

Tax Credit and PennHOMES Selection Criteria

A. Community and Economic Impact

20 points

It is the goal of the Agency to encourage affordable housing in areas with job opportunities; in areas near strong and stable communities and in areas which demonstrate the capacity for community revitalization opportunities. The Market Study /Needs Assessment must identify the criteria set forth in the Community and Economic Impact Selection Criteria for ranking consideration in this category. To that end, up to 20 points will be awarded to developments located in areas that demonstrate the following, relative to the immediate market area:

1. Underserved Areas:

a. General Occupancy Developments -

- Low poverty rates
- Limited affordable housing options, both subsidized and non-subsidized
- Limited affordable housing production in past 20 years
- Close proximity to employment
- Strong housing markets
- High owner-occupied markets

b. Senior Occupancy Developments-

- Large number of seniors eligible for affordable housing
- Limited affordable housing options, both subsidized and non-subsidized
- Limited affordable housing production in past 20 years
- Close proximity to amenities for the senior population, including health and retail establishments, home health agencies, and hospitals.

AND/OR

2. Community Revitalization Plans – A critical circumstance is the development's forming an important part of a broader or comprehensive program of neighborhood improvement which has the capability of changing fundamentally the character of that neighborhood or enhancing the lives and amenities available to residents of the community. Such improvement should include the provision of mixed income housing. A program of neighborhood improvement includes municipal support articulated in a publicly approved community plan or in the form of significant funding commitments, or evidence of substantial major investment in the area that is consistent with an existing comprehensive plan for neighborhood improvement which includes contributing to a transit oriented design initiative. Such funding commitments or major investments cannot be derived solely from the development of Tax Credit properties and may include proposals participating in: Main Street, Elm Street, Neighborhood Partnership or other programs of the Pennsylvania Department of Community and Economic Development; the Agency's Homeownership Choice Programs; the Healthy Village Initiative of the Local Initiatives Support Corporation; the Blueprint Communities Initiative of the Federal Home Loan Bank or similar community support programs. Additionally, the plan should generally include municipal support, private investment and/or private sector commitments to the area. The Agency will consider in its evaluation of community impact the use of existing housing or buildings if the development is not located in a qualified census tract.

B. Development Characteristics

30 points

1. **Energy Conservation** – A maximum of 20 points may be achieved in this category.

Smart Site Selection - 5 points each may be awarded to those developments located in:

- Brownfield (A former **industrial or commercial** property on which redevelopment or reuse is complicated by the presence of a hazardous substance, pollutant or contaminant)
- Residential Infill (A vacant, previously developed property or one containing a dilapidated residential structure, located between developed properties within an existing developed residential or commercial/residential neighborhood)
- Adaptive Reuse (The rehabilitation of an existing vacant non-residential building into housing or housing/commercial space)

Renewable Energy Systems - 5 points each may be awarded to those developments which incorporate:

- Solar Thermal - Solar thermal panels will be provided capable of supplying at least 5% of the development's estimated domestic hot water needs
- Solar Photovoltaic - Solar PV panels will be provided capable of supplying at least 5% of the development's estimated electrical demand
- Wind Power Generation - Wind turbine(s) will be provided capable of supplying at least 5% of the development's estimated electrical demand
- Geothermal Heating/Cooling - A geothermal system will be provided capable of satisfying the heating and cooling requirements for the entire development

Green Building - 5 points each may be awarded to those developments which use:

- Recycled Content Materials - Recycled materials shall make up 5% of the value of the construction materials
- Certified/Salvaged/Engineered Wood Products – At least 15% of the cost of all wood products including doors, trim and cabinetry shall be for materials certified in accordance with the Forest Stewardship Council, salvaged wood, or engineered framing materials.
- Construction Waste Management – At least 15% of non-hazardous construction and demolition debris shall be recycled or salvaged.

