

MONTANA BOARD OF HOUSING

MACo Conference Room - 2715 Skyway Drive - Helena, Montana

April 22, 2013

ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)
Bob Gauthier (Present)
Doug Kaercher (Present)
Jeanette McKee (Present)
Pat Melby (Present)
Sheila Rice (Present)

STAFF: Bruce Brensdal, Executive Director
Chuck Nemec, Accounting
Mary Bair, Multifamily Program
Vicki Bauer, Homeownership Program
Penny Cope, Public Relations
Paula Loving, Executive Assistant
Angela Heffern, Accounting Program
Kellie Guariglia, Multifamily Program
Charlie Brown, Homeownership Program
Jeannene Maas, Homeownership Program
Todd Jackson, Multifamily Program
Rena Oliphant, Multifamily Program
Mary Poepping, Multifamily Program
Angela Heffern, Multifamily Program
Linda Schofield, Administrative Assistant
Bob Vanek, Multifamily Program

COUNSEL: Greg Gould, Luxan and Murfitt
John Wagner, Kutak Rock

UNDERWRITERS: Mina Choo, RBC Capital Markets

OTHERS: Gary Macdonald, Roosevelt County
Elizabeth Andrews, MTUPP
David Bland, Ft. Peck Sustainable Village
Heather McMilin, Homeward, Inc.

Nate Richmond, BlueLine Development
Liz Mogstad Rocky Mountain Development Council
Kelly Gill, BlueLine Development
Mat Rude, RMDC
Jim Morton, HRC District XI
Greg Dunfield, GMD Development
Jardk Hawkins, Edward Jones Investments
Dan Billmark, Accessible Space, Inc.
Maureen Rude, NeighborWorks
Gene Leuwer, GL Development
Frank Soltys, Benefis Health System
Don Sterhan, Mountain Plains Equity Group
Fred Sterhan, Mountain Plains Equity Group
Jonathan Reed, JRA/Wolf Point Village
Alex Burkhalter, Housing Solutions
Lucy Brown, Housing Authority of Billings
Jason Campbell, Arete' Development Group
Tim Duggan, Fort Peck Sustainable Village – Make It Right
Stoney Anketell, Fort Peck Tribal Council
Rusty Snow, Summit Housing Group
Jack Jenks, Summit Housing Group, Inc.
Jerilee Wilkerson, Rocky Mountain Development Council
Charles Aagenes, Area IV Agency on Aging
Meg O'Leary, Director of Department of Commerce
Beki Brandborg
Matthew Senn
Lori Davison, Missoula Housing Authority
Darren Larson
Eileen Pinkarz
Jeff Rupp, HRDC District IX
Logan Anderson
Marcela Waller
Nate Shepard, BlueLine Development
Patrick Klier
Scott Deston
Shyla Patera
Tarie Beck

CALL MEETING TO ORDER

Chairman J.P. Crowley called the Montana Board of Housing (MBOH) Board meeting to Order at 10:07 a.m. The Chairman introduced Meg O'Leary who is the new Director of the Department of Commerce. Director O'Leary provided the Board a brief overview of the new Administration's goals and objectives. Bruce Brensdaal and Meg will meet with Governor Bullock with three short and long objectives for Housing in Montana. Introductions were made.

Chairman Crowley asked for public comment. Matthew Senn asked the Board for an exemption on the \$1,000 insurance deductible required by MBOH homeowners. While there is no action prepared for the Board for the meeting, Vicki Bauer, Homeownership Program Manager, provided a history on the Board's decision for the required deductible amount. All secondary markets have a set deductible requirement. The MBOH deductible is set based on the borrowers it serves. If a claim should occur with a higher deductible, this burden to the borrower may result in financial difficulties and the risk of foreclosure and valuation of the MBOH investment. Sheila Rice requested this topic be placed on the next Board meeting agenda.

APPROVAL OF MINUTES

Sheila Rice moved to approve the February 25, 2013 and March 22, 2013 MBOH Board minutes. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The February 25, 2013 and March 22 2013 MBOH Board minutes were approved unanimously. Pat Melby abstained.

FINANCE PROGRAM

Chuck Nemec presented the Finance update. The 10-year US Treasury was trading at 1.68%. This rate is important going forward as if this rate remains low it could affect the bond issuance on April 30, 2013.

