

2017 LIHTC QAP – Deficiency Q & A

2-14-2017



****Reminder – 2017 Applicant Deficiency Responses are due 2-15-2017 by 4:30pm.**

All NEW Questions are in RED

IFA Answers to NEW Questions are in BLUE

Has IFA determined when the 2017 9% LIHTC Awards will be made?

The 2017 9% LIHTC Award recommendations will be made to the IFA Board being held on March 30, 2017.

Has IFA considered increasing the LIHTC per unit cap or allowing a request for additional tax credits to help with the reduction in equity pricing?

Based on the fact that IFA follows the Administrative rules process in drafting and approving a QAP, IFA does not intend to amend the 2017 QAP.

If a project has eligible basis beyond its max allowable credit amount, can that project fill its funding gap by deferring more developer fee, even if that fee will not be fully paid off during the compliance period?

The project may fill the funding gap by deferring more developer fee (not to exceed 50% of the total developer fee) but it must be fully paid within the first 15 years. See QAP Section 4.4.

If a project receives an award of tax credits but chooses not to accept the reservation, does that constitute a return of credits?

If a project is awarded but chooses not to pay the reservation fee, IFA deems that the tax credits were not officially accepted; therefore a decision not to accept the reservation does not constitute a return of credits.

When is the deadline for withdrawing an application?

A project can be withdrawn any time prior to the payment of the reservation fee, but IFA would prefer to be notified at the earliest possible time.

Assuming we provide a commitment letter for owner cash contribution to bridge part of the equity gap during the deficiency period, are we required to use this or a different source if allocated credits? We will have no other sources available to us, as we are not able to get loan due to our high operating expense associated with Homeless Set aside, and keep DCR above 1.0 for 15 years. Our hope is we can discover value engineer options to reduce costs, instead of adding source. Can you verify this would be an option?

During the deficiency period, costs cannot be decreased to fill the equity gap. Only the sources cited in the deficiency letter sent January 20, 2017 may be used. If the project is awarded, any construction changes to the project will require IFAs pre-approval. All threshold requirements and scoring elections must be maintained.

If the equity comes in at a higher price than projected in the 2017 Threshold Deficiency Application, can the increase in equity be used to replace or decrease the GP loan and/or deferred developer fee?

Yes.

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What if the equity price we are being quoted now is a \$0.14-.15 reduction from our Threshold Application pricing?

Use the equity price in the Threshold Deficiency Application (a 10 cent reduction) and fill the gap as IFA has noted in the deficiency letter sent January 20, 2017. You may not change the project costs, project operating costs, rents, or unit mix (unless any of these items are specifically requested within the application deficiency).

If a project did not apply for the Senior Living Revolving Loan in the 2017 Threshold LIHTC Application, would the Project now be allowed to apply for the Senior Living Loan as a supplemental loan to our perm financing?

Yes, the Senior Living Revolving Loan would need to be applied for in the online Application during this deficiency period. Deficiencies are due Wednesday February 15, 2017. Please review Appendix J and contact either tim.morlan@iowa.gov or derek.folden@iowa.gov.

If we provide a commitment letter for an owner cash contribution to fill the funding gap created by the 10 cent reduction in equity in the Threshold Deficiency Application, are we obligated to provide this cash to the project if we come up with an IFA approved source of funds once awarded?

Once awarded, additional sources of funds can be used to decrease or replace the owner cash contribution, subject to IFA's approval.

In lieu of adding sources, can we decrease costs to fill the equity gap?

No, during the deficiency period, costs cannot be decreased to fill the equity gap. Only the sources cited in the deficiency letter sent January 20, 2017 may be used.