The Agency will review the architectural documents submitted with the proposal to confirm the existence of the proposed amenities. A certification from the design architect verifying the inclusion of the amenities in the development must be submitted with the Application. Confirmation from the construction contract administration architect is required with the submission of the cost certification documents. Amenities should be appropriate for the proposed resident population. The appropriateness and adequacy of the proposed amenities for ranking purposes will be determined at the sole discretion of the Agency. Verification of the availability of all amenities may be required by the Agency at any time and throughout the development's compliance period.

2. Site Selection Score - As part of the Agency’s review of the Application, the Agency conducts a development site visit and reviews the site and market requirements as set forth in the Multifamily Housing Application and Guidelines which include, but are not limited to, neighborhood characteristics, site and location, proximity to services and amenities and marketability. Points may be awarded up to 10 points for those developments with the following scores:

<u>Score</u>	<u>Points</u>
>70-85	5
>85-100	10

C. Resident Population and Services

50 points

1. Income and Rent Targeting – The applicant may be awarded up to 20 points for developments that are designed to be substantially occupied by and affordable to residents with incomes that are at or below 50 percent of the area median income. Points will be considered for the following percentages of units affordable to and occupied by residents whose incomes are at or below 50 percent of area median income:

<u>Percentage</u>	<u>Points</u>
>10-20%	4
>20-30%	8
>30-40%	12
>40-50%	16
>50%	20

2. Designated Populations & Supportive Services – To receive points in this category, the development will provide evidence that appropriate services will be provided for the entire resident population for the duration of the compliance period. Evidence consists of a supportive services plan that:

- Is specific to the development and effectively addresses the anticipated service needs of the target resident population.

General occupancy developments should deliver or coordinate services that: improve building and unit maintenance; stabilize occupancy by improving residents’ ability to uphold their lease obligations; and enhance quality of life through increased self-sufficiency and programs that improve life skills, employment, education, income/asset building, child and youth development, community building, and access to services.

Senior occupancy developments should deliver or coordinate services that: stabilize occupancy by improving residents’ ability to uphold their lease obligations throughout the aging process and enhance quality of life through improved access to services and benefits, health promotion, community building, and socialization.

Developments for populations with special needs should deliver or coordinate services that stabilize occupancy by improving residents’ ability to uphold their lease obligations and enhance quality of life through improved access to services that support the needs of the targeted population.

- Includes sufficient funds to implement the described plan of services. It is recommended that this funding be set aside in a supportive services escrow account, but inclusion in the development's annual operating budget, collaboration with a community-based service provider (include letter of intent or Memorandum of Understanding) or funds from other identified sources may be used. If currently committed funds fall short of the cost of services for at least the first fifteen year period, identify how services will be funded for the remainder of the compliance period.
- Utilizes a service provider/coordinator with the capacity to implement described plan of services. The recommended minimum is 1 hour of on-site dedicated staffing per week for every 5 units. Services staff should have access to a computer with Internet and email capabilities. There should be sufficient space to carry out the described services, including adequate office and community space.

Satisfactory completion of the above three factors are the minimum requirements for 5 points. Demonstrated commitment of sufficient funds for at least 15 years and meeting or exceeding the recommended minimum on-site staffing may result in an additional 5 points.

Confirmation from the service provider regarding the availability of applicable services at initial occupancy of the development will be required prior to issuing the IRS Form 8609. To ensure the continued provision of supportive services, the Restrictive Covenant Agreement will reflect such commitment.

3. Accessible Units –

Consideration may be given to developments where the developer agrees to provide twice as many fully accessible units as are otherwise required (under local, state, or federal mandate, whichever is greater) in the development. All employee units and market rate units must be included in the total unit count when calculating the required number of accessible units. The developer must certify that these units are accessible and, that during initial lease up, the developer will exclusively reserve the units for occupancy by persons needing the accessible units for the first thirty days. Thereafter, the developer will include certain provisions in the lease to allow the units to be occupied by persons who need the accessible features of the units, to the greatest extent feasible. Evidence of enforcement of the lease provisions will be required and implementation and adherence to additional outreach programs to identify and match qualified residents who need the accessible features within the development may be required throughout the compliance period which may include contacting the Agency prior to renting the unit to persons who do not require the accessible features in accordance with the Agency's Accessible Unit Policy.

