



Notice of Changes to 2008 Qualified Allocation Plan and Notice of 2008 Resubmittal Allocation Round

August 15, 2008

Pursuant to Internal Revenue Code (“I.R.C.”) Section 42(m)(1)(A)(iv) and Section 4.12 of the 2008 Qualified Allocation Plan (“QAP”), the Arizona Department of Housing (“ADOH”) announces substantial changes and modifications to the 2008 QAP to all participants and friends of the Low Income Housing Tax Credit Program.

The actions described in this notice are necessary and appropriate to statutory changes and rapidly changing market conditions. ADOH finds as follows:

- 1) Recent changes to the Low Income Housing Tax Credit Program from the *Housing and Economic Recovery Act of 2008*, Pub.L. 110-289, effective July 30, 2008 (“the HERA”) require specific immediate action to allocate increases to the 2008 annual allocation ceiling;
- 2) Given recent changes to the Low Income Housing Tax Credit program and increasing competition for program funds, ADOH will not propose a 2009 QAP according to its traditional schedule. ADOH requires additional time to revise policies, procedures and standards for the Low Income Housing Tax Credit program; and,
- 3) Maximizing near-term development of affordable multi-family rental units in areas demonstrating strong demand is a necessary and reasonable response to the changes in the affordable multi-family rental market.

Based on the findings set forth above and as provided by I.R.C. § 42 as amended by the HERA, applicable federal regulations, and the 2008 Qualified Allocation Plan, the Department takes the following actions:

1. Tax credits shall be allocated in the 2009 calendar year through the 2008 QAP as modified by this notice. Accordingly, Section 2.19 of the QAP is amended so that applications that are submitted pursuant to the 2008 QAP remain viable for reservation of tax credits allocated to the State of Arizona in 2009.
2. **Forward Commitments.** Section 2.17 of the QAP shall be amended to permit forward commitment of the 2009 tax credit allocation ceiling under the 2008 QAP as provided by this notice.
3. **Requests for 9-percent credits.** Projects reserved tax credits in the 2007 and 2008 competitive allocation rounds that have not been placed in service as of July 30, 2008, may apply to ADOH for additional reservation of credits pursuant to Section 3002(a) of the HERA that amends the I.R.C. § 42(b)(2) to fix the “applicable percentage” of tax credits at 9 percent.

- a. Allocations of 9-percent tax credits to projects reserved tax credits in the 2007 and 2008 competitive allocation rounds shall be reserved from the 2008 tax credit allocation ceiling as amended by the HERA.
 - b. Application shall be made to ADOH for 9-percent credits by no later than the 4:00 p.m. (MST), Monday, September 15, 2008, to the Arizona Department of Housing, 1110 West Washington, Suite 310, Phoenix, Arizona 85007. Applications received after that time will not be considered.
 - c. Applications for 9-per cent tax credits shall include a \$500.00 underwriting fee payable by bank draft to the order of the Arizona Department of Housing. Applications omitting the underwriting fee shall not be considered.
 - d. Applications shall be supported by a cover letter supporting the claim for additional tax credits at the full 9-percent amount and a complete project budget. Reservations for 9-percent credits under this paragraph will be announced before the end of the 2008 calendar year.
 - e. Applications for additional tax credits at the full 9-percent amount shall follow the procedure described in Section 2.8(C) of the QAP for requests for Supplemental Allocation Set-Aside tax credits. Applicants requesting the full 9-percent tax credit amount must demonstrate sufficient eligible cost basis. ADOH shall evaluate requests for 9-percent tax credits as provided by QAP Sections 7.15 through 7.18. ADOH may reduce the amount of additional tax credits reserved pursuant to this paragraph to the extent that would displace ADOH gap financing.
 - f. Projects that exercised the I.R.C. § 42(B)(2)(A)(ii) election to lock in a tax credit percentage as a part of the carryover agreement shall not be eligible for additional credits at the full 9-percent rate.
 - g. Projects that received Supplemental Allocation Set-Aside tax credits in 2007 based on a claim of severe hardship are not “projects reserved tax credits in 2007” for the purpose of paragraph 3(a) of this notice.
4. **2008 Resubmittal Allocation Round.** Applications that did not qualify for a reservation of tax credits in the 2008 Annual Allocation Round because of failure to meet threshold, eligibility, or underwriting requirements may be corrected and resubmitted to ADOH to compete for unallocated 2008 tax credits and for a reservation or forward commitment of the 2009 tax credit allocation ceiling. The 2008 Resubmittal Allocation Round shall proceed according to the requirements of the 2008 QAP except as follows:
- a. Application shall be made to ADOH for the 2008 Resubmittal Allocation Round by no later than the 4:00 p.m. (MST), Wednesday, October 1, 2008. Applications received after that time will not be considered. Applicants shall submit one original and three copies of each application to the Arizona Department of Housing, 1110 West Washington, Suite 310, Phoenix, Arizona 85007.

