

## **FINAL 2018 LIHTC QAP – Q & A**

Updated 11-9-2017

**All NEW Questions are in RED**

**IFA Answers to NEW Questions are in BLUE**

### **2018 QAP**

I have looked through the QAP and Online Application Training Guide and cannot find any instructions about how the application fee and the market study fee are uploaded. Is it submitted by entering wiring instructions or is there another method of submittal?

*The Online Application will require payment of both fees at the time of application submission.*

#### **2.2.2 Supportive Housing for Families**

If more than one application is submitted under the supportive service set-aside, will those applications which are not awarded be considered in the general pool?

*No*

Appendix M states that only 1 project per round will receive credits for this type of project. Does IFA use every dollar to fulfill this set-aside? For example, if \$1 is left over from the supportive housing pool, will the next project draw from the general pool to make up the difference? Does this mean that more than one project could be approved for this set aside if the 1st approved supportive housing project does not request the full \$820k?

*All projects that apply for the Supportive Housing for Families Set-aside will only be considered for that set-aside. Only one Project shall be awarded in this set-aside. Also see Section 2.5 of the QAP.*

#### **2.3.3 Open 9% LIHTC Projects**

We are currently Co-Developers on three projects that were awarded 9% LIHTC awards last year, would submitting the 4% application preclude us from applying in the 2018 9% LIHTC round?

*No, refer to Section 2.3.3.*

#### **2.5 15 Year Compliance Period**

Would we be able to include in a new project in which the compliance period ends at the end of this year, 12/31/2017?

*Please see Section 2.4 of the QAP. The 15th year of Compliance must be completed before the Project may apply for additional credits.*

Would there be the possibility of a waiver if it is within a month?

*A request must be submitted to the IFA Board for a waiver of an Administrative Rule - the QAP is approved annually via the State of Iowa Administrative Rules process.*

#### **3.2.1.1 Mandatory Developer Training**

Is there a make-up meeting for the Mandatory Developer Training in order to submit a project for the 2018 9% round?

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*No. September 14, 2017 was the only date for this training. Per this section of the QAP, not all developers were required to attend this meeting; however, if you were required to attend and did not, you may partner with a Qualified Member per Section 5.4.2 of the QAP to submit an Application.*

### **3.3 Market Study**

If you are already using one of the market study providers contracted by IFA for an appraisal or such, can we continue to use this company for other services?

*If you use one of the market study providers contracted by IFA for services, IFA would not assign that market study provider to your project. The market study providers are required to provide IFA all work done in Iowa.*

### **4 Underwriting**

Is it ok for the permanent loan interest rate to reset or does the interest rate needs to be fixed for the entire term of the loan?

*IFA requires the perm loan interest rate to be fixed for at least the first 15 years.*

How are credits/unit calculated for a project that has both rehab of existing housing and adaptive reuse included in the same project? One floor would be rehab of existing housing and two additional floors will convert office space to new housing units.

*This would be classified as an acq/rehab or rehab only Project.*

We are evaluating the conversion of a 1950's era motel into apartment units. Since this is already a form of housing, would this be considered "rehab" as opposed to "adaptive reuse"?

*It is considered adaptive/reuse as long as it has not previously been converted to residential housing units.*

For an RD project attempting to use the 538 Loan program, USDA will allow rents to increase to cover the extra debt service, if "comparable rents for comparable units" support the higher rents. Is there a way to use the higher rents as part of a LIHTC application?

*IFA will obtain the current USDA-RD contract and base it's underwriting on this contract unless an approval letter for the higher rents is provided by USDA-RD.*

Can a project that consists of 20 RD rehab units and 10 new units get points for having a CNA?

*No, see QAP Section 6.4.5.*

The 2018 QAP does not make mention of IFA HOME funds. Will HOME funds be made available through IFA?

*No, State HOME funds will not be available.*

### **4.1.3 DSCR**

Is the DSCR described in section 4.1.3 applying only to the first mortgage or does all of the debt have to meet these requirements? If a project has a first mortgage and a below market interest rate loan, does the overall DSCR of all of the debt have to meet these requirements or just the first mortgage?

