ILLINOIS HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
REVISIONS TO THE 2003 QAP (Pending Board Approval)
(as of August 13, 2003)

Definitions

Cash Flow Note (p. 5) is now defined, as they will be excluded from debt service coverage ratio calculations.

Large Public Housing Authority (p.6) is now defined as a public housing authority with1,500 or more units in its public housing inventory, excluding vouchers and certificates administered under the Housing Choice Voucher rental assistance program.

Scattered Site (p. 8) is now defined.

Special Needs (p. 9) is defined to include residents of Supportive Living Facilities.

Application Process

Mandatory Site and Market Study (p. 10) Tax-exempt bond-financed Projects with no funding provided by the Authority must now submit with the application a site and market study in the format prescribed in the QAP. Tax-exempt bond-financed projects with IHDA financing must use an agent from the Authority's approved list.

Receipt of Application

Application Deadlines (p. 12) will be Monday, December 15, 2003 and Monday, April 19, 2004.

Application Fees (p. 13 and Attachment 5) will be charged for second round submissions at the same rate as first round submissions. There was previously no fee for resubmittals. The fee will be charged in an attempt to reduce the number of superfluous submissions.

Fee Payment (p. 14) to third party professionals used for a market study or physical needs assessment must be made in a timely manner. Failure to comply with this provision may be grounds for denial of an application.

Tax-exempt Bond Project Market Studies and Physical Needs Assessments (p. 17) are not required to be completed by a third-party professional on an Authority-approved list for projects receiving no Authority financing, but must still be submitted in the format prescribed in the QAP.

Mandatory Application Requirements

Evidence of Application for Financing (p. 19) is no longer a scoring category, but a threshold/mandatory requirement. Evidence of the proposed net cents on the dollar to be raised from the sale of Tax Credits must now be included with the application to pass this threshold requirement. Also, the minimum required term on debt has been reduced to 18 years. This is to facilitate participation by a larger number of private institutions, many of which will not provide financing for greater than 18 years. Failure to provide required evidence of application for financing will result in denial of the proposal.

NOTE: All page numbers correspond to pages in copies mailed from the Authority, but may not correspond to documents downloaded from www.ihda.org due to varied printer settings.

Zoning (p. 23) is no longer a scoring category, but a threshold/mandatory requirement. Failure to provide required evidence of appropriate zoning, in the form and manner outlined in the category will result in denial of the proposal.

Plans and Drawings (p. 23) is no longer a scoring category, but a threshold/mandatory requirement. Failure to provide all required items (including a picture of the site) will result in denial of the proposal.

Minimum Energy Efficiency Standards (p. 24) will be required of all new construction projects. The application must include an architect's certification that the Project will comply with Authority Energy Efficiency Standards.

Competitive Review

Note (p. 25) – all applications will first be considered in the general pool.

Preservation Set-Aside (p. 27) has increased from $2,500,000 to $3,000,000.

Small Project Set-Aside (p. 28) has been revised to raise the threshold of units to 50 from 42.

Special Needs Set-Aside (p. 29) will include up to $2,000,000 for projects serving persons with special needs, as defined in the QAP. Financing commitment(s) for tenant services must be included with applications to be considered under this Set-Aside.

Elderly Set-Aside (p. 30) will include up to $3,000,000 for projects serving the independent elderly.

Scoring Categories

Mixed Income (p. 33) will become a tiered category based on the percentage of market rate units. For the highest level, private debt must be identified for at least 25% of the units. Also, market rate unit rents must exceed the highest Tax Credit rent for comparably sized units by 5%, in order to be considered for points under this category. Special Needs developments, excluding SLFs, will receive maximum points under this category.

Economic Efficiencies (p. 35) has been revised to allow up to eight points.

Project-based Assistance (p. 35) has been expanded to include existing project-based Housing Choice Vouchers (fka Section 8), Medicaid Payments to Supportive Living Facilities, and Annual Contributions Contracts.

Fully Amortizing Debt has been eliminated as a scoring category.

LIHTC Equity Leveraging (p. 36) will provide points on a tiered basis for leveraging funds from local sources.

Project Location (p. 37) has been revised to provide up to five points for Live Near Work/Employer Assisted Housing initiatives, and communities targeted through Governor Blagojevich's Team Illinois initiative.

Rural developments must have 50 units or less to receive points under the Rural subcategory.

Developer Team Record (p. 39) has been revised to provide up to ten points and will include review of general partner/managing member, general contractor, property manager, and consultant(s). In order to achieve full points under this category, the managing member and all referenced team members must have completed at least one project of similar size, scope, and type. General partners or members with minority interest will not detract from team experience, so long as the majority partner/member has sufficient past experience to qualify for full points.

Targeting of Units has been eliminated as a scoring category.

Families with Children (p. 40) is now a stand-alone scoring category and the overall points have been reduced.

Community Impact (p. 40) has been substantially revised to provide points for proposals located in bona fide revitalization areas.

Minority Participation (p. 41) has been altered to provide one point for 25% to 50% minority general partner/managing member ownership, and two points for 51% to 100% of such.

Project Design/Amenities (p. 42) now allows two points for 100% brick or masonry exterior. Two points will also be awarded for other Amenities not prescribed by the QAP

Surrounding Site Amenities (p. 43) now provides varying distances for prescribed amenities.

Mandatory Project Standards

Minimum Rehabilitation Standards (p. 46) has been raised to $8,000 from $6,000 per unit.

Debt Service Coverage Ratio (p. 48) must be a minimum of 1.15 on all debt, excluding cash flow notes.

Replacement Reserves (p. 48) have been altered to require $250 per unit for projects serving the independent elderly, $300 for special needs (including SLFs), and $350 for all other developments.

Trending Factors (p. 48) are now delineated in the QAP.

Tax Credit Calculation (p. 49 and Attachment 9) will utilize 8.25 and 3.25 for the 9% and 4% calculations, respectively. In calculating equity gap, a tax credit factor of 0.73 for rehabilitation, special needs, SLF, and developments with 12 units or less and 0.76 for all others.