrichment classes such as seminars on health issues, prescription drugs, Medicare, the internet	8. Access to fitness equipment
9. Coordination with an agency that provides assistance with paying bills and balancing checkbooks	10. Housekeeping
11. Periodic health screenings	12. 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 submit all required items.

E. Preservation

(9% Applications eligible for thirty percent (30%) boost in eligible basis)

Eligibility: The preservation of existing affordable housing (“Preservation Priority”). To qualify for the Preservation Priority, a development must meet at least one (1) of the following criteria:

1. Have and continue to use project-based rental assistance and/or operating subsidy;
2. Have a loan made prior to 1985 from any of the following loan programs: HUD 202/811, 221(d)(3) or (d)(4), 236, or USDA RD 515;
3. Participate in HUD’s Mark-to-Market restructuring program; or
4. Currently encumbered by a LIHTC LURA, have completed the final year of the compliance period for all buildings in the development, and will continue to follow the original LURA restrictions for the original LURA term.

F. CDBG-DR

Eligibility: Applications that include leveraging Community Development Block Grant Disaster Recovery (CDBG-DR) funds. Applicants proposing to utilize the CDBG-DR funding must obtain a LOI from the local government entity with a CDBG-DR Action Plan approved by HUD.

G. Veteran’s Housing

(9% Applications eligible for up to 30% boost in eligible basis)

Eligibility: Applicants developing Service-Enriched Housing targeting Veterans. Developments must offer significant services tailored to the Veteran tenant population which enhance tenant housing stability and independence, including substance abuse program.

Applications must include either letter(s) of intent for service commitment(s) from a provider(s) who specialize in, or have substantial experience in, providing services to Veteran populations or support demonstrating the applicant’s substantial experience providing services to Veteran populations.

Developments applying under this priority also are subject to the requirements of the Service-Enriched priority, including fully completing the applicable sections of the application.

H. Workforce Housing

(9% Applications eligible for 30% boost in eligible basis).

Eligibility: Developments in counties with a median income less than the most recent statewide median income (as established and published by HUD) are eligible for the basis increase, provided that fifteen percent (15%) to twenty-five percent (25%) of the total units are set aside for households earning between sixty percent (60%) and eighty percent (80%) of the area median income. Rents in the 60%-80% units should be different than the rents in the development that are at or below sixty percent (60%) AMI.

I. Opportunity Areas

Eligibility: Family developments in opportunity areas located in a census tract with a fifteen percent (15%) or lower poverty rate with access to high-performing school systems, transportation and employment must

1. Include an affirmative marketing plan that proactively reaches out to families currently living in census tracts where the poverty rate exceeds forty percent (40%).
2. Include a Special Marketing Reserve to assist in initial relocation expenses for families with children.
3. Have a minimum unit size of two bedrooms.
4. Apply under the Service-Enriched Priority.

MHDC will allow flexibility to meet all four criteria qualifications. Below are examples of services for this type of family development:

Opportunity Area Service Examples	
• Regularly-held resident meetings	• College preparation counseling
• After-school programs for children	• Library
• Financial literacy courses for adults	• Back to school programs
• Credit and/or budget counseling	• Youth sports activities
• Life skills and employment services	• Teen support groups
• Computer lab or computer check-out program	• Good neighbor and tenant rights classes
• Daycare services	

J. 50% Maximum Pilot

Eligibility: Applications requesting Federal-only LIHTC where the maximum housing expense for 60% AMI units will be set to the fifty percent (50%) rent limit as the maximum rent level throughout the extended use period.

IV. RESERVATION PROCESS

A. Phase I: Document Review

1. Document Review Guidelines

MHDC will conduct the Document Review to determine if the applicant and its application meet the following requirements:

- a. **Organized Application.** A complete application consists of the submission of a completed development proposal in MAAP, including complete answers and applicable uploads as detailed in the Application Guide. MHDC may waive an exhibit requirement upon the review of a formal waiver request submitted by an applicant no later than seven (7) business days before the applicable NOFA deadline.
- b. **Good Standing with MHDC.** Any member of the development team that meets any of the following will be ineligible to participate in the NOFA:
 - The owner or general partner of a LIHTC development currently in non-compliance due to site audits or a failure to comply with the owner's reporting requirements;
 - Not in compliance or good standing with any other MHDC program; or
 - Involved with a proposed development has serious and/or repeated non-performance or non-compliance issues in Missouri before or after the time of application may include, but is not limited to, progress made with a previous Conditional Reservation Agreement, Firm Submission, execution of Firm Commitment, closing, cost certification, development compliance, payment of fees and/or violation of the MHDC Workforce Eligibility Policy.
- c. **Good Standing with Other Entities.** MHDC may deny participation in the NOFA by any member of the development team that is the owner or general partner of a LIHTC development who is currently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal, state, or local department or agency.
- d. **Consistent with Applicable Law.** The submitted proposal must comply with all federal, state, and local laws, as well as all applicable regulations, guidance, revenue rulings and the like as may be promulgated by the IRS, HUD, or any other federal or state agency. Examples of such requirements include, but are not limited to:
 - **Code Requirements.** 26 U.S.C. § 42 and all relevant Treasury Department regulations, notices, and rulings.
 - **Fair Housing Requirements.**
 - **Internal Revenue Service Memorandum of Understanding.** MHDC and the IRS have executed a Memorandum of Understanding to improve the administration of the Federal LIHTC. Under its terms, all key principals of the developer and general partnership must complete IRS Form 8821 (Rev. 9-98), Tax Information Authorization, as a condition of consideration for an allocation of 9% Credit or 4% Credit. It is the position of MHDC that information contained within Missouri and IRS Form 8821 submitted with the application is not subject to public records requests.