Chuck Nemec reviewed the quarter end March 31, 2013 - Investment Report.

Chuck Nemec and Vicki Bauer presented to the Board Bond Resolution No. 13-0422-S1 which in part reads:

A resolution of the Montana Board of Housing making findings with respect to housing needs within Montana; approving the issuance and delivery of, and authorizing the determination of certain terms of, a new issue of Single Family bonds in an aggregate principal amount not to exceed \$90,000,000 to refund outstanding bonds and purchase loans; approving the sale of said bonds pursuant to a purchase contract; approving the supplemental trust indenture, preliminary official statement and final official statement, continuing disclosure agreement and other documents related thereto; authorizing the execution of such documents; and providing for other matters properly relating thereto.

Chuck introduced the Board's Bond legal counsel, John Wagner of Kutak Rock. John provided an overview of the issuance. Bob Gauthier moved to approve Resolution No. 13-0422-S1 and Sheila Rice seconded the motion. Chairman Crowley asked for comments. Bruce Brensdaal stated there will be a federally required TEFRA hearing on May 6, 2013 at 9:00 A.M. at 301 S. Park, Room 240. The Board approved Resolution No. 13-04422-S1 unanimously.

HOMEOWNERSHIP PROGRAM

Vicki Bauer provided the Homeownership Program update. Since the last Board meeting, MBOH has received 42 new loans reserved, 29 being with the regular

bond program. MBOH has received four loans with the new Score Advantage Down Payment program. The Legislature passed the bill for the Veteran's Homeownership program which will increase funding from \$15 million to \$30 million. These are Board of Investment funds, with MBOH providing purchase review and servicing. Sheila Rice inquired if these funds were revolving funds. Bruce confirmed these funds are revolving.

Vicki Bauer and Maureen Rude, NeighborWorks MT, brought to the Board the 80% Deep Equity Pilot Program to pair with NeighborWorks 20+ Community Second Pilot Program. Sheila Rice recused herself from discussion and vote, citing conflict of interest. Maureen explained FHA has gotten so expensive with both the upfront premium and monthly MIP that FHA loans are no longer an affordable option for low to moderate income borrowers. NeighborWorks MT has been in contact with lenders and other mortgage professionals to come up with underwriting and terms for a 20% second mortgage program that borrowers can qualify for, but also mitigates some of the risk these loans will have. The NeighborWorks MT Board approved a \$900,000 pilot program.

Vicki provided the Board with Staff's recommendation for 80% Deep Equity Pilot Program to pair with NeighborWorks 20+ Community Second Pilot Program. Bob Gauthier moved to approve \$4.5 million pilot program funded with 2007A1 Pre-Ullman funds that would be offered at the regular program rate, purchased at 100% and paired with the NeighborWorks NeighborWorks MT 20+ Community Seconds. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. The 80% Deep Equity Pilot Program to pair with NeighborWorks 20+ Community Second Pilot Program was approved unanimously. Sheila Rice abstained.

MULTIFAMILY PROGRAM

Mary Bair provided the Board with the Multifamily Program update. Mary introduced Rena Oliphant as a Multifamily Compliance Specialist, replacing Mary Poepping who is retiring. Mary provided to the Board an article "Transforming Stereotypes" from Affordable Housing News, featuring Rocky Mountain Development Council's River Rock Residences.

Mary Bair presented the 2014 Qualified Allocation Plan (QAP). Jeanette McKee moved to approve the 2014 QAP as placed for public comment. Sheila Rice seconded the motion. The Chairman asked for comments. The 2014 QAP was approved unanimously.

Mary Bair reviewed the staff's proposed changes to the approved 2014 QAP based on public comment. **See Attachment A.**

David Bland, Travois, spoke to their comments regarding the Board's decision to disregard the application's scores. If the Board requires applicants to follow a scoring mechanism for a project and then the Board disregards this scoring mechanism, it lowers the faith in the Board's decision on Tax Credits. Mr. Bland requested the scoring to become more objective. He stated the 2014 QAP is

working towards objective scoring but is still not clear. Pat Melby reviewed why basing Tax Credit awards solely on scoring does not work. The 2013 Tax Credit applicants' scores are comparable. Based on these scores and amount of funds there are projects that still will not get funding. Therefore, it is essential for the scoring to provide a threshold, and then allow the Board to determine the fund allocation based on the need of Montana. Bob Gauthier stated the Board has the opportunity to review the real world and make decisions based on the real life scenarios. If we are to base awards on scoring only, we should consider revising the scoring criteria to provide more detailed and objectively measurable criteria.

