

# APPENDIX C1 - 9% LIHTC

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# I. APPLICATION AND AWARD LIMITATIONS

## A. Applications

Unless otherwise specified, all QAP and Appendix references to “application” refer to the full application. A member of a Development Team (as defined herein) may not be associated with or submit more than four (4) full applications; there are no limits on preliminary applications.

To be considered in the competitive round, all applications must be submitted by the required due dates as specified in the LIHTC Program Schedule.

## B. Award Limitations

1. The Authority will not award more than two (2) applications and no more than \$3,000,000 in federal LIHTCs to any member of a Development Team. Additionally, the Authority will not award more than \$2,000,000 in federal LIHTCs to any one (1) application.

For purposes of the maximums in this section, the Authority may determine that a person or entity not listed in an application is a member of the Development Team for the proposed project based on relationships between the parties in previously awarded projects and other common interests. Standard fee for service contract relationships (such as accountants or attorneys) will not be considered.

2. The Authority will not award more than one (1) new construction application per county that received an award of tax credits in the prior year and will not award more than two (2) new construction applications per county in all other counties.
3. Subject to the limitations in paragraph 2 above, the Authority will not award more than one (1) 9% LIHTC project targeting older persons per Group A county as defined in Section III Application Grouping and Set-Asides.

If the selection criteria would result in exceeding these amounts across set-asides, the Authority will make awards in the order listed in Section III(B).

# II. APPLICATION REVIEW AND RECONSIDERATION PROCESS

In computing the periods of time in this Section II, the date of the notification is not included in the calculation of days. Any intervening Saturday, Sunday or a State holiday, likewise, is/are not included in the calculation of days.

## A. Missing and/or Incomplete Documents

The Authority will notify Applicants in writing of any

- missing and/or incomplete documents, and/or
- submitted documents requiring clarification.

The applicant must respond by 5:00 p.m. (Eastern) on the fifth business day.

Applicants may only provide documentation that existed at the time of the application deadline.

Documentation provided in response to Authority requests will not increase an application's point score.

## B. Disqualification and Scoring Review

1. The Authority may provide Applicants with three (3) business days to respond to a request for clarification. The applicant must respond by 5:00 p.m. (EST) on the third business day.

Responses to clarifications cannot modify an application or provide documentation that was not submitted as part of the original application.

2. The Authority will notify Applicants in writing of proposed disqualifications and preliminary point scores. Applicants have three (3) days to respond to the potential disqualification and/or preliminary point score. The applicant must respond by 5:00 p.m. (EST) on the third business day.

The response must be limited to:

- the Applicants' opinions regarding the Authority's determinations;
- references to information submitted in the original application; and/or
- explanations of previously submitted documentation.

3. The Authority will post the disqualifications and point scores to its website.

## C. Reconsideration Process

1. The process described in this section is the exclusive means by which an Applicant may request reconsideration of a disqualification and/or a point score. The Authority will not consider information submitted outside of these processes, whether in writing or otherwise. Applicants may request reconsideration only for applications in which they qualify as a member of the Development Team.

2. Applicants may request a reconsideration of a disqualification and/or a point score in writing via:
  - hand delivery or overnight courier; and
  - email to [reconsiderations@schousing.com](mailto:reconsiderations@schousing.com)

by 5:00 p.m. (EST) within three (3) business days of the date of the disqualification and/or point score determination. The request will not be processed without receipt of the fee within the specified time frame.

3. The request must specifically identify the grounds for the reconsideration request using only the application, any materials provided under the process described in Section II (B), documents then existing in the Authority's file, and documentation explaining previous submissions. The burden of proof is on the Applicant to demonstrate any errors in the review and/or point scoring process.
4. The Authority's Legal Department will forward the reconsideration request, along with the Authority staff's response, to a Hearing/Review Officer to make a recommendation on the reconsideration request to the Review Committee. The Applicant and staff are copied on this correspondence. The Hearing/Review Officer may request additional information and/or conduct a meeting with the Applicant and Authority. Neither the Applicant nor Authority staff shall demand or request the Hearing/Review Officer to request additional information or conduct a meeting or conference regarding the reconsideration request. The Hearing/Review Officer does not represent any party.