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*All hard debt payments must be included in the DSCR calculation.*

What if RD is requiring a lower DSCR than what the QAP requires?  
*IFA would need to look at this on a case by case basis.*

**4.4 Deferred Developer Fee**

How are sources of funding (FHLB, workforce housing tax credits) that will be available after the IFA awards are made to be handled in the application?

*Applicants shall list a deferred developer fee or a general partner loan. An explanation in regards to the anticipated funding source shall be provided in the required deferred fee or general partner commitment letter.*

**4.5 Funding Commitments**

Does the developer take the risk when the letter of intent on the first mortgage and the terms change prior to 8609 issuance?  
*Yes.*

Financing - owner contributions: Many of our clients anticipate awards of FHLB AHP, Workforce Tax Credits or other sources that are not committed at the time of the IFA application. Can the owner contribution letter include a provision that the amount of the contribution will be reduced by the amount of other funds leveraged for the project?

*Funding sources cannot be conditional. If you anticipate an award of FHLB, AHP, Workforce Tax Credits or other sources that are not committed at the time of the IFA application provide a commitment letter for a GP loan stating the intention to replace the GP loan with one or more of these potential sources. This type of GP loan would not be eligible for scoring.*

If a local governmental agency is making a preliminary commitment of a City HOME loan, should the City execute a 5Sb Exhibit or is a copy of the city council action of the proposed terms and interest rate adequate documentation?

*Funds from governmental entities are not eligible for scoring under Section 6.4.7.2. A resolution without conditions adopted by the City may be considered an acceptable funding commitment.*

**4.6 Developer and Builder Fees**

What is the maximum developer fee allowed (%) for LIHTC projects?  
*Refer to Section 4.6*

What type of fee is the energy consultant fee considered?  
*It is considered a professional fee.*

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Are the builder fees referenced in section 4.6.2 of the 2018 QAP including Overhead, Profit and General Conditions? Or is it just Overhead and Profit? It appears this is limited to 8% for general contractors with an identity of interest.

*The builder fees referenced in Section 4.6.2 include the Overhead, Profit and General Conditions.*

## **4.9 Unit Cost Cap**

In the cost cap section of the QAP IFA allows the project to deduct the residential portion of the Federal Historical Tax Credit from the total costs to better allow for that important, but many times more expensive, work to happen within the cost caps. How does IFA treat State Historical Tax Credits and Brownfield Tax Credits? Are projects able to deduct portions of costs in a similar way as Federal Historic Tax Credits?

*The cost cap calculation does not allow the reduction of Brownfield or State Historic Tax Credits.*

## **4.10 Basis Boost**

Can you add up multiple boosts to get 30%?

*Yes up to 30%.*

### **4.10.1.1 – Community Service Community**

We provide housing services to those primarily at or below 60% AMI. In a proposed project, we would move our offices to the first floor of the project. We would continue to serve those at or below 60% AMI in the community from this office. The proposed site is in QCT. Would this office space be considered a Community Service Facility?

*No, providing a leasing or business office would not meet the requirements of a Community Service Facility.*

## **5.1 Complete Application**

Are there projected dates for the deficiency response for the 2018 round?

*We anticipate sending out the initial deficiency report mid-January.*

### **5.4.1 Appraisals**

We are submitting an application this round for acquisition rehab project. These are buildings that we already own. Is an appraisal required for all of the buildings?

*Yes.*

### **5.4.2 Qualified Development Team**

Is it a requirement that the limited partnership and/or the general partner must be Iowa entities?

*No. However, the general partner and ownership entity are required to be registered with the Iowa Secretary of State and provide IFA with a copy of the Iowa Certificate of Authority.*

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Does IFA have a list of development consultants with prior IFA/LIHTC experience?

*IFA does not maintain a list of development consultants; however refer to the project listing for prior allocation rounds on the IFA website to find development consultants on previous projects.*

Are you looking at current management experience or past management experience?

*IFA requires 3 years of experience successfully managing a Section 42 property. It will be at IFA's discretion to determine the final eligibility of the management company.*

If meeting the QAP requirements, can a development consultant be the sole qualifying development team member?