Sheila Rice move to approve all changes to the approved 2014 Qualified Allocation Plan as explained by Staff. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The 2014 QAP with changes was approved unanimously.

Mary Bair stated the 2015 QAP workshop is scheduled for August 21-22, 2013 in Fairmont.

Sheila Rice moved to authorize staff to file a Notice of Public Hearing to incorporate the newly approved 2014 Qualified Allocation Plan into the Administrative Rules of Montana, Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The motion was approved unanimously.

Mary Bair presented the 14 Low Income Housing Tax Credit (LIHTC) applications. Mary and Kellie Guariglia traveled across to the state to view the application locations and Kellie provided an overview of these locations. Each of the 14 applicants were given time to provide a brief overview of their project.

Mary reviewed the Cost Comparison Schedule and the Selection Criteria. Chairman Crowley provided a brief overview of the total Tax Credits available (\$2,623,113), Tax Credits requested (\$7,157,936), and District Court Order Freedoms Path set-aside (\$629,352). Janette McKee asked legal advice on conditional awarding held back Tax Credits to a project based on the outcome of the legal resolution. Greg Gould, Luxan & Murfitt, stated the Board could award Tax Credits to a project but it would be contingent on final ruling of the Court, however, no reservation agreement can be entered until final ruling is decided.

Sheila Rice moved to approve Buffalo Grass Apartments in Cut Bank for small project Tax Credits in the amount of \$259,000. Pat Melby seconded the motion. Chairman Crowley asked for comments. Sheila stated since only this project met the minimum qualifications according to the 2013 QAP for non-profit/small projects, the Board will need to fund this project. Pat stated due to the geographical distribution of the Tax Credits, this is a good project.

Roll Call vote was taken:

Sheila Rice: Yes

Pat Melby: Yes

Jeanette McKee: Yes

Doug Kaercher: Yes

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Bob Gauthier: Yes

J.P. Crowley: Yes

Buffalo Grass Apartments were approved unanimously for \$259,000 in LIHTC.

Sheila Rice moved to approve the Hillview Apartments in Havre for \$625,000 Tax Credits and Pat Melby seconded the motion. The Chairman asked for comments. Sheila stated this is a non-profit and a preservation project. Bob Gauthier inquired whether any promises were made to any of these projects who had received previous Tax Credits. Mary confirmed there are no projects who have received previous Tax Credits with promise of any future allocation. Pat supported Sheila's comments on the Hillview project.

Roll Call vote was taken:

Sheila Rice: Yes

Pat Melby: Yes

Jeanette McKee: Yes

Doug Kaercher: Yes

Bob Gauthier: Yes

J.P. Crowley: Yes

Hillview Apartments were approved for \$625,000 in LIHTC. Bob Gauthier stated his vote was due to vacancy rate reasons and not on the project's details which he likes.

Sheila Rice moved to approve the Fort Peck Sustainable Village in Poplar for the amount of \$647,500 in Tax Credits. Bob Gauthier seconded the motion. Chairman Crowley asked for comments. Pat Melby stated he liked this project's location and the sustainability. Bob Gauthier stated this project is supported by the tribe. There are not a lot of organizations that can support tribal development. This project provides an excellent scope for others to utilize. Jeanette asked about the cost per unit. David Bland, Travois, explained due to the LEED Platinum standards being met, the cost per unit does not reflect the overall savings. Tim Duggan, Make It Right, stated these units produce a much lower electrical bill so the project looked at economic sustainability and environmental sustainability. Doug Kaercher questioned the soft-costs of the project. David Bland stated that engineering costs are higher on tribal lands. Sheila asked Wolf Point Village if its project found engineering costs to be higher on tribal lands. Jonathan Reed, JRAL, stated they do not have higher engineering costs. Pat was impressed with real cost saving to the tenant due to the measures of the meeting LEED Platinum standards.