5. In the event the Hearing/Review Officer recommends overturning the original decision, the Authority's Legal Department will provide the reconsideration request, staff's response, and the Hearing/Review Officer's recommendation to a Review Committee appointed by the Authority's Chairman of the Board of Commissioners. The Review Committee shall consist of at least three members, but may be more so long as the number of members of the Review Committee remains an odd number. The Review Committee shall not include any Development Division staff. The Review Committee may review any or all documents submitted to the Hearing/Review Officer, the Hearing/Review Officer's report and recommendation, documents from the application or the Authority's file, or may make independent inquiry into the matters concerning the reconsideration request. The Authority retains final decision-making authority on any reconsideration request, and the Review Committee's determination is the final decision of the Authority.
6. In the event the Hearing/Review Officer recommends upholding the original decision, the original decision is the final decision of the Authority. The Authority retains final decision-making authority on any reconsideration request.
7. No party may have ex parte communications with the Hearing/Review Officer regarding the reconsideration request or any related topic from the filing of the reconsideration request until the Authority renders its final determination. Ex parte communication includes, but is not limited to,
  - unsolicited communication with the Hearing/Review Officer, or
  - failing to copy the Authority in response to a request by the Hearing/Review Officer.Any violation may result in disqualification of the pending application and suspension from participation in future funding cycle(s) for all of the development team members, regardless of which team member initiated the prohibited contact.

## D. Final Scoring Decision

Upon completion of the reconsideration process, the Authority will post final point scores to the Authority's website. If there is a tie between developments when final point scores are determined, the Authority will utilize the Tie Breaker Criteria outlined in this QAP to determine the development(s) to be awarded LIHTCs.

# III. APPLICATION GROUPINGS, SET-ASIDES AND REQUIREMENTS

## A. County Groups

For purposes of this QAP, counties fall into one of two groups:

1. **Group A:** Aiken, Anderson, Beaufort, Berkeley, Charleston, Dorchester, Georgetown, Greenville, Horry, Jasper, Lancaster, Lexington, Richland, Spartanburg, and York
2. **Group B:** Abbeville, Allendale, Bamberg, Barnwell, Calhoun, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Edgefield, Fairfield, Florence, Greenwood, Hampton, Kershaw, Laurens, Lee, Marlboro, Marion, McCormick, Newberry, Oconee, Orangeburg, Pickens, Saluda, Sumter, Union, and Williamsburg

## B. Set-Asides

The Authority will place Applications for 9% LIHTCs in one of the set-asides below. The percentages are of 9% LIHTCs available to the state in 2023. The Authority will award LIHTCs starting with eligible applications earning the selection criteria ranking within each of the set-asides and continuing in descending order through the last application that can be fully funded within the range of LIHTC available in each of the set-asides.

### 1. HIGH-DEMAND NEW CONSTRUCTION (35 - 45%)

New construction projects located in a Group A county.

### 2. REHABILITATION (15-20%)

Rehabilitation projects. The Authority will award \$600,000 of this set-aside to RD projects (or the total among eligible applications if less).

### 3. GENERAL NEW CONSTRUCTION (25 -30%)

New construction projects located in a Group B county.

For purposes of this QAP, “Rehabilitation” shall mean a project where all of the units are in one or more currently existing residential building(s). Applications including any of the following will be considered “New Construction”:

- adaptive re-use;
- redevelopment of entirely vacant residential buildings; and/or
- proposals to increase and/or substantially re-configure residential units.

### 4. INNOVATION (0-5%)

Applicants may request consideration under the Innovation set-aside by including a narrative describing how the proposed development would be new or unique to South Carolina because of:

- design elements,
- populations served,
- services provided, and/or
- other characteristics.

The Authority may award one (1) application without respect to scoring criteria. In its sole discretion, the Authority may also choose to not make an award.

## C. Nonprofit Set-Aside

If necessary, the Authority may adjust the allocations of awards of the state’s federal tax credit ceiling under the QAP to award projects involving tax-exempt organizations (nonprofits). The Authority may adjust such awards to allow up to approximately ten percent (10%) of the state’s federal tax credit ceiling being awarded to such projects. In its sole discretion, the Authority may also choose to roll forward up to approximately ten percent (10%) of the state’s federal tax credit ceiling.