- e. **Consistent with Tax Credit Accountability Act.** Under the provisions of the Tax Credit Accountability Act (Mo. Rev. Stat. § 135.800-135.830), all developers/applicants must complete all necessary forms and reporting requirements during the reservation process, the allocation process, and for a period of three (3) years following the issuance of State LIHTC. All developers, general partners/members, and key principals must complete the most recent Missouri and IRS Form 8821 as a consideration for the allocation of the State LIHTC. MHDC will obtain tax clearance for the developer/applicant from the Missouri Department of Revenue at the time of application. MHDC will reject an application should the developer, general partner, or any key principal be found to have outstanding tax liens or delinquent taxes, for federal or state taxes.

2. Threshold Documents.

All threshold documents in the Application Guide must be complete, fully-executed, and submitted by the application deadline. A missing threshold document may result in an application being eliminated from consideration. Below is a list of the required threshold document categories, some of which require multiple documents:

- a. **Certified MAAP Submission.** The submission of a completed and certified application in MAAP.
- b. **Application Fee.** Application fee paid through provided payment link by the applicable NOFA deadline. A payment returned for any reason will result in that application being rejected.
- c. **Market Study.** A market study meeting MHDC requirements and dated within six (6) months of the application due date. The market study must be prepared by an experienced market analyst on MHDC's approved provider list (not an affiliated company). See the Market Study Guidelines and Market Study Standards for Rental Housing Developments (MHDC Form 1300) for further guidance. Waivers requesting a submission of the market study after the application deadline will not be granted.
- d. **Financing Commitment.** Commitments for all tax credit equity and non-MHDC financing sources to be utilized.

3. Secondary Documentation Review.

Applicants must submit the secondary documentation listed in the Application Guide by the application deadline. MHDC may reject an application if five (5) or more secondary review documents are missing or are incomplete. If four (4) or fewer secondary documents are missing or are incomplete, the applicant will be notified in writing of deficient items and a date by which deficiencies must be cured ("Cure Date"). If the requested documents are not received by the Cure Date, the application may be rejected. MHDC may reject or cure any application.

B. Phase II: Priority Scoring

Applications must meet the qualifications of one or more of the following priority groups listed in order to proceed to Phase III: General Scoring:

1. Nonprofit, as defined in Section III of this QAP;
2. HOME CHDO;
3. Service-Enriched, including Veterans Housing;
4. Supportive Housing;
5. Preservation;

6. CDBG-DR;
7. Workforce Housing;
8. Opportunity Area, as defined in Section III of this QAP; or
9. 50% Maximum Pilot.

Applications that meet the qualifications for one of the above priority groups will be assigned forty-five (45) points.

C. Phase III: General Scoring

Applications must earn at least ninety (90) combined points in Phases II and III to qualify for Phase IV: Underwriting review and be considered for funding. Any application that does not earn at least ninety (90) combined points in Phases II and III will not be considered for funding. For application proposals that include scattered sites located in different counties, the score will be from the site with the lowest earned score per site on specific location criteria. For resyndication developments, the most restrictive LURA restrictions must be followed for the original LURA term.

1. Development Characteristics Point Categories

Income Targeting **0 - 13 points**

Developments that target a percentage of units to lower income households will receive up to thirteen (13) points as described below based on LIHTC income determination guidelines. Proposals electing the Average Income Minimum Set-aside must maintain the percentage of units receiving income targeting points in their application.

Percentage of Units at Income Level (St. Louis and Kansas City MSAs)	Points
15% or greater at 30% AMI	13
10% or greater at 30% AMI	9
10% or greater at 40% AMI	4
10% or greater at 50% AMI	2
Percentage of Units at Income Level (Springfield, Columbia, Joplin, Jefferson City, Cape Girardeau and St. Joseph MSAs)	Points
12.5% or greater at 30% AMI	13
7.5% or greater at 30% AMI	9
7.5% or greater at 40% AMI	4
7.5% or greater at 50% AMI	2
Percentage of Units at Income Level (All other counties not included above)	Points
10% or greater at 30% AMI	13
5% or greater at 30% AMI	9
5% or greater at 40% AMI	4
5% or greater at 50% AMI	2

Mixed Income Development **10 points**

Developments that have at least ten percent (10%) market rate units, or Average Income Minimum Set-aside Units at eighty percent (80%) AMI will receive ten (10) points.

Homeownership Opportunity**5 points**

Developments of single-family and duplex homes intended for one hundred percent (100%) tenant ownership at the end of the fifteen-year compliance period will receive five (5) points. To qualify for the points, the owner must provide a detailed tenant ownership plan that complies with the Internal Revenue Code and is acceptable to MHDC.

Housing Priorities**0 - 10 points**

Applicants may submit a proposal that meets one or both Service-Enriched and Supportive Housing Priorities, but points will only be awarded to the highest scoring priority that meets all requirements, for a maximum of ten (10) points available in this priority.

Housing Priority Category	Maximum Points Possible
Service-Enriched	10
Supportive Housing	10

a. Service-Enriched

MHDC may award up to ten (10) points to developments that qualify for the Service-Enriched Priority. Points will be awarded based on the below criteria:

- Applications that include a written commitment from the development ownership to provide services for the duration of the affordability period will receive five (5) points.
- Applications that commit to providing services that fall under the Service Parameters as reflected below may receive one (1) point per Service Parameter. Applications must include a fully executed LOI for each Service Parameter to receive points for that category. In awarding points, MHDC will evaluate the quality of services provided, the correlation between the services or programs to the tenant population, the service delivery plan and the duration of the commitment from the service provider(s) (minimum of three (3) years).