Roll Call vote was taken:

Sheila Rice: Yes

Pat Melby: Yes

Jeanette McKee: Yes

Doug Kaercher: No

Bob Gauthier: Yes

J.P. Crowley: Yes

Fort Peck Sustainable Village was approved for \$647,500 in LIHTC.

Bob Gauthier moved to approve Wolf Point Village for \$403,599. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. Bob said his rationale is based on energy efficiency and low vacancy rates. Sheila Rice stated she apologizes for all the remaining projects because simply there are not enough Tax Credits and this was an incredible round of applicants. Sheila stated she will not be supporting Wolf Point Village due to the need for geographical distribution.

Roll Call vote was taken:

Sheila Rice: No

Pat Melby: Yes

Jeanette McKee: Yes

Doug Kaercher: Yes

Bob Gauthier: Yes

J.P. Crowley: Yes

Wolf Point Village was approved for \$403,599 in LIHTC.

Chairman Crowley stated with only \$58,600 remaining in the available Tax Credits, any and all projects future awards will be on a Conditional award based on the Court ordered set-aside Tax Credits. Sheila Rice stated the Conditional Award language for the remaining allocations:

I move that the Board approve the following Resolution and Award:

The Board finds:

The Montana First Judicial District Court, Lewis and Clark County Cause No. DDV-2012-356, *Ft. Harrison Veterans Residence v. Montana Board of Housing, et al.*, has issued an Order enjoining the Board from awarding the entire available 2013 credit amount and requiring the Board to hold back enough 2013 credits to fund the amount of credits requested by Ft. Harrison Veterans Residence in its 2012 application, pending further determination by the Court.

The Court's Order permits the Board to conditionally award the held back credits, subject to further determination of the Court but does not allow the Board to enter into a Reservation Agreement with any conditional awardee.

Therefore, the Board conditionally awards tax credits from the 2013 general tax credit pool to Aspen Place in the amount of \$575,000.

This award is subject to the following conditions. No reservation agreement will be entered into by the Board with respect to these conditionally awarded credits until and unless permitted by further Court order.

If the Court issues a further Order releasing these credits from the hold back condition, the Board hereby authorizes staff to enter into a Reservation Agreement with the conditional awardee and to proceed with all other steps customarily taken with respect to tax credit awards.

If the Court issues an order qualifying Ft. Harrison Veterans Residences for an award from the held back credits under the Corrective Award set aside, the Board, subject to any decision to appeal such order, authorizes staff to take all steps to comply with such Court order, unless such action requires formal Board action. In such event, such matter shall be brought before the Board at its next meeting for further action.

Sheila Rice moved to approve a Conditional award to Voyageur in the amount \$647,500. This would include the remaining \$58,600 available Tax Credits and the Court Ordered set-aside Doug Kaercher seconded the motion.

Roll Call vote was taken:

Sheila Rice: Yes

Pat Melby: No

Jeanette McKee: No

Doug Kaercher: Yes

Bob Gauthier: No

J.P. Crowley: Yes

Voyageur motion failed based on a tie vote.

Sheila Rice moved to approve a Conditional award to Cascade Ridge II in the amount of \$269,954. There was no second to the motion.

Bob Gauthier moved to approve a Conditional award to Sunset Village in Sidney for \$594,994. Pat seconded the motion. Chairman Crowley asked for comments. Pat recognized the lack of geographical distribution, but stated his support the project based on the need for the eastern part of the state. Jeanette McKee stated she would not support the motion due to the extreme lack of geographical distribution.

Roll Call vote was taken:

Sheila Rice: No

Pat Melby: Yes

Jeanette McKee: No

Doug Kaercher: No

Bob Gauthier: Yes

J.P. Crowley: Yes

Sunset Village motion failed based on a tie vote.

Jeanette McKee moved to approve Aspen Place for a Conditional award in the amount of \$575,000. Pat Melby seconded the motion. Chairman Crowley asked for comments. Jeanette stated that some of this motion is geographical distribution, but mainly due to the fortitude of the project, submitting an application several times. Bob Gauthier stated it does lack his personal vacancy rate aspect, but it is targeted for seniors.

