




Missouri Housing
Development Commission

2022 MHDC Application Workshop

[MHDC.com](https://www.mhdc.com)

Application Submission

- Due Date:
- September 23, 2022

Web Posting

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

FIN-125 - Application Exhibit Checklist

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

Web Posting

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



2b. FIN-100 Addendum

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

2c. Exhibit A to #2013

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

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

- Paid Fee

- List all parties that will draw from developer/consultant fee
- List work and/or guarantees

4a. Narrative

The Development Questionnaire is no longer required but the narrative will require that certain items be addressed. **Many incorrect in 2021.** This is now a MHDC form on the web that is fillable.

At minimum, address the following in the order listed:

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

4a. Narrative cont.

1. Development Characteristics

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

2. Market Characteristics

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

4a. Narrative cont.

3. Development Team Characteristics

- Explain the key team members and experience

4. Financial Feasibility

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

5. Community Impact

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

4a. Narrative cont.

6. Narrowing the Digital Divide

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

7. Other Salient Information

- Provide unique or important characteristics
- Goals
- QAP Priorities

4b. Economic Development

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

- Economic development within Primary Market Area. Must be shown on map.
- Economic development is within 2 miles (SL, KC, MSA-Rural or 5 miles (Rural) of housing proposal. Must show on map. (“as the crow flies”)
- Transportation linking housing proposal with economic development project(s). Within ½ mile of each.

4b. Economic Development

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

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

5e. Site Review - FEMA Flood Map

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

6a–6d. Applicant Site Control

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

6e. MHDC Scattered Site Addendum

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

8a–8d. Preliminary Financing Commitments

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

8e. Preliminary Financing Commitments

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

8e. Preliminary Financing Commitments

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

8f. Preliminary Financing Commitments

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

8h. MHDC Financing Fee Addendum

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

10a–10j. Public Official Contact Verification

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

10a-10j Public Official Contact Verification

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

11a – 11d. Statutorily Required Documents

- IRS/MO 8821
 - Completed by:
 - All general partners or members of the developer/ownership entity
 - All key principals of developer/ownership entity
 - All guarantors

- IRS 8821
 - Complete Section 1 and sign and date Section 7

- MO 8821
 - Complete only the top section and **sign/date** at the bottom

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

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

12b. ii. – Service Enriched Priority

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

12c. iv. – IEH Priority Questionnaire

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

12d. Preservation Priority

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

12d.v. Preservation Priority

Preservation Letter

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

12d.v. Preservation Priority

Preservation Letter (deadline set by Asset Management)

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

12d.v. Preservation Priority

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

12e. Opportunity Area

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

12f. Opportunity Zone

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

12f. Opportunity Zone

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

12. Housing Priorities

- Applications that will include CDBG-DR funding must obtain a Letter of Intent prior to application submission from DED
- This letter does not guarantee an award from MHDC
- Please contact DED for all details concerning this Priority

13. Zoning

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

14e. Architectural Items

Development Characteristics Worksheet

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

16b. MBE/WBE Fee Structure

- Paid Fee

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

17a–17e. Relocation

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

19. Utility Allowance Schedule

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

20a–20d. Developer & GP Information

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

Self-Scoring

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

22. MHDC Waiver Request

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