Service Parameters
Housing Stability
Increased Income and/or Employment
Physical and/or Mental Health
Quality of Life
Social and Community Connection

b. Supportive Housing

MHDC may award up to ten (10) points to development that qualify for the Supportive Housing Priority. Points will be awarded based on the below criteria:

- Applications that include a commitment to set aside fifteen percent (15%) or more of all units for permanent supportive housing or vulnerable population tenants will receive five (5) points.
- For applications that meet the set-aside qualifications above, MHDC will evaluate the Supportive Services Plan and award up to five (5) points based on the quality and alignment of services with the targeted population(s).

Extended Compliance **5 points**

Development proposals that waive the right to opt out at the end of the fifteen-year LIHTC compliance period will receive five (5) points.

Previous Phase Success **1 point**

Subsequent phase development proposals will be awarded one (1) point if the previous phase(s) meet each of the following criteria:

- a. Have a vacancy rate of less than five percent;
- b. Has a waiting list;
- c. Has the same occupancy type; and
- d. Are located within ½ mile driving distance of the first phase.

2. Site Location Point Categories

Site Location **0 - 10 points**

Applicants may submit a proposal that meets one or both Cost Burdened Households and Opportunity Area, but points will only be awarded to the highest scoring category that meets all requirements.

a. Cost Burdened Households

Developments will receive points as described below based on the county's share of households spending more than fifty percent (50%) of gross monthly income on housing, as identified the Supplemental Data available on MHDC's website.

Percentage of Severe Cost Burdened Renter Households	Points
Greater than 20%	10
Greater than 15%	7
Greater than 10%	5

b. Opportunity Area

Family sites that meet the requirements of an Opportunity Area as described within this Plan will receive seven (7) points.

Rural Underserved **5 points**

Developments located in rural underserved counties as defined by MHDC will receive five (5) points. Counties that qualify as MHDC designated rural underserved counties will be published on MHDC's website.

Preservation **0 - 15 points**

Development proposals that qualify and meet the requirements for the Preservation priority will receive points based on the table below in the highest-scoring category eligible.

Preservation Development	Points
Located in Kansas City or St. Louis regions	10
Located in MSA-Rural or Rural regions	12
Development is existing USDA-RD property	15

3. Use of Resources Point Categories

Leveraged Funds

0 - 13 points

Applicants may submit a development proposal that meets any of the scoring criteria as detailed in the below sections for a maximum of 13 points.

a. Favorable Financing (up to 7 points)

Development proposals that include source(s) from an unaffiliated party(ies) will be eligible for points based on the table below. Eligible sources include the following:

- HOME funds;
- HOME-ARP funds;
- Community Development Block Grant (CDBG) funds;
- Local Housing Trust Fund;
- Private or community foundation;
- Historic Tax Credit proceeds; or
- Other Federal, State, or Local Government funds.

MHDC resources and loans originated by a conventional bank are not eligible for points. To qualify for points, the application must include an executed Letter of Intent, including financial commitment amounts and terms.

Percentage of Leveraged Funds	Points
Greater than 2.5%	3
Greater than 5%	5
Greater than 7.5%	7

b. Local Government Support (up to 3 points)

Development proposals that include local government support through one of the following categories will be eligible for 3 points.

- Tax exemptions, i.e., local property tax abatement, sales tax exemptions/savings;
- Fee waivers: totaling at least \$50,000 or all the fees a local government can waive, whichever is less;
- Land donation: real estate owned by local government and not previously purchased from any party related to development proposal; or
- Infrastructure improvement required as a result of the housing development, i.e., utility connects, water, sewer, drainage, streets.

The support must:

- Offset the original cost of eligible and relevant development line-item(s);

- Not show the applicable cost(s) as a line-item in the application;
- Be documented through approved commitment from the local government; and
- Include documentation of the original cost, the financial value of the support mechanism, and valuation methodology (i.e., appraisal, bids, contracts).

c. CDBG-DR (up to 3 points)

Development proposals that include federal disaster recovery funds, i.e., CDBG-DR funds, will receive 3 points.

Project-based Rental Assistance

5 points

Development proposals that include a project-based rental assistance contract for at least 15% of the total of all units will receive five (5) points.

Credit Efficiency

0 - 7 points

Applications will be awarded points for credit efficiency based on the eligible LIHTC amount per LIHTC bedroom using the criteria below. Applications will be divided into four categories: (1) Family New Construction; (2) Senior New Construction; (3) Family Rehab; and (4) Senior Rehab. A “safe harbor” will be determined for each category. The Average Eligible LIHTC amount per LIHTC bedroom will be determined for each category based on the eligible LIHTC amount per LIHTC bedroom data in the submitted applications under this QAP. The Safe Harbor for each category is 10% above and 10% below the Average Eligible LIHTC amount per LIHTC bedroom for each respective category. Applications will be scored as follows:

Credit Efficiency	Points
Eligible LIHTC amount per LIHTC bedroom is ABOVE the Safe Harbor	0
Eligible LIHTC amount per LIHTC bedroom is WITHIN the Safe Harbor	3
Eligible LIHTC amount per LIHTC bedroom is BELOW the Safe Harbor	7

4. Development Team Point Categories

Development Team Prior Performance

0 - 25 points

An application will be awarded up to twenty-five (25) points based on a Development Team’s prior MHDC performance.