Roll Call vote was taken:

Sheila Rice: Yes

Pat Melby: Yes
Jeanette McKee: Yes
Doug Kaercher: Yes
Bob Gauthier: Yes
J.P. Crowley: Yes

Aspen Place was approved for a Conditional award of \$575,000 in LIHTC. Greg Gould restated that MBOH will not be able to enter into a reservation agreement with Aspen Place until the Court's ruling is final.

The remaining 2013 Tax Credits will be carried over into the 2014 allocation year.

Mary Bair brought to the Board a multifamily loan request from Homeword. Homeword is requesting a multifamily loan for the 1805 Phillips Street, which is an 8-unit LIHTC housing project which was developed more than fifteen years ago. Homeword purchased the property and has requested a multifamily loan. Bob Gauthier moved to approve loan in the amount of \$240,000. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. Homeword was approved for \$240,000 loan unanimously.

Bob Gauthier asked about Reverse Annuity Mortgage (RAM) loans on tribal land. Staff stated RAM loans are not insured like homeownership loans being insured with HUD 184. Staff will work with Bob to seek out possibilities.

EXECUTIVE DIRECTOR

Sheila Rice made comments regarding the State of Montana's budget for housing. The State of Montana has zero funds within the State's budget. Through this process of LIHTC allocation, it is quite clear of the need for rental housing.

Bruce Brensdal updated the Board that the next meeting will include elections. The next meeting is planned for June 3, 2013. The overall consensus was to start the meetings at 10:00 a.m.

Penny Cope reminded the Board of the 2013 Mountain Plains Housing Summit in Bozeman, May 6-8, and the 2013 Montana Housing Partnership Conference in Missoula, May 21-23.

Meeting adjourned at 1:15 p.m.

J.P. Crowley, President

Date

ATTACHMENT A

Page 6, Section 3 – Montana Specific Requirements, Tax Credit Proceeds

In order to allow MBOH to adequately evaluate sources and uses for Low Income Housing Tax Credit projects, the sponsor/developer is required to provide information to MBOH regarding the proceeds or receipts generated from the tax credit. At application, expected proceeds must be estimated by the sponsor/developer. Within 30 days after equity sources are committed, the sponsor/developer must provide MBOH with a copy of the commitment or agreement. Prior to issuance of IRS Form 8609, MBOH will require the accountant's certification to include gross syndication proceeds and costs of syndication, even though the costs are not allowed for eligible basis.

Page 7, Section 3 – Montana Specific Requirements, Caution Regarding Per Unit Cost Level

Sponsors must certify that they have disclosed all of a development's funding sources and uses, as well as its total financing, and will disclose any future changes in funding sources and uses over 10% in any line item or any increase in soft costs to MBOH throughout the development period (until 8609's are received). Sponsor certification of such disclosure must be provided to MBOH on the form attached below as Exhibit D.

Page 8, Section 3 – Montana Specific Requirements, Operating Reserves

Minimum operating reserves must be established and maintained in an amount equal to at least four months of projected operating expenses, debt service payments, and annual replacement reserve payments. The specific requirements for reserves, including the term for which reserves must be held, will be included in the limited partnership operating agreement and meet the requirements of the investor. Using an acceptable third party source, this requirement can be met by either cash, letter of credit from a financial institution, or a developer guarantee that a syndicator has accepted the responsibility for a reserve.

Page 8, Section 3 – Montana Specific Requirements, Replacement Reserves

Minimum replacement reserves must be built up in amount equal to at least \$250 per unit annually for new construction developments for elderly and \$300 for new construction and rehabilitation developments, until the replacement reserve equals at least \$1,000 per unit. Upon allocation of tax credits, the project has five years to attain then maintain replacement reserves in at least that amount per unit. Exceptions may be made for certain special needs or supportive housing developments. Exceptions will need to be documented and will be reviewed on a case by case basis. In projecting replacement reserves (15 year pro-forma), developments should take into account a realistic rate of inflation foreseeable at the time of application. The specific requirements for reserves, including the term for which reserves must be held, will be included in the limited partnership operating agreement and meet the requirements of the investor.