1. Eligible nonprofit organizations must meet the following criteria:

- is a tax-exempt organization under Section 501(c)(3) or 501(c)(4) of the Code;
- has three (3) full-time staff whose responsibilities include the development of housing;
- is qualified to do business in the State of South Carolina, as evidenced by having a status of “Good Standing” with the South Carolina Secretary of State’s Office;
- has among its exempt purposes the development of low- income housing; and

- complies with the requirements for material participation contained in the Code, including but not limited to a narrative statement, certified by a resolution of the nonprofit’s Board of Directors, describing the nonprofit’s plan for material participation during the development and compliance period and participation must be continuous and ongoing throughout the compliance period.
2. The nonprofit organization or the wholly owned single-asset entity subsidiary must own (directly or through the partnership) at least 51% interest in the general partner (GP) or managing member (MM) of the Owner entity in accordance with current laws and IRS regulations throughout the development’s compliance period.
  3. The nonprofit GP or MM may be an association or alliance of eligible nonprofit organization(s) and a for profit organization(s).
  4. Fees paid to third party development consultants, evidenced by the cost certification, must not exceed \$35,000. The consultant fee must be for legitimate and necessary consulting services.
  5. Only the nonprofit GP or MM has the authority to exercise substantial and ongoing continuous control over the application submission process and over the subsequently produced development. All functions and responsibilities normally performed or undertaken by a GP or MM must be performed by the nonprofit.

## D. Size Requirements

New construction developments in any county may not consist of fewer than 40 affordable units and new construction developments may not consist of more than the following affordable units based on its county grouping:

- Group A Counties: **90** units
- Group B Counties: **70** units

## E. Maximum LIHTCs Per Unit

The Authority will post maximums for the 9% LIHTC along with the syndication survey results.

## F. City/County/Legislative Notification:

The applicant must provide signed notification letter(s) addressed to the following:

- the highest official of the locality (i.e. Mayor or County Administrator),
- the State Representative and State Senator of the district in which the development is to be located, and
- each City/County Council member.

The Authority will deliver the letters.

A form notification letter will be available on the Authority’s website and must include the following:

1. The proposed Owner’s name, phone number, and mailing address.
2. Development information
  - project type (rehabilitation, new construction, or adaptive reuse);
  - number of units;
  - acreage of proposed site;
  - target population (family or elderly); and
  - address of proposed site.
3. The property is applying for LIHTCs and STCs.
4. A statement offering to meet and discuss the proposed development.

## G. Basis Boost

The Authority has determined that all areas of the state are eligible for a boost in eligible basis of up to 130%.

## IV. NEW CONSTRUCTION SCORING CRITERIA

### A. Distance to Amenities

#### 1. Driving Distance in Miles

<b>Max - 26 points</b>	<b>High Demand New Construction</b>			
Primary Amenities	≤1	≤1.5	≤2	≤3
Grocery	12	10	8	6
Shopping	7	6	5	4
Pharmacy	7	6	5	4

<b>Max – 15 points</b>			
Secondary Amenities	≤1	≤1.5	≤2
Other Primary Amenity	5	4	3
Services	3	2	1
Healthcare	3	2	1
Public Facility	3	2	1
Public School	3	2	1
Senior Center	3	2	1
Retail	3	2	1

<b>Max - 26 points</b>	<b>General New Construction</b>			
Primary Amenities	≤2	≤2.5	≤3	≤4
Grocery	12	10	8	6
Shopping	7	6	5	4
Pharmacy	7	6	5	4

<b>Max – 15 points</b>			
Secondary Amenities	≤2	≤2.5	≤3
Other Primary Amenity	5	4	3
Services	3	2	1
Healthcare	3	2	1
Public Facility	3	2	1
Public School	3	2	1
Senior Center	3	2	1
Retail	3	2	1

Full Service Grocery – must be part of a chain, have a minimum size of 12,000 square feet and operate with regular business hours offering a full range and variety of foods, cleaning products and paper products. Variety of foods must include: 1.) meats, poultry and fish; 2.) breads and cereals; 3.) fresh vegetables and fruits; and 4.) dairy products.