Development Team Prior Performance	Points
Developer/Owner/Consultant	12
Supporting Development Team	5
Property Management Company	8

Development proposals will be deducted five (5) points for the following unsatisfactory performance factors of any principal of the developer/owner/consultant for a previously approved development:

- Waivers approved with prejudice (as identified in waiver consideration);
- Construction Closing delays in excess of three years from Board approval (December 2022 and prior);
- Deviation from commitment in original application for a scoring category;

- Development construction not built to MHDC Construction and Design Standard;
- Delinquent payment on MHDC Loan; and
- Significant disregard for MHDC policies and processes.

MHDC will evaluate up to the prior five (5) years for Developers, Co-developers, General Contractors, Management Agents and Syndicators. MHDC will evaluate an application submitted by a developer with no prior experience with MHDC, based on the entire Development Team may earn up to a maximum twenty-two (22) points.

D. Phase IV: Underwriting/Selection Criteria

Points earned in Phases II and III determine qualification for review and funding consideration in Phase IV. MHDC may limit the level of review in Phase IV of lower scoring applications. Priority Group and Non-Priority Group applications that earn a minimum of ninety (90) combined points in Phase II and Phase III qualify for funding consideration. MHDC may evaluate, and recommend for funding, applications that do not earn ninety (90) points or more.

During the application review, MHDC staff may conduct a review of each proposed new construction or rehabilitation site (“MHDC Site Review”). Each proposed site location must have a sign posted identifying it as a proposed MHDC development. The sign should be posted from the time MHDC receives the application until the Commission votes on applications. At a minimum, the sign must identify the developer and have a contact name and phone number. The MHDC Site Review will consist of a determination regarding the feasibility, marketability, appropriateness of the site(s) for the intended population, and assessment of any perceived environmental issues. For rehabilitation and conversion applications, MHDC staff expects to be able to enter the buildings. Additional supporting documentation may be required if any environmental concerns are identified.

MHDC will consider the following when evaluating applications:

- Assurance that the amount of tax credits allocated does not exceed the amount “necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period”;
- Evaluation of all projects for consistency with this QAP and for LIHTC need, including projects using tax exempt bond financing;
- Execution of an agreement for “an extended low-income housing commitment”; and
- Monitoring of compliance with the provisions of 26 U.S.C. § 42 and notifying the Internal Revenue Service of any noncompliance.

1. Development Characteristics

MHDC will review the following characteristics:

a. Tenant Population

MHDC will consider the following with regard to the intended tenants, as required by Section 42(m)(1)(C):

- Tenant populations with special housing needs, such as persons with a disability source of income, homeless individuals and families, seniors, and other underserved and/or at risk populations;
- Individuals experiencing, or being treated for, or having a diagnosis or a history of mental illness;

- Individuals on public housing waiting lists;
- Individuals with children;
- Youth transitioning out of foster care;
- Developments serving the lowest income tenants; and
- The quantity, quality, and suitability of services provided or offered to the tenants.

b. Type

MHDC will evaluate developments on how they contribute to the goal of this QAP and MHDC's mission, and as required by Section 42(m)(1)(C). Developments fall into at least one of the following types:

- New construction;
- Historic rehabilitation/adaptive reuse;
- Acquisition/rehabilitation of existing housing; or
- Developments intended for eventual tenant ownership.

c. Site

MHDC will review each site to determine the overall suitability of the site for affordable housing and for the intended population. Site reviews will consider:

- Marketability, or the likelihood that the site and improvements will be accepted by the target population, including proximity to other affordable housing developments;
- Presence of environmental issues and concerns, including, but not limited to, habitat and wetland preservation, noise, proximity to floodplains, and proximity to other potentially hazardous land uses;
- Neighborhood characteristics and land uses; and
- Proximity to appropriate amenities and services.

d. Design

MHDC will examine the design of each development to assess its appropriateness for the site, the market, and the population being served, as required by Section 42(m)(1)(C). The examination will consider:

- Access into and out of the site and parking;
- Placement of buildings on the site;
- Development amenities, including, but not limited to Wi-Fi access, community space, proximity to services, health and fitness space, playgrounds, picnic shelters, community gardens, trails, proximity to transit options;
- Type and quality of materials;
- Energy efficiency and overall sustainability, including an MHDC approved sustainability certification;
- Condition and suitability of structures being reused;
- Scope of work for rehabilitation or renovation;

- Population appropriate design features (for example, universal design features, interior and exterior common spaces, storage space, accessibility, adaptability, safety features, etc.);
- Exterior Design aesthetics that blend well with the surrounding area; and
- Accessibility Requirements.

2. Market Characteristics

MHDC will analyze the following for each proposal:

a. Development Location

Important considerations for the location of new construction and conversion proposals include, but are not limited to:

- The proposed development may not be located where the total of publicly subsidized housing units (as defined in the Market Study Guidelines) equal more than twenty percent (20%) of all units in the census tract where the development will be located.
- If the proposed development is a new construction phased development, the previously approved development (i.e., Phase I or Phase II) must be at fifty percent (50%) construction before the subsequent phased proposal can be submitted for consideration for funding.
- Notwithstanding the competitive scores of applications in a Geographic Region, MHDC may limit the number of developments in a specific market or city if MHDC determines that there is insufficient demand or that a particular development would have adverse impact on low-income housing developments existing in a given market area.

b. Housing Needs

Considerations regarding housing market needs and as required by Section 42(m)(1)(C) include:

- Number and growth of the population and intended tenant population in the market area;
- Presence, condition, occupancy, and comparability of other affordable housing developments in the market area;
- Presence, condition, occupancy, and comparability of market rate housing in the market area;
- Capture rate for the proposed development; and
- Housing needs of the permanent supportive housing or vulnerable persons population in the market area.