Page 15, Section 4 – Application Cycle, First Allocation Round

- o Pre-Application Submission Third Monday in July 2013 (7/15/13)
- o Applicant Presentations August 2013 MBOH Board Meeting
- o Full Application Submission First Monday in October (10/7/13)
- o Applicant Presentations October 2013 MBOH Board Meeting
- o Award Determination December 2013 MBOH Board Meeting

Page 15, Section 4 – Application Cycle, Second Allocation Round

- o Pre-Application Submission Third Monday in January 2014 (1/13/14)
- o Applicant Presentations February 2014 MBOH Board Meeting
- o Full Application Submission First Monday in April (4/7/14)
- o Applicant Presentations April 2014 MBOH Board Meeting
- o Award Determination May 2014 MBOH Board Meeting

Page 17, Section 7 – Set Asides, Corrective Award

All requirements and conditions of this Corrective Award set aside provision must be met to receive an award under this set aside provision. The amount of any award under the Corrective Award set aside shall be the amount specified by the court, or if no award amount is specified by the court, an amount determined by MBOH in accordance with this QAP. The Corrective Award set aside shall be funded first from returned or unreserved tax credits from a prior year. Awards may be "future allocated" under this Corrective Action set aside, i.e., such awards may be made from returned or unreserved tax credits from a prior year and/or the current year's credits at any MBOH Board meeting after the final court order has been issued and presented to MBOH. Such award need not await the annual application and award cycle.

Where a court orders that an amount of the current year's credits be set aside for a project pending the decision of the court, if the court's decision is not received before the end of the current year, the credits set aside will become classified as the next year's credits, as required by federal code.

Page 18, Section 7 – Set Asides, Small Rural Projects

To qualify and receive consideration to receive an award of credits under a set-aside, the project must meet all applicable requirements of this QAP and must receive minimum development evaluation criteria score specified in this QAP.

The MBOH Board reserves the right to not award credits to a qualifying small rural project even if the project meets the minimum required score, if the MBOH Board, at its discretion, determines another project or projects better meet the most pressing housing needs of low income people within the state of Montana, taking into consideration the Selection Criteria of this QAP as determined in accordance with Section 9.

Page 18, Section 8 – Pre-Application and Application Process, Pre-Application

Complete the Uniform Application (UNIAPP) with preliminary information and commission a mini-market study as outlined in Exhibit B-1. Pre-Applicants are not required to submit information regarding the specific project location but must indicate the general location within a specified city, town or small rural location. Submit the Uniform Application, mini-market study and pre-application fee by the applicable pre-application deadline (see Section 4 – Application Cycle). The pre-application is mandatory. If a pre-application is not submitted according to the requirements of this QAP, MBOH will not consider and will return any full application submitted for the project.

Page 20, Section 8 – Pre-Application and Application Process, Application Threshold Requirements

- For applications proposing rehabilitation, a preliminary relocation plan addressing the logistics of moving tenants out of their residences and providing temporary housing during the rehabilitation and returning tenants to their residences upon completion of the rehabilitation.
- A site plan, and ~~an architect's~~ design professional's preliminary floor plan and elevations for the project.
- Project/unit amenities.
- Profit or non-profit status.
- If a not-for-profit owner proposes a property tax exemption, documentation of intent to conduct a public hearing must be submitted with the application and conducted by the owner. Without documentation of intent, the project will be underwritten as if no exemption was received. Documentation of public hearing(s) must be submitted prior to issuance of the Carryover Commitment.
- Specify the extended use period.
- If project is targeted for Eventual Homeownership, provide supplemental application documents and information specified in the "Eventual Homeownership" portion of Section 3.
- Specify selected target income level (20-50) or (40-60).
- Letters of community support. These support letters must be project specific and address how the project meets the needs of the community. New letters of support (as well as new letters of non-support) must be submitted for each application for each round of competition. Generic support for affordable housing will not be considered support for the specific project being considered. These letters will be provided to the MBOH Board for its consideration.
- If the project is for elderly, stipulation of minimum age (i.e., 55 or 62 and over).
- A narrative addressing each of the development evaluation criteria and how the application meets each of these criteria.