*The Developer, General Partner/managing member or development consultant shall have participated as a Developer, General Partner/managing member or development consultant in the development of a LIHTC Project that has received an IRS Form 8609 from any state within the past seven years. This participation shall have been on a regular, continuous and substantial basis. Such qualifying member of the QDT shall participate in the proposed Project through two years after the issuance of the IRS Form 8609.*

### **5.5 Displacement of Tenants**

Could you please provide some more guidance on the requirements for a relocation plan if HOME funds will not be involved? It is our understanding that URA guidelines would not apply, but we need to know what guidelines to use for our strictly LIHTC development.

*The proposed relocation plan shall provide an overview of the need for relocation, a proposed timeline, an estimated budget, and other information as requested in the Application to document that the need for temporary or permanent relocation of existing tenants is adequately addressed. If a federal funding source is used, the most restrictive relocation plan requirements shall be followed. Refer to Iowa landlord and tenant law for any additional requirements.*

### **5.9 Scattered Sites**

For a scattered site project does the 10% minimum accessibility requirements apply at the project level or building level?

*In new, as well as rehab construction, a minimum of ten percent (10%) of all Units supplied shall be Fully Accessible, (as defined in ANSI 117.1) on the building accessible routes which includes all floors if an elevator is provided. Accessible Units shall be dispersed throughout the Property and in different bedroom sizes rather than segregated.*

### **5.10 Acknowledgements**

Does IFA send the notice to the political jurisdiction or is this the developer's responsibility?

*IFA will send this notice; however, the developer is required to list the contact information of the CEO of the city in the application.*

### **5.14 Local Lead Agency**

Is a local lead agency required at the time of threshold application submission?

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*The Applicant shall request IFA's approval of the Local Lead Agency through the submission of the Carryover-Ten Percent (10%) Test Package.*

### **6.1.3 Serves Tenant Population of Individuals with Children**

Section 6.1.3 requires a certain percentage of 3-BR units with 2 "Full" Baths. We are wondering if you count a toilet, lavatory & shower as a "Full-Bath" or if we have to provide a tub-shower in both bathrooms to comply?

*If you are electing points for Section 6.1.3, at least twenty percent (20%) of the Units shall be three or more bedroom LIHTC Units and have at least two full bathrooms. Full bathrooms require a bathtub or tub/shower combination.*

### **6.2.1 Great Places**

Does the Department of Cultural Affairs have an index of who is in a Great Place?

*Please contact the Iowa Department of Cultural Affairs.*

### **6.2.2 Density**

The Appendix for Density lists a 0-3-5 point scale which is different than the QAP, which is correct?

*Appendix L has been updated to reflect the requirements of the QAP.*

What source of data will IFA use to make this calculation and is this resource available to developers?

*See Appendix L.*

### **6.2.3 Opportunity Index**

Will there be any anticipated changes to the Iowa Opportunity Index Communities this year?

*No See Appendix D.*

### **6.3.1 Market Appeal**

#### **In-Unit Laundry Space with Washer and Dryer**

Can stackable washer and dryers be used for in unit laundry spaces?

*Yes; however, it may be difficult to find stackable washers and dryers that meet accessibility requirements for the ADA Units.*

#### **Fitness Center**

Is there a minimum square footage and/or machine requirement for the Fitness Center?

*See Appendix 2 – Glossary*

### **6.3.1 Community Room**

In the Market Appeal category, there is the addition of a community room as an amenity for points for senior projects only. It is stated that this community room outlined in the Market Appeal section must be a minimum of 800 square feet, but in Appendix 2, the Glossary of Terms, the Community Room is defined as a space with a minimum of 400 square feet. Can you clarify which should be the minimum number of square feet for a community room?

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*The Community Room must be 20 square feet per unit up to the first 40 units for scoring purposes. The definition in the Glossary is for projects not electing points in this category.*

### **6.3.2 Historical Significance**

If a project was both historic and new construction (new construction would be on site of the historic property), could a project get (6.3.2) 'Project with Historic Significance' points?

*All buildings within the Project shall be on the National Register of Historic Places or are determined eligible for the National Register by the State Historic Preservation Officer. Your building plan would need to be approved by SHPO and IFA.*

If a project is an Acq/Rehab (with current residents) but also happened to be an historic building, could a project get both (6.3.2) 'Project with Historic Significance' points and (6.4.5) Capital Needs Assessment for Acquisition/Rehab points?