MHDC will not approve an application proposing the delivery of new units if it will adversely impact any existing MHDC development(s), exist in a questionable market, or create excessive concentration of multifamily units.

3. Development Team Characteristics.

MHDC will evaluate the following development team members: developer(s), general partner(s), management agent, syndicator(s)/investor(s), contractor, architect, attorney(s), sustainable

design team, consultant(s), lead referral agency (for Permanent Supportive Housing or Vulnerable Persons Housing), and the Service Provider (for Service-Enriched Housing).

Evaluations will assess sponsor characteristics, as required by Section 42(m)(1)(C), including the 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:

- a. Number of affordable developments completed;
- b. Occupancy of developments owned and/or managed;
- c. Number of developments approved but not closed;
- d. Performance, quality, and condition of previously completed developments;
- e. Previous and outstanding compliance issues; and
- f. Performance regarding MHDC deadlines for previous funding awards including significant cost increases, additional funding requests, responsiveness, timeliness, adherence to MHDC requirements, and overall performance of previously funded properties, including satisfaction of financial obligations and commitments.

MHDC will assess the proposed general partner, developer, and general contractor 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.

4. Feasibility

MHDC will evaluate applications to determine feasibility and viability throughout the compliance period using the assumptions provided by the applicant. MHDC will evaluate:

- a. Sources
All developments must demonstrate sufficient sources are available to assure feasibility. Applications must include a commitment letter from the proposed provider indicating the amount and terms of financing for non-MHDC sources.
- b. Uses
Development costs must be reasonable and competitive for the type of development and location being proposed. Sources and uses must balance.
- c. Income
Rents must be appropriate for the market and affordable for the intended population. Other sources of income must be documented to determine feasibility or the size of MHDC debt, if any.
- d. Expenses
Operating expenses must be adequate, reasonable, competitive, and appropriate for the market and type of development being proposed.
- e. Long-Term Viability
Operating projections must indicate the development is viable for the greater of (i) the entire compliance period, (ii) the term of any MHDC financing, or (iii) HOME affordability period (if applicable), or NHTF affordability period (if applicable).

f. Timing

MHDC will consider the timing of due diligence, financing commitments, and regulatory approvals when assessing an applicant's ability to proceed. MHDC will allocate 9% Credits to applicants demonstrating they can proceed in a timeframe consistent with the requirements of 26 U.S.C. § 42 or, for tax-exempt bond-financed applications and/or applications utilizing historic tax credits, the allocation process established by the Missouri Department of Economic Development.

g. Investment Potential

MHDC will evaluate applications for their potential to attract investors for the Federal LIHTC and State LIHTC, if applicable, based on the potential amount of Federal LIHTC and State LIHTC, if applicable, the size of the proposed development, the market, the experience and strength of the development team, and financial feasibility. MHDC will take into consideration the strength and previous performance of all investors during the feasibility review.

MHDC will not allocate a LIHTC amount exceeding the amount necessary to assure development feasibility.

5. Community Impact

MHDC may weigh impact using:

- a. Local Jurisdiction and Community Comments. Comments from the local jurisdiction, including, but not limited to, chief executive officers and community members.
- b. Catalytic Effect. Developments that will successfully encourage further development or redevelopment in the community and developments that are part of a larger community redevelopment effort or part of a concerted community revitalization plan.
- c. Community Needs. How a development will address the needs of the population and community it intends to serve. The existing stock of affordable housing and demographic trends in the area will influence the needs of the community and ability of the development to meet those needs.
- d. Redevelopment Plan. Applications that are a part of a Redevelopment Plan which has been approved/adopted by a local government, as required by Section 42(m)(1)(C). To be considered, the application must include a letter from the local authorizing official that the proposed development is a part of the Redevelopment Plan. The application should also include a detailed description of the Redevelopment Plan.

A Redevelopment Plan should do the following:

- Identify planned public and private development in the community;
- Identify any resources committed to development;
- Set clear geographic boundaries for the community;
- Describe the community;
- Address housing and non-housing development, including infrastructure, amenities, and/or services beyond credit development;
- Identify goals and action steps; and
- Identify community partners.

6. Economic Impact

The economic impact to Missouri of a proposed development is an important factor. MHDC will evaluate the Missouri economic impact of each proposal using information within the application items to be measured including, but are not limited to:

- a. Proposed services that will be performed and/or proposed products that will be provided by Missourians;
- b. The economic impact returned to the State of Missouri through tax revenue obligations, or otherwise;
- c. The Development Team's economic presence within the State of Missouri, including Missouri employee statistics; and,
- d. For senior and Set-Aside Preference development proposals, projected Missouri savings in Medicaid expenses.

7. Notifications

If an application satisfies the Initial Review and Primary Documentation Review requirements, MHDC will send a notification to the chief executive officer of the local jurisdiction, the state senator and state representative for the district of the proposed development, and the executive director of the local public housing authority. Those notified will be given a reasonable opportunity to comment on the proposed development and MHDC will consider the comments received and may contact the local jurisdiction for additional information. MHDC will publish a notice requesting public comment on the development and make the list of applications available online through www.mhdc.com for review and comment. MHDC will hold a public hearing to afford the public a reasonable opportunity to comment on developments proposed throughout the state.