Page 24, Section 9 – Evaluation and Award, Development Evaluation Criteria and Scoring – 3. Project Location* (0-3 points)

Development is located in an area where amenities and/or essential services will be available to tenants. If a project is located within 1½ miles of the following amenity or essential service, if public or contracted transportation is reasonably available on a daily basis to the amenity or service, or if a no-charge delivery service is available from the amenity or service (where applicable), the project will be awarded based on the following:

- 1 point for grocery store (convenience store does not count); and
- 1 point for anyeach 3 of the following, up to a maximum of 2 points:
 - Elementary school (only if a family project);

- o Middle school (only if a family project):
- o High school (only if a family project):
- o Senior Center (only if a elderly project):
- o Bank:
- o Laundromat (only if washer/dryer not included in unit or onsite):
- o Medical services appropriate to targeted tenants (e.g., hospital, doctor offices etc.):
- o Pharmacy:
- o Gas station/convenience store:
- o Post Office:
- o Park:
- o Shopping:
- o Bus or transportation stop:
- o Library: or
- o Recreation.

(schools, medical services, shopping, grocery store, bank, police, fire station, transportation, etc.). In evaluating the development location under this section, considerations will include the relative proximity of the development to such amenities and essential services and/or the availability of public or contracted transportation to such amenities and services, the targeted tenant population and other relevant factors. (0-3 points)

Page 24, Section 9 – Evaluation and Award, Development Evaluation Criteria and Scoring – 4. Housing Needs Characteristics *

4. Housing Needs Characteristics* (0-14 19 points)

Development meets area housing needs and priorities and addresses area market concerns, such as public housing waiting lists (for all units and tenants), vacancy rate and type of housing required.

- Evidence provided in the application and in response to MBOH inquiries indicates that the community supports the project through neighborhood meetings with attendance rosters, minutes, and/or local charrettes with supporting documents, concept drawings, and input from community, etc. In order to obtain points under this bullet item, there must be community input in some form. If a community meeting is held and there is no attendance, another form of community input must be used. (4 points)
- Appropriateness of size of development to market needs and concerns as reflected in the Market Study, i.e., are the number of units being proposed reasonable considering the number of units needed as projected by the Market Study? (6 points)
- Appropriateness of development for market needs and concerns as reflected in the Market Study (rehab versus new construction, for example). Are appropriate rent levels meeting the needs identified in the Market Study? Narrative must explain why the type of construction and housing was selected and the Market Study must justify the selections (rehab/new construction, Family/Elderly, Single-Family/Multi-Family, bedroom size, Eventual Home Ownership/Term rental, etc. (4 points)
- Market need. The development must document through the required market study that a market exists to support the project and that the project meets the needs of the community. Scoring will be based upon demonstrated market need and more points will be scored by developments addressing the greatest market needs. This will be compared with other applications in the same round of competition (5 points).

Page 25, Section 9 – Evaluation and Award, Development Evaluation Criteria and Scoring – 5. Project Characteristics, Amenities

Developments ~~that include higher quality amenities in comparison with other applications in the same round of competition will receive 1 point up to a maximum of 4 points for each 3 of the following higher quality amenities they commit to providing. Items which may be considered would be higher quality cabinets, floor and wall, dishwashers, carports, central computer or recreation rooms, emergency buttons in each unit, on-site managers, air conditioning and playgrounds. Use of existing terrain and landscaping that matches the surrounding area to enhance the grounds and use of innovative accessibility will receive favorable consideration as amenities under this section.~~

These amenity items are:

Units:

<u>Dishwasher</u>	<u>Washer/dryer hookups</u>
<u>Disposal</u>	<u>Washer/dryer in unit</u>
<u>Microwave</u>	<u>Carport/garage</u>
<u>Extra Storage</u>	<u>Air conditioning</u>

<u>High quality cabinets (must document)</u>	<u>High quality flooring (must document)</u>
<u>Patio/Balconies</u>	

Community:

<u>Computer(s) for tenant use</u>	<u>Play area</u>
<u>Community room</u>	<u>Community garden</u>
<u>Basketball hoop/pad</u>	<u>Car plug ins</u>
<u>Outdoor community area</u>	<u>Library</u>
<u>Cement board siding</u>	<u>Photovoltaic panels</u>
<u>On site manager</u>	<u>Laundry room</u>
<u>Use of existing terrain and landscaping that matches the surrounding area to enhance the grounds for innovative accessibility</u>	