*If all of the buildings in the Project are existing housing units with residents and meet IFA's and SHPO's qualifications as Historic buildings, then the Project could potentially receive points from both categories. Section 6.4.5 points are not available for Adaptive/Reuse Projects.*

### **6.3.3 Vouchers**

A section was deleted from 6.3.3 that said points for rental assistance are not available to an applicant that elects points for serving LI residents or market rate incentive. Can you please clarify if applicants are allowed to score points across these categories or if the exclusion remains?

*These exclusions remain in Section 6.1.1 and Section 6.1.2 of the QAP.*

Is there a minimum term for the contract for a PBV contract?

*Project Based Voucher Assistance points are calculated by the percentage of units covered by the contract, except for the Supportive Housing for Families Set-Aside.*

*There is a separate scoring category under the Supportive Housing for Families Set-Aside for Project Based Voucher Assistance that is based on the number of units covered by the contract which must be in place for a minimum of 5 years and must be a one hundred percent (100%) rent subsidy providing assistance equal to the established rent for the unit minus the tenant household's financial contribution.*

Are we correct in believing that a project that (a) is not in a QCT or non-metro country and (b) elects the 35 points for rental subsidy is not eligible for any basis boost at all?

*Applicants that have Federal Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA Voucher Assistance do not qualify for Section 4.10.3 - Special Considerations for Projects Serving Lower AMIs.*

For a proposed of an RD project, if the project elects not to take the 35 points for federal rent subsidy, may it instead go for the 40% AMI and 30% AMI income-skewing points plus basis boost?



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*Applicants that have Federal Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA Voucher Assistance do not qualify for Section 4.10.3 - Special Considerations for Projects Serving Lower AMIs.*

### **6.3.4 Construction Characteristics**

**Can you help me understand the thought process not being able to select the storm door option under the Main entrance Area on a Standard Apartment Building?**

*The Online Application has been corrected to allow a standard apartment building that has main entrances to an exterior roofed breezeway to select the storm door option.*

How does the developer select which units the roll in showers requirements go in?

*IFA requires one roll-in ADA compliant shower per each 20 Units dispersed throughout the property and in different bedroom sizes.*

### **6.3.5 Olmstead Goals**

If we were considering a 3 story building without an elevator and were also going to obtain points for Section 6.3.5 Olmstead Goals, we would need to have the fully accessible and additional type A units on the 1st floor. However this section does indicate that the accessible units be dispersed throughout the project ... does this mean they are to be located on the 2nd and 3rd floors as well?

*Please review the Fair Housing Design Manual with your architect. Covered Multifamily dwelling units are 1) all dwelling units in buildings containing 4 or more dwelling units if such buildings have 1 or more elevators and 2) all ground floor dwelling units in other buildings containing 4 or more units. If there are multiple bedroom sizes in the building, the accessible units shall be of each unit size and distributed among the first floor, be on an accessible route into and throughout the unit as well as all the common areas.*

### **6.4.6 Environmental Site Assessment**

Is there a timeframe during which the Phase 1 ESA must have been completed?

*All supporting documentation required by the Application shall not be more than 180 days old on the date that the Application is submitted to IFA.*

### **6.3.6 Impact on the Environment**

**Regarding section 6.3.6 Impact on the Environment: For the central boiler section that has a max of 2 points, it appears that we can NOT get the full 2 points if we put in a central water heater (servicing the entire building) without also utilizing a central boiler to produce heating to the entire building as well? In other words, if we did a central water heater to service all the units with hot water but utilized individual gas forced-air furnaces in each unit then we would only achieve 1 point. Is that correct?**

*Yes.*



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### **6.3.7 Energy Efficiency**

Can you please clarify what the requirements are to satisfy Section 6.3.7, Energy Efficiency? We understand that IFA requires an energy consultant to be part of the Qualified Development Team. Is there an additional form(s) that need to be submitted along with Exhibit 4T?