Shopping – a big box store, shopping plaza or mall containing multiple stores stocked with many varieties of goods including all of the following: 1.) clothing; 2.) housewares; 3.) cleaning products; 4.) general over the counter medicine or first aid products; and 5.) personal hygiene.

Pharmacy – does not include specialty pharmacies or drug services; or pharmacies or drug stores only available for patients of a designated medical practice or facility.

Other Primary Amenity – second Grocery, Shopping or Pharmacy not used as a Primary Amenity

Services - restaurant, bank/credit union, or gas station with convenience store.

Healthcare – hospital, urgent care, general/family practice, or general dentist. Does not include medical specialists.

Public Facility –

- community center with scheduled activities operated by local government,
- public park owned and maintained by local government containing, at a minimum, playground equipment and/or walking/bike trails and listed on a map, website or other official means; greenway or trailhead does not qualify
- library operated by the local government and open a minimum of five days a week

Public School – only eligible for family properties

Senior Center – only eligible for senior properties

Retail – any grocery or shopping not listed as a primary or other primary amenity; any strip shopping center with a minimum of 4 operating establishments; or any general merchandise establishment.

All establishments must be open to the general public and operating as of the preliminary application deadline with no announced closing prior to the notification of the final point scores.

The driving distance will be the mileage as calculated by Google Maps and must be a drivable route as of the preliminary application deadline. The drivable route must be shown in satellite view map format along with written directions. A photo of each amenity must also be provided. The measurement will be at any point of the site's road frontage to or from the amenity entrance and the same site entrance will be used for all measurements. Driveway, access easements, and other distances in excess of 500 feet between the nearest residential building of the proposed project and road shown on Google Maps will be included in the driving distance.

A single establishment may qualify for points under multiple categories.

2. Up to 10 points based on the number of jobs paying between \$1,251 and \$3,333 per month in a one-mile radius for Group A counties and a two-mile radius for Group B, as displayed on the U.S. Census Bureau's OnTheMap tool for the Longitudinal Employment Household Dynamics database. The Authority will use the most current year available as of the preliminary application deadline.



Applications will earn points as follows:

- 10 points for at least 5,000 jobs.
  - 8 points for 4,000 to 4,999 jobs.
  - 6 points for 3,000 to 3,999 jobs.
  - 4 points for 2,000 to 2,999 jobs.
  - 2 points for 1,000 to 1,999 jobs.
3. 5 points for being located entirely within a Qualified Opportunity Zone (QOZ).
  4. 5 points for not being located, in whole or in part, in a Racially or Ethnically Concentrated Area of Poverty (R/ECAP) as defined by the U.S. Department of Housing and Urban Development.

## B. Land Donation

5 points if a local government owns the proposed project real estate as of the preliminary application deadline and the application shows no more than \$5,000 in the cost line-items for land and buildings. The local government must have owned the real estate since at least July 31, 2022 and not have purchased or received any portion from a Principal.

## C. Affordability

1. Applications will earn 10 points based on an agreeing to comply with the applicable limits in the matrix below. In order to receive points, the application must reflect one set-aside election (average income or “original” minimum set-aside (i.e. 40% at 60% or 20% at 50%) and meet the criteria below for the selected set-aside.
  - For average income, the percent shown is the average AMI among the units’ designations.
  - For an original minimum set-aside (40% at 60% or 20% at 50%), at least 20% of the units must be affordable to and occupied by households at the AMI shown.

County Income Level	MINIMUM SET-ASIDE ELECTION	
	Average Income	Original
High	54%	30%
Moderate	56%	40%
Low	58%	50%

The county income levels are as follows:

- High- Beaufort; Berkeley; Charleston; Dorchester; Greenville; Lancaster; Lexington; Pickens; Richland; York
- Moderate- Aiken; Anderson; Calhoun; Chester; Darlington; Edgefield; Fairfield; Florence; Georgetown; Horry; Kershaw; Oconee; Spartanburg; Saluda; Sumter; Union
- Low- all others

Any units targeted to 20% AMI for purposes of the Supportive Housing criteria may also count towards the requirements of this section. If a reduction in rents or extension of affordability period results in the development becoming financially unfeasible, the Authority may modify elections during underwriting. The Application will not receive points as originally requested.

