Arizona Department of Housing
2009 Information Bulletin

REGARDING PROGRAMS: Rental Development

REGARDING FUNDING SOURCES: Low Income Housing Tax Credits (LIHTC)

INFORMATION BULLETIN No 08-09
Issued: April 3, 2009

RE: 2009 LIHTC QUALIFIED ALLOCATION PLAN
Substantial Changes and Comment Period

The Arizona Department of Housing must adopt a Qualified Allocation Plan (QAP) that sets forth the methods, criteria, preferences, and priorities that will be used to select projects that receive federal tax credits through the Low-Income Housing Tax Credit (LIHTC) Program. Any sub-allocation or set-asides of tax credits also are part of the allocation plan.

A draft has been posted to our website: www.azhousing.gov. A hard copy of the draft is also available for viewing at the Arizona Department of Housing offices at the address below.

COMMENT PERIOD

Beginning Friday, April 3, 2009 through Friday, April 24, 2009, initial public comments will be accepted on the First Draft 2009 QAP. Only comments received by 5:00 p.m. on April 24 will be considered for incorporation into the Second Draft QAP which will be distributed prior to the Public Hearing. Public comments to the Second Draft QAP will be accepted through the date of a Public Hearing, the date and location of which will be announced in a later bulletin. All comments, except those made at a Public Hearing, must be made in writing.

Written comments should be submitted as follows:

E-mail QAPcomments@azhousing.gov
Mail Arizona Department of Housing
1110 W. Washington Avenue, Suite 310
Phoenix, AZ 85007

SUBSTANTIAL CHANGES

The proposed 2009 QAP is predominantly the same as the 2008 QAP as modified by the additional underwriting requirements described in the 2008 Resubmittal Allocation Round Notice. For your convenience, the new features of the 2009 QAP are listed below:

Section 2.2 establishes eligible basis rather than the $1.0 million limit as the tax credit cap for a project.

2.7(B)(14)(b) requires the Builder/contractor to demonstrate financial capacity and performance history requirements.

2.7(B)(14)(c) strengthens staffing and compliance history requirements for property managers.

2.7(B)(15) imposes heightened scrutiny for management companies with an identity of interest with the developer or co-developer.

2.7(B)(16) makes compliance with local government land-use restrictions an eligibility requirement. Points are no longer available for zoning compliance.

2.7(B)(17) provides new considerations for syndicators with an identity of interest with the developer or co-developer.

2.7(B)(30) makes submittal of a Phase I Environmental Report an eligibility requirement.

2.7(B)(31) makes commitment to water conservation standards an eligibility requirement. Points are no longer available for water conservation.

2.8 Set-asides:

1) There will no longer be a Special Needs Set-aside, although points are still available for projects serving tenants with special housing needs.

2) Rural and urban set-asides shall be combined if less than $11 million in annual tax credit ceiling is available for reservation.

2.8(C)(1) describes application requirements for those seeking hardship credits.

2.9(F)(2) raises the per-unit limit for rehabilitation projects to $15,000 excluding acquisition and site preparation costs.

2.9(F)(4) reduces the points available for projects with a tenant lease-purchase option from 6 to 3 points.

2.9(F)(14) reduces the points available for project readiness from 20 to 10.

2.10 establishes 20% below market rent limits for areas for which 50% or more of the market demand is attributable to tenants exiting housing that is substandard, overcrowded, or that lacks complete plumbing.

4.7(B)(3)(f) clarifies that changes to financing terms including payment of deferred developer fees are material changes.

6.4(D) establishes late fees for submittal of carryover allocation or final allocation materials.

Section 7, Underwriting, has been substantially reorganized for clarity.

7.3(B)(2)(g)(v) raises the replacement reserve requirement to $350 per unit per year for new construction and $450 per unit per year for acquisition/rehabilitation projects from $250 and $350, respectively.

7.3(C)(2) raises per-unit operating cost assumption to $5,000 for new construction and $5,400 for acquisition/rehabilitation projects from $4,200 and $4,500, respectively.

7.3(C)(2)(b) raises the funding rate for project operating reserves to $350 per unit per year for new construction and $450 per unit per year for acquisition/rehabilitation projects from $250 and $350, respectively.

7.3(C)(3)(c) raises the assumed vacancy rate from 7% to 8%.

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