*An energy consultant is required as part of your Qualified Development Team, refer to Appendix C for the link to HERS Raters - State of Iowa and Main RESNET Home Page to find HERS Raters outside of Iowa. Contact your energy consultant for guidance. Exhibit 4T is not required for the Energy Consultant.*

The QAP provides points in 6.3.6 for High Efficiency central boilers and water heaters but section 6.3.7 is unclear. Is it IFA's position that New Construction buildings 3 stories or less (with high efficient central boilers and water heaters) are eligible or ineligible for the 8 points in section 6.3.7 Energy Efficiency?

*Yes, new construction buildings 3 stories or less with high efficiency central boilers and water heaters would be eligible.*

What are the qualifications for energy consultants?

*HERS ratings shall be submitted by a RESNET certified rating agent. See Appendix C –Useful links.*

How many units shall be tested to meet the HERS requirement?

*IFA requires five Units with different floor plans and orientations for complexes of less than 50 Units and ten percent (10%) of Units, up to a maximum of 10 Units in complexes of 50 or more Units shall be rated.*

### **6.4.4 Construction Costs**

Section 6.4.4 of the QAP indicates that New Construction/Adaptive Reuse should be 70% or more of Total Development Costs. I was unable to find a definition of Total Development Costs in the Glossary of Terms in Appendix 2 and would like to clarify what is included.

*Total Development Costs is the line item on the Cost and Credit Calc Tab in the online Application.*

### **6.4.6 Environmental Site Assessment**

I am conducting a HUD-compliant Phase I environmental site assessment for a property. Does Iowa have any other specific environmental due diligence requirements beyond the normal ASTM standard with the additional assessment required by HUD?

*The HUD compliant Phase I environmental site assessment is sufficient.*

### **6.4.7.1 Land and/or Cash Contribution**

**Would a donation of land from a County Development Corporation count towards scoring under this category?**  
*No.*

**This specific County Development Corporation is going to donate land to the project. It is not a county government entity nor is it a government entity of any kind. The word "County" is in the name as a description of the area they serve. Knowing that, would a donation from the County Development Corporation count toward points in the "Donation of Land" category?**

**CLARIFICATION: It is possible to receive points as long as the Corporation is not a Governmental Entity (provide documentation) and the following applies: Whether a land contribution from a local non-profit that**

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*received a land contribution from a governmental entity may be counted as a local contribution depends on whether the funding was appropriated or earmarked by the governmental agency for a specific project or conditioned on the development of a specific project. If the land contribution from the governmental entity was unrestricted, then the funding may be counted. If the land contribution from the governmental entity was designated as being for a specific project, or if the development of a specific project was a condition of the contribution being made by the governmental agency, then it may not be counted. The amount of time that has passed since the contribution to the non-profit was made by the governmental entity is irrelevant.*

Will land contribution points be awarded if a city government donates land to the Local Housing Trust Fund for the general purpose of building low-income apartments by a certain date and then the Local Housing Trust Fund donates that land to our project?

*Whether a land contribution from a local non-profit that received a land contribution from a governmental entity may be counted as a local contribution depends on whether the funding was appropriated or earmarked by the governmental agency for a specific project or conditioned on the development of a specific project. If the land contribution from the governmental entity was unrestricted, then the funding may be counted. If the land contribution from the governmental entity was designated as being for a specific project, or if the development of a specific project was a condition of the contribution being made by the governmental agency, then it may not be counted. The amount of time that has passed since the contribution to the non-profit was made by the governmental entity is irrelevant.*

Can a developer elect to take a reduced developers fee to qualify for points or must the developer take the entire developers fee and contribute the portions to qualify for the points? Both scenarios provide for unique tax consequences.

*A reduced developer fee does not qualify for points in this section.*

If a company donates fill dirt to a site to improve it, can the fill be used as a cash/land donation for scoring?  
*No.*

If the project receives a cash contribution from an entity that is eligible, say a local non-profit, and the local non-profit previously received a cash contribution from the local Government Entity, will this contribution be eligible? If it depends on the amount and the time frame in which the contribution was made, how far back does the cash contribution to the non-profit need to be made by the Government Entity in order for the cash contribution to qualify for this scoring section?