Luxury amenities will not be considered. Items deemed luxury amenities include but are not limited to swimming pools, golf courses, tennis courts and similar amenities. ~~These items are meant only to be examples and are not to be considered complete lists. The amenities and qualities itemized will be analyzed and awarded points accordingly.~~

Page 26, Section 9 – Evaluation and Award, Development Evaluation Criteria and Scoring – 5. Project Characteristics, Green Building and Energy Conservation Standards

Applicant’s justification for green building and energy conservation includes but is not limited to Energy Star building and appliance initiatives, water saving devices, green construction and materials, heating, and insulation applications. The green building and energy conservation items are listed and further described, and the available points and evaluation scoring criteria are specified, for new construction in the worksheet at Exhibit F-1 and for rehabilitation in the worksheet at Exhibit F-2. The application must include the completed worksheets (Exhibits F-1 and F-2). The applicant’s architect must provide a letter confirming the initiatives incorporated into the project. This letter must be included in the application. **Level 1 items must exceed the Residential IECC 2009 standards and commercial 2009 IECC standards will be used for 4 stories or more.** *The architect’s letter must explain how, and by what amount, threshold items WILL EXCEED the IECC 2009 standards.* NOTE: The applicant’s architect also must provide certification upon completion of the project confirming that the initiatives were incorporated. (0-10 points) Applications must meet ALL Level I items as reflected by receiving all Level I points in order to receive any points for Level II items.

Page 27, Section 9 – Evaluation and Award, Development Evaluation Criteria and Scoring – 8. Participation of Local Entity

A proposal involving significant participation by a local entity separate from the developer must be evidenced by a signed agreement to participate. The MBOH Board has determined having a local entity participate at a significant level increases the success and acceptance of the project into the community. Examples of significant participation would be entities providing on-site services, screening and referring tenants through a formal agreement, donation of land or sale at a reduced price to enhance affordability, use of grant money to develop infrastructure, or significant fee waivers on city fees. Monetary or other material support will also be considered. Note: Information submitted during each round of applications will be compared to other applications within the same round. Only new agreements, land donations, and/or grants requested or negotiated for the current round will be considered for awarding points.

Page 29, Section 9 – Evaluation and Award, Development Evaluation Criteria and Scoring – 11. Intermediary Costs

For projects with 20 or fewer units and rehab projects regardless of the number of units (does not include gut rehabs which are considered new construction), up to a maximum of 10 points will be awarded as follows:

Page 29, Section 9 – Evaluation and Award, Award Determination

- The geographical distribution of tax credit projects;
- The rural or urban location of the projects;
- The overall income levels targeted by the projects;
- The need for affordable housing in the community;
- Rehabilitation of existing low income housing stock;
- Sustainable energy savings initiatives;
- Financial and operational ability of the applicant to fund, complete and maintain the project through the extended use period;
- Past performance of an applicant in initiating and completing tax credit projects; and

- Cost of construction, land and utilities.

Page 31, Section 10 – Reservation, Carryover and Final Allocation – Gross Rent Floor Election

The election on this form verifies when the owner elects the gross rent floor for the project. There are two options: at the initial allocation, or at the date Placed in Service. This form reflects the election made by the owner in the Reservation Agreement. This form must be returned with the executed Reservation Agreement.

Exhibit B-2 – Full Market Study Requirements

VII. Conclusion

- a. Specifically address:
 - i. Is the project, as proposed, viable?
 - ii. Does the project meet a current or projected market need?
 - iii. Does the project supply units below market rate?
 - iv. If not, does the project provide some other public benefit? (i.e. currently deferred maintenance or supplying better housing than currently available, holding rents stable in a market of increasing housing prices, or supplying reasonably-priced housing where there is a shortage)
- b. Summary
 - i. Recap of project
 - ii. Conclusions and recommendations
- c. Certification

Exhibit F-2 – Energy

Level 1 Items:

Insulation and Windows that meets or exceeds current MT code for new construction increase performance by 40% (2 pts)	
Furnace/Boiler that meets or exceeds current MT code	
Electric Heating - Energy Star (1 pt)	
Energy Star refrigerator (unless replaced within the last 5 years) (1 pt)	

(all Level I items must be verified by Architect)