2. 5 points if the application includes a notarized letter signed by the proposed owner of the property affirming a knowing and voluntary waiver of the right to request a qualified contract from the Authority for the duration of the extended use period.

## D. Affordable Housing Shortage

1. 5 points to a project that is located in a county that did not receive a new construction 9% LIHTC award in the previous 5 years (2018, 2019, 2020, 2021, 2022); or
2. 3 points to a project that is located in a county that did not receive a new construction 9% LIHTC award in the previous 3 years (2020, 2021, 2022)

## E. Other Types of Tax Credits

5 points for qualifying and utilizing another type of tax credit listed below

Points will be awarded for utilizing any one of the following:

- Historic Tax Credit (Federal)
- Certified Historic Structure Credit (SC)
- Certified Historic Residential Structure Credit (SC)
- Textiles Rehabilitation Credit (SC)
- Abandoned Building Revitalization Credit (SC)
- Brownfields Cleanup Credit (SC)

## F. Sustainable Building

Applications will earn 5 points for committing to meet green and energy efficiency sustainable building requirements for one of the following sustainable building certifications:

- Enterprise's Enterprise Green Communities certification program (following Enterprise Green Communities protocol under the guidance of an Enterprise Qualified TA provider);
- US Green Building Council's LEED for Homes certification program;
- Home Innovation Research Lab's National Green Building Standard, meeting Bronze level or higher; or
- Southface Energy Institute and Greater Atlanta Home Builders Association's EarthCraft certification programs, based on development type.
- High Performance Building Council of the BIA of Central SC, Certified High Performance (CHiP) HOME Program

The application must include a certification from a responsible green and/or energy professional affiliated with the certifying party selected that the project will meet such requirements.

## G. Leveraging

1. Applications may earn up to 5 points for documented support from a source listed below.
2. Only the following sources of support qualify for the additional points:
  - a. HOME or Community Development Block Grant (CDBG) funds;
  - b. established local government housing development program
  - c. public foundation funds from an affiliate of a local government or health care institution;
  - d. a long-term ground lease from a government entity for nominal consideration as valued by the appraised value of the land less the consideration;

- e. the documented cost of infrastructure improvements or amenities funded in full by a governmental entity that are located on or adjacent to the project site that will serve the tenants and which will be constructed after application submission and completed prior to the development placing in service; and/or
- f. other support approved by the Authority in response to a request submitted at least 10 days in advance of the application deadline.

Funding may be appropriated directly by a public entity and/or awarded by a non-profit organization financially supported by a local government, such as a local housing trust fund.

3. The application must list the source(s) in subsections (2)(a), (b), and (c) as a loan(s) and include an executed commitment letter reflecting a term of at least twenty (20) years and an interest rate less than or equal to two percent (2%). For subsection (2)(e), the application must include a signed letter from the local government (or other public entity) itemizing the waived fees and an affirmation that these fees would have been charged in the absence of the arrangement.
4. Applications will earn points based on the total amount or value of support committed per low-income unit (excluding an employee/manager's unit):
  - 5 points for at least \$8,000
  - 4 points for between \$5,500 and \$7,999
  - 3 points for between \$3,500 and \$5,499
  - 2 points for between \$2,000 and \$3,499
  - 1 point for between \$1,000 and \$1,999