*Whether a cash contribution from a local non-profit that received a cash contribution from a governmental entity may be counted as a local contribution depends on whether the funding was appropriated or earmarked by the governmental agency for a specific project or conditioned on the development of a specific project. If the cash contribution from the governmental entity was unrestricted, then the funding may be counted. If the cash contribution from the governmental entity was designated as being for a specific project, or if the development of a specific project was a condition of the contribution being made by the governmental agency, then it may not be counted. The amount of time that has passed since the contribution to the non-profit was made by the governmental entity is irrelevant.*

Would a land contribution from a government entity qualify for points under section 6.4.7.1 Land and/or Cash Contribution?

*No.*

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Are points awarded for land/cash contribution and below market interest loans under section 6.4.7 – “Leverage” – limited to entities that are not related to the developer/owner entity?

*No; however, an appraisal is required for a gift of land or land with improvements for an acq/rehab or adaptive reuse project and when the seller is contributing cash to the Project.*

For scoring category 6.4.7.1 “Land and/or Cash Contribution”, funds contributed by a certified Local Housing Trust Fund are listed as eligible. If we obtain these funds, does the form of the contribution matter?

*Yes, the form of contribution must be a gift of land or cash.*

If a city is the donator or seller, would that be considered a government entity contribution?

*Yes.*

Would the Federal Home Loan Bank qualify for these points?

*No, IFA considers the Federal Home Loan Bank as a governmental entity.*

For below-market sales of properties, we assume that the difference between the appraised value and the sales price will count as a source. For example, there is a purchase price of \$100,000 and the appraised value is \$300,000. The development budget would include \$100,000 as a project cost. For leveraging purposes, the \$200,000 would be applied against the TDC in calculating the percentage. Is this correct?

*The gift of land can be the reduction in purchase price as verified by the appraisal.*

Does the gift of land need to be the entire amount of land? In other words, could the Seller of the land sell it at a reduced rate compared to its appraisal? The example would be this: Land is worth (appraised) at \$350,000 ... the purchase price is \$250,000 thus \$100,000 less than appraised. Would this \$100,000 savings/gift be used to apply toward the 0.5% of the total project costs?

*The gift of land can be the reduction in purchase price as verified by the appraisal.*

Could someone with an Identity of Interest own the land and gift it to the partnership (assuming there is a proper MAI appraisal that supports this)?

*Yes.*

Would payment from the Developer (from their developer fee) satisfy the definition of “cash contribution”?

*A Developer may provide a cash contribution to qualify for points under this section. A deferred developer fee would not qualify.*

### **6.4.7.2 Below Market Interest Rate Loan**

**Does the interest rate for the Below Market Interest Rate Loan need to be locked in with the lender through closing and the IRS Form 8609 issuance?**

*Yes. No changes are permitted for scoring categories.*

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A USDA 538 guaranteed rural housing loan is a loan from a private lender that is 90% guaranteed from the USDA. Since the lender is not the government, is it still considered a fund from a Governmental Entity and ineligible for points?

*If the private lender is funding the loan and USDA is not the direct lender, but is providing the loan guaranty, then the loan would qualify.*

For scoring item 6.4.7.2 “Below Market Interest Rate Loan”, would a USDA Section 538 guaranteed loan be considered funds from a Governmental Entity?

*Yes.*

*CLARIFICATION: If a private lender is funding the loan and USDA is not the direct lender, but is providing the loan guaranty, then the loan would qualify.*

Would Freddie or Fannie Mae loan be considered as a Governmental Entity?

*Yes.*

*CLARIFICATION: If a private lender is funding the loan and Freddie or Fannie Mae is not the direct lender, but is providing the loan guaranty, then the loan would qualify.*

We have been awarded a substantially below market interest rate loan, with payments of interest only for 20 years, with full principal due at that point. It does not amortize. Do we get imputed interest savings credit for the interest saving for the 20 years, based on a loan with the same interest rate, amortized over 30 years?

*The online application will calculate the imputed savings based on the information entered. If you do not have a normal amortization schedule, there is a “custom” payment type selection. The imputed savings calculation will be capped at the initial loan amount with a maximum 20 year loan term and maximum 30 year amortization. The first mortgage debt must be amortized for a minimum 30 year period.*

Can a Developer loan with 0% interest amortized over 40 years, still get credit for imputed interest savings based on a similar 20 year loan at 0% interest rate amortized over 30 years?