V. ALLOCATION PROCESS

A. Conditional Reservation

MHDC will send awarded applications a conditional reservation after approval (“Conditional Reservation”). Conditional Reservations will be subject to the requirements MHDC staff determines necessary or appropriate to assure the development will meet the goals of this QAP in a timely manner.

All developments must submit a Firm Submission package no later than the date established in the Conditional Reservation.

A Conditional Reservation is subject to rescission should the development fail to comply in a timely manner with the conditions thereof. This includes, but is not limited to, failure to provide evidence satisfactory to MHDC of financial feasibility or sufficient progress toward Firm Submission, closing, and placement in service.

B. Carryover Allocation

To successfully complete the 10% Test, no later than twelve (12) months after the effective date of the Federal Carryover Allocation, the owner must submit all of the required documentation.

For developments with 9% Credit reservations which are receiving an allocation of State LIHTC, a State Carryover Allocation will be issued for developments that qualify to receive a Federal Carryover Allocation. The Federal Carryover Allocation Agreement may be issued simultaneously with the Firm Commitment, according to the deadlines established in the Conditional Reservation and no later than the month of December in the year of reservation. The State Carryover Allocation Agreement may be issued simultaneously with the Firm Commitment, according to the deadlines established in the Conditional Reservation and no later than the month of June in the year of reservation.

The Carryover Allocation defines the amount of Federal LIHTC allocated to the development, the low-income unit set-asides, the percentages of median income to be served, the special housing needs or vulnerable persons units committed to, if any, the Building Identification Number(s) (BINs), the compliance period, and any other such requirements as MHDC may choose to include. The State Carryover Allocation details the amount of State LIHTC authorized and any other such requirements as MHDC may choose to include. Detailed description of the Federal Carryover Allocation and State Carryover Allocation is included in the Developer’s Guide. MHDC reserves the right to request additional documents or certifications it deems necessary or useful in the determination that the development remains eligible for a Federal Carryover Allocation or State Carryover Allocation.

MHDC retains the right to recapture credits allocated in a Carryover Allocation prior to the end of the two-year Carryover Allocation period allowed under 26 U.S.C. § 42. Each Carryover Allocation will contain conditions precedent and deadlines which must be satisfied to secure a tax credit issuance of Federal LIHTC, and State LIHTC, if applicable. Should the development or owner fail to comply with all such conditions and deadlines, MHDC staff may, in its sole discretion, rescind the Carryover Allocation and use the recaptured credits for other developments.

C. Tax Credit Issuance

MHDC will make the issuance of tax credits of Federal LIHTC and/or State LIHTC (“Tax Credit Issuance”) after MHDC approval of all applicable requirements (which includes, but is not limited to, approval of the cost certification) and conversion or permanent closing has occurred, if applicable. The Tax Credit Issuance amount is based on MHDC staff’s final determination of the qualified basis for the building(s) based on an accountant’s certification of final costs provided by the owner and a final determination of the Federal LIHTC and State LIHTC amounts. The Tax Credit Issuance amount may be less than the amount reserved or allocated previously.

Cost certifications should be submitted no later than two (2) months after the last building in the development is placed in service. MHDC may request additional documents or certifications it deems necessary or useful in determining if the development is eligible for Tax Credit Issuance. MHDC will not issue IRS Form 8609(s) and Missouri Eligibility Statement(s), if applicable, until the following conditions have been met:

1. Each building in the development is a qualified low-income building. No 8609(s) and/or Missouri Eligibility Statement(s) will be issued for any portion of an incomplete development.
2. The owner and the development are in compliance with the terms of the LIHTC LURA.
3. The owner has provided a complete cost certification (for the entire completed development) in the MHDC required format. The contractor's fee allowed in the cost certification are limited to the amounts in the Firm Commitment. The developer fee is the lesser of the recalculation at cost certification following the formula in Section II(C)(6) above or the amount approved in the Firm Commitment.
4. The owner has provided a complete copy of the executed, MHDC-approved, limited partnership agreement or operating agreement and all exhibits and schedules.
5. The owner has paid the MHDC fees.
6. The owner representative and the management agent have successfully completed a compliance training session conducted or approved by MHDC and submitted proof of attendance in the form of compliance training certificates.
7. MHDC has completed its final inspection of the development.
8. MHDC has made its final determination of the credit amount.
9. All requirements included on the applicable MHDC checklist have been received and approved by MHDC. This includes funding of all required reserves.

Owners must file with MHDC executed copies of the 8609(s) and Missouri Eligibility Statement(s) for the first year in which credits are claimed.

D. Transfer of Reservations and Allocations

Conditional Reservations allocations, and/or Carryover Allocations are non-transferable except to an entity in which the transferring holder of the Conditional Reservation or Carryover Allocation is the general partner or controlling principal.

E. Land Use Restriction Agreement

26 U.S.C. § 42(h)(6) requires all LIHTC developments be subject to "an extended low-income housing commitment." MHDC complies with this requirement with the execution and recording of a LIHTC LURA. The LIHTC LURA sets forth the low-income unit set-asides, the percentages of median income to be served, AMGI unit designations, the special housing needs or vulnerable persons units committed to, if any, and any other such requirements MHDC may include as covenants running with the land for a minimum of thirty (30) years (or additional years if the development owner has committed to a longer use period). MHDC staff will use the information submitted with the application, Firm Submission, the signed Firm Commitment, and items submitted in connection with the construction closing to prepare the LIHTC LURA. The LIHTC LURA will be prepared and sent to the development owner to review and will be signed by MHDC staff and the owner in preparation for the construction loan closing. The LIHTC LURA cannot be altered in any manner without the consent of MHDC staff.