## H. Revitalization or Local Policies

1. An application will receive up to 10 points for the following for the following concerted community revitalization plan (CCRP) components:
  - a. The application must include a narrative to identify the parts of the plan that fulfill the requirements and criteria listed below.
  - b. A CCRP must meet the following minimum requirements to receive at least 5 points:
    - The plan was published by a local planning department or community organization. Plans written by the applicant or an affiliate will not qualify.
    - The plan clearly delineates the community (in which the proposed development is located) for reinvestment. A plan for a large jurisdiction (such as a city or county) that does not designate particular areas of that jurisdiction for targeted investment will not qualify.
    - The plan details the sources and magnitude of committed resources.
    - At least some of the planned investment is ongoing or has the necessary official permission to proceed. If not addressed in the CCRP, the application must include supporting documents.
    - The plan clearly states the community's goals and how they will be achieved.
  - c. A CCRP can receive up to 4 additional points depending on the extent to which it fulfills the following criteria.
    - Participation by the general public had a substantial impact during the entire planning process.
    - Federal, state, and local partners have been involved to leverage available funds and harmonize with other projects.
    - There was a detailed investigation into the community's history, economics, and demographics. The local built environment and public services were assessed and plans made to improve them where necessary.

- The plan accounts for how to avoid displacement, equitably benefit residents, create mixed income neighborhoods, the barriers to success and how they will be overcome. Investment will be sustained over an extended period and fund housing and non-housing developments.
- d. 1 additional point will be awarded if the proposed development is also located in a qualified census tract.
2. Alternatively, for 5 points, the application may include a letter detailing measures already implemented by the local government (city or town if within an incorporated area or the county if not) to increase the quantity of affordable housing and develop a resilient community. Policies include, but are not limited to,
- accessory dwelling unit legalization,
  - community land trusts,
  - density bonuses,
  - eviction and homelessness diversion programs,
  - housing trust funds,
  - intergovernmental collaboration,
  - sale or lease of publicly owned land for affordable housing,
  - source of income laws,
  - zoning reforms that expand housing choice, and
  - any activities that affirmatively further fair housing.
- The application must include documentation, in the form of a local government ordinance or other official publication, to verify all claims.

## I. Supportive Housing

- 5 points for agreeing to target ten percent (10%) of the total units to persons with disabilities and either
- designating such units as affordable to and occupied by 20% AMI, or
  - securing a commitment of federal project-based rent assistance (converting vouchers).

Households with only a disability source of income (such as Supplemental Security Income) will be eligible for the 20% AMI units.

One or more service providers, as coordinated by state authorities, will refer households. For a period of ninety days after the initial rent-up period begins the owner will establish a preferential leasing opportunity for referrals and thereafter will maintain a separate waiting list.

## V. TIE BREAKER CRITERIA

The following factors will be used in the order listed to break a tie.

- A. An application would be all of the Development Team's only award while the tying application(s) would be the all of the Development Team's second or third.
- B. A county not served in the current or previous funding cycle.
- C. Projects with the lowest total development cost per heated square foot.
- D. Projects providing for tenant ownership at the end of the initial fifteen (15) year compliance period. The application must include a conversion plan including all homebuyer counseling programs to be provided along with the financial procedure that will be used to transfer the rental units into homeownership.
- E. If projects remain tied after all above tie breakers have been applied, the Authority will utilize a lottery.

## VI. EVALUATION OF REHABILITATION APPLICATIONS

The Authority will evaluate rehabilitation applications comparatively based on the following criteria, listed in order of importance and will use the following criteria in order to score the rehabilitation applications.

- A. Preventing of the conversion of units to market rate and/or the loss of government housing resources, specifically properties:
  - 10 points for developments which the owner is eligible to request a qualified contract currently;
  - 10 points for developments with a federal project-based assistance contract on at least 90% of the units reflecting a remaining term of less than three (3) years;
  - 5 points for development which the owner is eligible to request a qualified contract within the next two (2) years; or
  - 5 points for development with a federal project-based assistance contract on less than 90% of the units reflecting a remaining term of less than three (3) years.
  
- B. The extent of physical distress, particularly with major systems, accessibility, and/or life, health and safety features, as informed by the Physical Needs Assessment and determined by the Authority. Failure to properly maintain the buildings will not enhance an application's likelihood of award if a member of the current owner's organizational structure or a related party will remain part of the new ownership.

1 point for each of the following systems being replaced (max. 9 points) – roof, HVAC, flooring, windows, hot water heaters, tubs/showers, kitchen cabinets and countertops, ranges and refrigerators.
  
- C. 1 point if the development is located within an area covered by a Concerted Community Revitalization Plan.
  
- D. If applications remain tied based on the above criteria, the Authority will utilize a lottery.