*The online application will calculate the imputed savings based on the information entered. If you do not have a normal amortization schedule, there is a “custom” payment type selection. The imputed savings calculation will be capped at the initial loan amount with a maximum 20 year loan term and maximum 30 year amortization. The first mortgage debt must be amortized for a minimum 30 year period.*

To qualify for points, does the below interest rate loan have to amortize or can it be a cash flow only loan?

~~*The Below Market Interest Rate Loan must amortize in order to calculate the imputed interest savings.*~~

*\*CORRECTION – The actual below market interest rate loan is not required to be amortized, however for scoring points, the imputed savings calculation will be compared to the market rate seven percent loan which will be capped at the initial loan amount with a maximum 20 year loan term and maximum 30 year amortization.*

Would a 221(d)(4) loan qualify in this category? With a 221(d)(4) the lender is not a governmental entity. The loan is insured by HUD, protecting the lender against mortgage defaults, but HUD is not the lender.

*Yes, the calculation of the interest rate savings would be based on the requirements in this section.*

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Would CDFI (Community Development Financial Institutions) loan product be considered a Government Entity?

*Yes.*

What entity would govern Norwalk IA, Local Housing Trust Funds?

*See IFA website - <http://www.iowafinanceauthority.gov/Home/DocumentSubCategory/65>*

If an applicant receives a perm loan from a traditional bank at 6% interest, would this be considered eligible for a below-market interest rate loan for points?

*Yes*

If an applicant has a GP loan for points for a below-market rate loan, will the applicant be required to hold that loan for the full term? For example, if the GP loan is given for points and then the applicant receives workforce housing credits, can the GP loan be paid off first with the credits?

*Yes, if points are received for a below market interest loan, it cannot be replaced.*

Is a cash contribution or below interest rate loan from a regional economic development group eligible for points? The regional economic development group is made up of multiple cities, multiple counties and several different businesses in a region. The purpose is to support economic development in a large area.

*No, funds from a Governmental Entity are not eligible for this section.*

Is a cash contribution or below interest rate loan from a local economic development group eligible for points? The local economic development group is funded by the county as well as several different businesses in the local area.

*No, funds from a Governmental Entity are not eligible for this section.*

How does the imputed savings amount figure into Total Project Costs?

*The imputed interest savings will be compared to the Total Project Costs to determine scoring points based on 1 point for each full one half percent (0.5%) of the Total Project Costs.*

Can the below market interest savings loan have an amortization schedule less than 30 year minimum requirement?

*Yes, unless the below market interest savings loan is the first mortgage debt.*

Does it matter who issues the below market interest loan?

*No, as long as it is not a Governmental Entity. An Identity of Interest would need to be disclosed in the application.*

Can a project have multiple below market interest loans to receive points?

*Yes.*

Would a loan from the Developer/GP constitute a below market rate loan assuming the computed interest savings satisfies this section?

*A Developer or GP loan would qualify for points under this section.*

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Can an Identity of Interest provide this below market interest rate loan?

*Yes.*

If applied for and received, would the Senior Living Loan Program apply to this category?

*No. Funds from Governmental Entities are not eligible for this section.*

### **7.1 Tax Credit Calculation and Reservation.**

It states the first tie breaker in the event of identical scores will favor the application with the least amount of tax credits per unit based on IFA's equity needs analysis. Can you further clarify how the equity needs analysis is determined?

*The Cost and Credit Calc tab will provide this information.*

### **Appendix 1 – Threshold Requirements for Building, Construction Site and Rehab**

Does IFA have a list of acceptable physical condition assessment companies? Or can you suggest how we find Iowa based PCA providers?

*IFA does not maintain a list of companies that provide physical condition assessments or CNAs.*

### **A-Site Control**

For Site Control, should it be in the name of the ownership entity or can it be assigned to the ownership entity?

*Proper site control can be accomplished through a purchase option/contract or a proper assignment of the purchase option/contract.*

For Purchase Options, which must be valid for nine months following the date of the application due date based on page 43 of the 2018 QAP, is it acceptable to have a closing date prior to nine months and then have extensions that will take the total length to 9 months from the application due date?