Terms addressing the accessible units and the subsequent rental of these units will be incorporated in the Restrictive Covenant Agreement. In addition, a certification from the design architect verifying the inclusion of the accessible units in the development will be required at the time of application. Confirmation from the construction contract administration architect will be required with the submission of the cost certification documents. For preservation developments, consideration will be given for points under this category if the development increases the number of fully accessible units which meet current standards in the development by at least 5 percent of the total units available. If an existing development already has twice the federal minimum number of accessible units that meet current accessibility standards, they will be eligible to receive points in this category. (All other requirements applicable to rental and long term occupancy of these units are the same.) (10 points)

4. Large Families – Up to 10 points may be awarded for those developments providing units with three or more bedrooms for large families. High rise developments and senior housing cannot qualify for this category. Points will be considered for developments that include the following percentages of units with three or more bedrooms:

<u>Percentage</u>	<u>Points</u>
>15-20%	6
>20-25%	8
>25%	10

A certification from the design architect verifying the number of large family units in the development will be required at the time of application. Confirmation from the construction contract administration architect will be required with the submission of the cost certification documents. For developments not requiring the services of an architect, the certifications may be provided by the general contractor.

D. Development Process

25 points

1. Noncompliance – The Agency may deduct up to 10 points from the score for proposals involving either an applicant (or any related entity) that owns a managing or controlling interest in a Pennsylvania Tax Credit development or a management agent of such development who has unresolved IRS Form 8823 noncompliance issues, has not met the requirements of the Restrictive Covenant Agreement or failed to meet the selection criteria for which an allocation of Tax Credits was made.

2. Ability to Proceed – Points will be awarded for, zoning, committed funding sources and equity investment. As the Agency strives to make resources available to those projects which can quickly and effectively utilize its resources, consideration will be given to those properties which can demonstrate the ability to proceed. A total amount of 25 points may be awarded in this category.
 - Zoning (5 points) – The developer must demonstrate that zoning is in place for all sites included in the Application which may include evidence that variances/special exceptions have been approved or a letter from the local planning commission that supports any required variance/special exceptions.

 - Equity Investment (10 points) – The developer must submit evidence, satisfactory to the Agency that an equity investor has been secured for the development. Consideration in this category will be given if such evidence demonstrates, satisfactory to the Agency that a direct investor has been secured for the investment or if the syndicator’s letter shows that the funds have been committed to the project.

 - Commitment of Funds (Up to 10 points) – The developer must provide evidence, satisfactory to the Agency, that all funding commitments from public and private lenders have been secured. A minimum level of funding as determined by the Agency based upon availability in both Participating Jurisdictions and Non-Participating Jurisdictions will be required for consideration in this category. Evidence of said commitments shall include a firm commitment of funding and shall set forth the terms and conditions of said funding.

E. Development Cost Savings

10 points

The Agency may award up to 10 points to Applications which have Maximum Basis (as defined in the Allocation Plan) below the Maximum Per Unit Basis Limitations ("Max Basis") as shown below. Points in this category will generally only be considered for substantial rehabilitation or new construction developments which evidence quality construction at efficient cost levels. (Most preservation deals would not qualify for this category). In addition to submission of certifications that the building as designed and as constructed will meet/meets all labor and material standards set forth in applicable local or statewide codes (without sacrificing unit size and other building amenities), the Agency reserves the right to require additional certifications from local officials or building design professionals prior to the issuance of an IRS Form 8609 for the building or to conduct its own site visits during construction to ensure that the quality of construction is not compromised by cost savings.

<u>Percentage Below Max Basis:</u>	<u>Points</u>
10-20%	5
>20%	10

F. Other

10 points

Complete and Accurate Application Package – Up to 10 points will be added to the total score of an application for completeness and for including all essential components necessary for the Agency to determine financial feasibility and project eligibility.

Total Points Available

145 points