The title company will record the LIHTC LURA with any other closing documents to be recorded. The LIHTC LURA must be recorded prior to the filing of any deed of trust or other first lien encumbrance

on the development. 26 U.S.C. § 42(h)(6)(E)(ii) requires that even in the event of foreclosure, deed in lieu of foreclosure, or unwillingness to maintain the low-income status of the development, for a period of three (3) years, the following are not permitted:

- the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or
- an increase in gross rent for any low-income unit. The priority recording of the LIHTC LURA ensures all lien holders will honor these requirements of 26 U.S.C. § 42. The original recorded LIHTC LURA must be returned to MHDC staff.

For resyndication developments, the original LURA restrictions must be followed for the original LURA term.

F. Bond Developments

Applications for Federal 4% Credit that do not include a request for other MHDC-administered sources of funding are not required to meet the ninety (90) point threshold for funding consideration, MHDC will review the application, determine if the development is eligible and meets the requirements of this QAP, and make a determination of the development's 4% Credit amount.

If the bonds will be issued by a local Industrial Development Authority ("IDA") or similar authority, MHDC must perform an evaluation of the development according to the requirements of 26 U.S.C. § 42(m). The IDA must submit a request on original letterhead to MHDC no later than five (5) business days prior to bond closing asking MHDC to issue the 42(m) Letter. MHDC will issue Building Identification Number(s) in the 42(m) Letter.

VI. Compliance Monitoring

MHDC will monitor developments for compliance with the LIHTC LURA and Section 42(m)(1)(B)(iii) for any additional owner commitments made in the development selection process (e.g., additional low-income units or an extended low-income use period). Developers must finalize and receive approval for the unit mix and on-site management requirements prior to requesting a Firm Commitment. All owner representatives and their management agent representatives will be required to successfully complete a compliance training session conducted or approved by MHDC staff prior to the release of 8609(s).

Further information and guidance on compliance monitoring is included as supplemental to this QAP in the MHDC LIHTC Compliance Monitoring Manual, as may be amended from time to time, and explains the LIHTC monitoring process in detail. Each owner is required to comply with the requirements described in the designated program manuals and guides, MHDC policies, and as set forth in 26 U.S.C. § 42 and 24 CFR § 1.42-5 provisions, including, but not limited to:

- **Record Keeping and Retention.** For each year in the compliance period and extended use period, the owner or its successor in interest shall keep records for each qualified low-income building in the Project, consistent with 24 CFR § 1.42-5. The owner or its successor in interest shall retain these records for each building in the development for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the initial taxable year shall be retained for at least six (6) years after the due date for filing the federal income tax return for the last year of the compliance period and extended use period of the building.
- **Annual Certifications.** The owner shall make all necessary annual certifications for the preceding twelve (12)-month period, as described in 24 CFR § 1.42-5 and as required by MHDC.
- **Review and Inspections.** MHDC will review the certifications submitted and conduct on-site inspections of the developments pursuant to the required frequency. The number of low-income housing units and certifications to be inspected must be selected according to the minimum requirements as set forth in 24 CFR § 1.42-5 and in a manner that limits advance notice to owners that their records for a particular year will or will not be inspected. MHDC may give an owner reasonable

notice, pursuant to 24 CFR § 1.42-5, that an inspection will occur so that the owner may assemble records.

- **Notice of Noncompliance.** MHDC will provide written notice to the owner of a development if found to be out of compliance pursuant to 24 CFR § 1.42-5. The notice will describe the events of noncompliance and advise the owner of the development of the time period to correct the events of noncompliance.
- **Correction Period.** The correction period shall not exceed 90 days from the date the notice of noncompliance is sent to the owner. MHDC may extend the correction period for up to six months, but only if MHDC determines there is good cause for granting the extension. During the ninety (90)-day time period, or an extension thereof, the owner shall supply any missing certifications and bring the development into compliance with the provisions of 26 U.S.C. § 42 and 26 CFR § 1.42-5.
- **Notice to Internal Revenue Service.** MHDC will send a written notice to the Internal Revenue Service along with an IRS Form 8823 in the event of a finding of noncompliance by an owner. Copies of the IRS Form 8823 and the Internal Revenue Service notice will be forwarded to the owner.
- **Liability.** Compliance with the requirements of 26 U.S.C. § 42 and MHDC requirements is the responsibility of the owner of the development for which the tax credits are allowable. MHDC's obligation to monitor for compliance with the requirements of 26 U.S.C. § 42 does not make MHDC liable for an owner's noncompliance.

VII. OTHER INFORMATION

A. Program Fees

MHDC may charge developments financed under the requirements of this QAP the fees listed below. MHDC reserves the right to charge additional fees, as it deems necessary in the course of administering the Federal LIHTC and State LIHTC.