*Yes, a purchase option with extensions may list a closing date that is earlier than nine months following the application due date, as long as the extensions are at the sole option of the Ownership Entity.*

### **C-Zoning**

In the event that proper zoning is not obtained by the time the application is due, is there anything that would need to be provided from the city to show that the rezoning process is currently in motion? Or do we just certify that it will be rezoned appropriately by the Carryover-Ten Percent application due date?

*The Applicant is required to certify in the Application that the site will be properly zoned by the time the Carryover-Ten Percent Application is due. The city verifies current zoning classification on Exhibit 7B.*

### **G-Minimum Development Characteristics**

#### **G26-Minimum Square Footage**

How will IFA calculate the required square footage for units, etc.? Is the area of interior walls excluded or included?



## **FINAL 2018 LIHTC QAP – Q & A**

Updated 11-9-2017

*Enter the floor space (face of wall to face of wall) of the units in the application. This is what IFA will use to determine compliance with the QAP's unit minimum square footage requirements.*

The minimum unit square footages are stated in the QAP, Appendix 1, under G. Minimum Development Characteristics, Item #26 on page 48, but it doesn't appear there is anything in regard to how it should be calculated.

*Enter the floor space (face of wall to face of wall) of the units in the application. This is what IFA will use to determine compliance with the QAP's unit minimum square footage requirements.*

### **H-Submission of Site Characteristics**

**The Phase I Environmental is recommending a Phase II for our site. Does this disqualify my site?**

*No, but the Project could be at risk if the Phase II unveils significant uncorrectable issues. The Applicant shall not change the site location of the Project.*

### **J-CNA**

Can we use the RD CNA format?

*Yes.*

### **Online Application**

#### **Building Tab**

If a new construction project is just vacant land right now, what address should be listed in the Buildings Tab for the Project Address?

*If the land is vacant, contact the city for a proposed street address if such address is not available, provide the locations nearest street intersection.*

### **Exhibits**

#### **Threshold Exhibits**

On Exhibit 3Tf - Owner and General Partner(s)/managing member(s) Organization Structure Chart, does this reference the corporate structure of the owner and GP or does it reference the employee hierarchy in those entities?

*IFA wants the organizational structure chart for the corporate structure of the Owner and General Partner/managing member. Additional clarification may be requested in the deficiency period.*

#### **Scoring Exhibits**

On Exhibit 5S, does IFA consider this form as a "commitment letter" or does the seller need to provide other documentation that verifying a commitment letter?

*No, IFA does not consider 5S as the commitment letter. Supporting documentation is required in addition to Exhibit 5S, such as a commitment letter and if applicable an appraisal. See also see Section 4.5.*



## **FINAL 2018 LIHTC QAP – Q & A**

Updated 11-9-2017

If a local governmental agency is making a preliminary commitment of a City HOME loan, should the City execute a 5Sb Exhibit or is a copy of the city council action of the proposed terms and interest rate adequate documentation?

*Funds from governmental entities are not eligible for scoring under Section 6.4.7.2. See additional questions under Section 4 of this Q & A.*

### **Building Exhibits**

Under the Exhibits tab of the online application there is a reference to 9B - Preliminary Costs and Scope of Work for All Projects (IFA Required Form) but there is not a link to this IFA required form. Where do we find the Exhibit 9B form?

*The link has been added.*

If a new construction project will have multiple buildings on one site, how many photos must be uploaded as Exhibit 3B?

*Eight photos will need to be taken of the site and uploaded. A scattered site project would need to have eight photos taken of each site. Refer to 2018 Appendix K.*

Can we replace the system-generated 7B information with the actual project description vs the description of the site?

*No. Exhibit 7B must show the same project and site information as submitted to IFA on the Site Description Tab.*

**I have checked the box for serving lower AMI to receive the scoring points and have entered 5% of the Units at 30% AMI or less, but I'm not receiving the boost. Why?**

*Serving lower AMI's is a scoring election. The boost is a separate issue. See Section 4.10.3.2 of the 2018 QAP.*

**It seems a scope of work is only required for a rehabilitation project, per the QAP, but the Exhibit 9B says a scope of work should be attached. Do we need a scope of work for a new construction project?**

*Please review 2018 QAP Section 5.4.3 Preliminary Costs and Scope of Work for All Projects.*