OVERVIEW OF CHANGES FOR THE
4% QUALIFIED ALLOCATION PLAN

Summary:

Developers and syndicators expressed confusion and frustration regarding the previous 4% tax credit application process. Previous 4% provisions required an application to reach a minimum score, so some thought it was just too similar to the 9% process. All interested parties requested more flexibility in the program especially since this is not a competitive commodity. IFA staff kept all of that in mind when orchestrating the changes in the 4% QAP.

Changes:

- Removed all references to 9% Tax Credits.
- Removed Tax Credit Reservation Schedule.
- Allowed applications to be submitted throughout the year, but clarified that they may not be reviewed during December through March.
- Removed Extended Use Period language – Projects would have to adhere to all regulations for 15 years.
- Increased Application Fees and Change in Application Fees – same as the 9% QAP.
- Allowed a developer to defer up to 65 percent of their fee rather than 50 percent if there is a gap in financing.
- Increased range of DSCR to between 1.00 and 2.00.
- Required a tax credit investor with an Identity of Interest to have a third party asset manager.
- Required a project that wishes to exceed the cost cap to ask the IFA Board of Directors for approval.
- Clarified Qualified Development Team language.
- Removed the requirement that a member of the QDT attend mandatory developer training
- Removed requirement to Notify DHS Referral Network of Vacancies and added requirement to post vacancies on the Iowa Housing Search website.
- Simplified the construction requirements.
- Added Violence Against Women Act (VAWA) language.
- Lowered the required amount of rehabilitation costs from $25,000 per unit to $15,000 per unit
- Amended Glossary items.