

PRIVATE ACTIVITY BONDS APPLICATION SCORING CRITERIA

Multi-Family Applications

The Private Activity Bond Authority (PAB) Staff and approved consultants will evaluate and score all PAB applications submitted. In the event that demand for funding exceeds the supply of PAB volume cap, applications will be numerically ranked for the purpose of allocation. All applications must meet the criteria of the Low-Income Housing Tax Credit (LIHTC) Program administered by Utah Housing Corporation and address any questions and/or concerns raised by PAB Staff.

PAB reserves the right of administrative prerogative in the allocation of private activity bonds.

The criteria used to score applications is outlined in UCA 63N-5-105 and the Private Activity Bond Authority Program Administrative Rule R357-8-4. Points will be awarded in the following areas:

1. Efficiency – Category weighting – X30

a. Tax-Exempt (TE) Bonds per Affordable Unit. Projects will be scored by the amount of TE bonds/affordable unit. The lower the amount of TE bonds per affordable unit, the higher the score. Development costs must be reasonable as determined by staff.

Points will be awarded as follows:

Placement	Points Awarded
Lowest Ratio	20
2 nd Lowest Ratio	15
3 rd Lowest Ratio	10
4 th Lowest Ratio	5

b. Reasonable Costs. Applicants providing verified reasonable costs will receive 15 points. Verified costs include bids from a general contractor or estimated costs provided by a commercial construction estimating service. A signed letter must be submitted from one of those parties signifying that such verified costs are in character with the proposed project. Staff must concur with the reasonableness of such bids or estimated costs.

2. Underserved Locations – Category weighting – X1

Projects located in any county of the state other than Salt Lake, will receive 20 points.

3. Readiness – Category weighting – X20

In addition to the threshold requirements (see LIHTC application), projects will receive points for each item completed.

Architect:

Services

- a. Letter of engagement submitted by developer to architect. (5 points)
- b. Signed contract between architect and developer. (10 points)
- c. If architect is in-house, identify by name. (10 points)

Building:

- a. Evidence of Site Control by Real Estate Purchase Agreement. (5 points)
- b. Evidence of Site Control other than purchase agreement. (10 points)
- c. Final density approved. (5 points)
- d. Utilities to site. (5 points)
- e. Signed contract with General Contractor. (10 points)
- f. All public body approvals. (15 points)
- g. Building permit can be issued. (20 points)

Financial:

- a. Signed Letter(s) of Intent from lender(s) – must be the “long form,” showing a level of underwriting and present specific conditions relating to the commitment of the project. (20 points)
- b. Signed Letter(s) of Intent from investor(s) – must show a level of underwriting and present specific conditions of underwriting, e.g., schedule of investor payments, pay rate for credits, etc. (20 points)
- c. Letters accepted and signed by the developer. (20 points)

4. Experience – Category weighting – X10

- a. Applicants* that have previously developed a multi-family project of 50 or more units in Utah will receive 10 points.
- b. Applicants* that have previously developed a multi-family project using Private Activity Bonds and/or 9% LIHTC will receive 20 points.
- c. Applicants* that have previously developed two or more Utah multi-family projects using Utah Private Activity Bonds will receive 10 points for each project developed, up to a maximum of two projects.

(* Staff will determine the experience of the individual or ownership that is applying as the “applicant.”)

5. Mixed-Income Project – Category weighting – X20

A mixed-income project uses three or more different rent schedules, including market-rate units. A mixed-income project will receive 10 points if:

- a. The following three rent schedules are used: 1) market-rate; 2) 60%; and 3) 40-50% AMI; **AND**

b. Each rent tier must have at least 10% of the total number of units in the project, except the 40% AMI tier, which can have 7% of the project's units.

6. Taxable Bonds and Other Debt Financing – Category weighting – X20

Currently, there is no requirement to use taxable bonds.

- a. A project with any debt financing (other than Private Activity Bonds) that exceeds 10% of the total debt will be awarded 10 points. (Excludes deferred developer fee structured as debt.)
- b. For every 5% increase above the 10% threshold, the project will receive an additional 10 points.

7. Community Involvement – Category weighting – X10

Projects that include grants, loans or financial concessions applied for from a public entity or have formally applied for grants, loans or financial concessions will receive points. This community involvement does not include acquisition of property from a public entity. The total amount of each financing source must equal at least $\frac{1}{4}$ of 1% of the total project cost. For every source of financing, up to a maximum of five, the applicant receives 15 points.

Projects that are part of:

- a. Public financing source(s); max 5 sources
- b. A Concerted Community Revitalization Plan (CCRP) will receive 15 points.
- c. An active partnership between local government(s) and/or community based organizations which commits applicant to the construction or rehabilitation of affordable housing will receive 10 points. Applicant must include a written document which establishes the active partnership.

Recognizing that some communities cannot provide direct financial support to an affordable housing project, if the community makes a concession, which is out of the ordinary and benefits the project, the applicant can receive 10 points.

8. Difficult to Develop Areas – Category weighting – X5

- a. Projects developed on a site that has documented environmental issues will receive 40 points.
- b. Applicants working to correct the environmental issues with the site will receive 15 points, if all the following requirements are met: 1) define the environmental issues to be addressed; 2) submit a firm written commitment to mitigate the issues; and 3) submit a process schedule to correct all environmental issues along with a financial analysis/cost estimate.
- c. Projects developed in a Qualified Census Tract Area (30% Bonus Area) will receive 20 points.

9. Acquisition/Rehabilitation/Historic Projects – Category weighting – X2

There is no separate pool of tax-exempt bonds ("Bond Cap") for Acquisition/Rehabilitation (A/R) projects; however, the preservation and reuse of

buildings when economically feasible and when renovations can meet current codes is a worthy objective.

- a. Projects that include buildings with historic designation by appropriate state and federal agencies will receive 10 points.
- b. Projects that use historic tax credits will receive 10 points.
- c. Projects that include buildings with lead-based paint will receive 10 points.
- d. Funding obtained from a government agency for remediation of lead-based paint or asbestos will receive 5 points.
- e. Projects that address issues with lead-based paint and/or asbestos with a capital assessment or separate report will receive 10 points (see requirement below).

To receive A/R points, the following requirements **must** be met:

- a. If 30% of residents will be displaced as a result of higher rents, a relocation plan and a current rent roll must be included in the application. If there are no current residents, this requirement is not applicable.
- b. A current appraisal, no more than 6 months old, must be submitted with the application. A letter updating the appraisal will be acceptable after 6 months. A new appraisal will be required after 12 months.
- c. A/R projects **must** address the issues of lead-based paint and asbestos with a capital assessment or separate report.

10. Project Costs Efficiency – Category Weighting X15

The following costs will be judged on both the residential unit cost and the square footage cost per application:

- a. Site and Direct Costs (Site and Direct Costs less Permit and Impact Fees.)
Note: For Acquisition/Rehabilitation projects the purchase price of the existing structure(s) will be included as part of the Site Costs.
- b. Total Development Costs (Total Development Costs less Permit Fees and Land.)

Points will be awarded as follows:

Placement – Points	S/D Costs/Unit	S/D Costs/SF	Total DC/Unit	Total DC/SF
Lowest Costs – 20				
2 nd Lowest – 15				
3 rd Lowest – 10				
4 th Lowest – 5				