1. **Application Fee.** All applications for MHDC financing must pay an application fee for each application submission. The application fee must be paid electronically through the payment link provided by MHDC. The application fee is non-refundable and, if any application is returned for any reason, the application will be rejected. The standard application fee is \$2,000 unless the application qualifies under the following exceptions:
 - Applications requesting 9% Credits that qualify for the Nonprofit Priority is \$750.
 - Applications submitting proposals for a property listed publicly by MHDC as real estate owned and available for public bid are not required to submit an application fee.
2. **Tax Credit Fee.** A fee equal to 7% of the approved annual Federal LIHTC amount is due at construction closing (“Tax Credit Fee”). The amount of the Tax Credit Fee is to be rounded up to the next dollar. The fee is non-refundable and will not be reduced or refunded if the Tax Credit Issuance amount is reduced or if the tax credits are returned or recaptured. If the Tax Credit Issuance amount is increased, the increased amount is subject to the fee and must be received prior to the issuance of 8609(s) and Missouri Eligibility Statement(s). The Tax Credit Fee cannot be included in eligible basis.
3. **Appraisal Fee.** MHDC may order an appraisal from an independent third party to provide an appraisal for developments approved for MHDC loan resources. If MHDC orders an appraisal, a fee of \$6,500 will be assessed, to be paid at Construction Closing (“Appraisal Fee”). The Appraisal Fee is non-refundable.
4. **Construction Cost Analysis Fee.** MHDC may order and assess a fee of \$5,000 for an independent third-party report to provide an upfront construction cost analysis for approved developments in excess of six (6) units (“Cost Analysis Fee”). The Cost Analysis Fee would be due with the Conditional Reservation. If a third-party analysis is also required by the lender or investor on the property, MHDC will endeavor to work with that party to avoid duplicate costs.
5. **Construction Inspection Fee.** A minimum fee of \$13,500 for rehabilitation developments and \$17,500 for new construction developments will be assessed to compensate either MHDC or a third-party inspector hired by MHDC staff for construction inspections (“Construction Inspection Fee”). The amount of the Construction Inspection Fee will be based on the estimated length of the construction period and will be paid at Construction Closing.
6. **LIHTC LURA Recording Fee.** The owner will be responsible for the fee charged for recording the LIHTC LURA with the county in which the development is located. If MHDC records the LURA, the fee is \$160.

7. **Compliance Monitoring Fee.** A compliance monitoring fee will be assessed to cover the costs of the IRS-required compliance monitoring program (“Compliance Monitoring Fee”). The fee is \$300 per low-income unit (including employee use units) and Workforce Housing unit (occupied by households between sixty percent (60%) and eighty percent (80%) of the area median income). The Compliance Monitoring Fee must be paid once the last building in the development is placed in service. 8609(s) and Missouri Eligibility Statement(s) will not be issued until MHDC receives the Compliance Monitoring Fee. The Compliance Monitoring Fee cannot be included in eligible basis.
8. **Document Revision Fee.** MHDC may charge a fee of \$100 per form for revisions to an 8609 or Missouri Eligibility Statement or LIHTC LURA for (i) any corrections requested that were the result of incorrect information provided to MHDC staff, and (ii) any corrections requested more than ten (10) days after owner’s receipt of the 8609, Missouri Eligibility Statement, or LIHTC LURA, as applicable.
9. **Plan Review Worksheet Revision Fee.** MHDC may charge a \$25 per unit fee if a revision of the unit number assignments is required after the submission of the fully executed Cost Certification.

B. Development Changes

A reservation of Federal LIHTC, State LIHTC, and/or MHDC funds is based on information provided in the development application. Until a development is placed in service, any material changes (for example, changes in the site, scope, costs, credit pricing, ownership or design, etc.) from what was submitted in the application will require written notification to, and approval by, MHDC. Failure to comply may result in a revocation of the Conditional Reservation or a reduction in the amount of the tax credit award and/or MHDC funds.

C. Administration of the QAP

MHDC will resolve all conflicts, inconsistencies, or ambiguities, if any, in this QAP or which may arise in administering, operating, or managing the Federal LIHTC and State LIHTC and the right, in its sole discretion, to modify or waive, on a case-by-case basis, any provision of this QAP not required by the Code. All such resolutions or any such modifications or waivers are subject to written approval by MHDC’s Executive Director and are available for review, as requested, by the general public.

D. Amendments to the QAP

MHDC reserves may amend this QAP from time to time for any reason including, but not limited to:

1. To reflect any changes, additions, deletions, interpretations, or other matters necessary to comply with the Code or regulations promulgated thereunder;
2. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Plan;
3. To insert provisions clarifying matters or questions arising under this QAP as are necessary or desirable and are not contrary to or inconsistent with this QAP or the Code;
4. To comply with the State Act, as to State LIHTC matters; and
5. To facilitate the award of tax credits that would not otherwise be awarded.

All such amendments shall be fully effective and incorporated herein upon adoption by the Commission. This QAP may be amended as to substantive matters at any time following public notice, public hearing, and approval by the Commission.

E. MHDC Discretionary Authority

MHDC may:

1. Carry forward a portion of the current year's 9% Credit for allocation in the next calendar year.
2. Issue a Conditional Reservation for a portion of the next year's 9% Credit.
3. Issue a binding commitment for some portion of the next year's 9% Credit.
4. Limit the number of developments in a specific market or geographic area.
5. Award a Conditional Reservation based on the amount of 9% Credits requested relative to the amount of funding available. This could result in awarding 9% Credits without regard to location or ranking.
6. Fund fewer than the number of units proposed in an application.
7. Assert discretionary authority concerning all aspects of an application during the underwriting process.

F. Other Conditions

In making reservations or allocations, MHDC relies on information provided by or on behalf of the applicant. MHDC's review of documents submitted in connection with the tax credit allocation process is for its own purposes. In making reservations or allocations, MHDC makes no representations to the applicant or other party as to compliance of the development with the Code, Treasury Regulations, or any other laws or regulations governing Federal LIHTCs and/or State LIHTCs.

No member, director, officer, agent, or employee of MHDC shall be personally liable on account of any matters arising out of, or in relation to, the Federal LIHTC and/or State LIHTC.

Misrepresentations of any kinds will be grounds for denial or loss of the LIHTC and may affect future participation in MHDC programs.