- b. Applications shall include a \$500.00 resubmittal application fee payable by bank draft to the order of the Arizona Department of Housing. Applications omitting the Resubmittal application fee shall not be considered.
- c. Applicants who submitted the \$1,500.00 State Housing Fund application fee in the 2008 Annual Allocation Round need not pay the fee again for the 2008 Resubmittal Allocation Round.
- d. 2008 tax credit allocation ceiling including any returned and unallocated tax credits, and increases to the allocation ceiling as provided by the HERA, less amounts reserved pursuant to the 2008 Annual Allocation Round, and reservations of the full 9-percent tax credit amount as described in paragraph 3, above, shall first be reserved to the highest scoring application in the Urban set-aside that meets threshold, eligibility, and underwriting criteria.
- e. Any remaining 2008 tax credit allocation ceiling shall be reserved to the highest scoring application that meets threshold, eligibility, and underwriting criteria, regardless of set-aside. See paragraph 6(b) for set-aside requirements. A project partially funded under paragraph 4(d) or this paragraph shall receive tax credits as provided in paragraph 4(f).
- f. ADOH shall reserve or forward commit the entirety of the 2009 tax-credit allocation ceiling to applications that meet threshold, eligibility, and underwriting criteria excepting approximately \$3.0 million of the 2009 allocation ceiling which shall remain unreserved. In no event shall ADOH reserve tax credits to a project that does not meet threshold, eligibility, and underwriting criteria. In the event that a reservation of tax credits equal to the qualified basis of a project results in reducing the amount of the 2009 allocation ceiling below \$3.0 million, ADOH may either refuse to reserve tax credits to the project in the 2008 Resubmittal Allocation Round or forward commit tax credits to the project from the 2010 tax-credit allocation ceiling.
- g. ADOH shall reserve 2009 tax credits to applications that meet threshold, eligibility, and underwriting criteria on the basis of declining adjusted scores regardless of set-aside. Notwithstanding score, preference may be given to projects in which a “qualified nonprofit organization is to own an interest in the project (directly or through a partnership) and materially participate (within the meaning of section 469(h)) in the development and operation of the project throughout the compliance period” as necessary to meet the 10% qualified nonprofit requirement of I.R.C. § 42(h)(5).
- h. 2009 Supplemental Allocation Set-Aside tax credits.
 - i) 2009 tax credit allocation ceiling not reserved through this 2008 Resubmittal Allocation Round, tax credits returned in 2009, and any allocation of national pool tax credits shall be available for reservation through the Supplemental Allocation Set-Aside as described in Section 2.8(C) of the QAP and the stacking rules set forth in Tres.Reg. 1.42-14(g).
 - ii) Section 2.8(C) of the QAP, Supplemental Allocation Set-Aside, is modified to reschedule the submittal applications for reservation of 2009 Supplemental

Allocation Set-Aside tax credits. ADOH will consider applications submitted beginning March 1, 2008 but no later than 4:00 p.m. Monday, June 1, 2009, or by such other date deemed necessary and appropriate by ADOH upon 30-days notice posted in the same manner that ADOH posts public notices for the tax credit program.

- iii) In its discretion ADOH may reserve amounts of the 2009 allocation ceiling remaining after reservation of tax credits pursuant to the 2008 Resubmittal Allocation Round through the 2009 Supplemental Allocation Set-Aside. Application shall be made as provided by Section 2.8(C) of the 2008 QAP as amended by this notice to applications that meet threshold, eligibility, and underwriting requirements.
 - i. Unreserved 2009 allocation ceiling. ADOH in its discretion may reserve unallocated 2009 allocation ceiling tax credits in another competitive round pursuant to a QAP adopted after the date of this notice in the event that the amount of tax credits remaining unreserved or returned justify another allocation round. Applications submitted pursuant to the 2008 QAP shall be viable until ADOH adopts a new QAP. New applications must be submitted for any reservation of tax credits through a newly adopted QAP.
5. **Special provision for applications that remain eligible for reservation of tax credits in the 2008 Annual Allocation Round.**
- a. Applications deemed eligible for reservation, but that did not receive a reservation of tax credits in the 2008 Annual Allocation Round may compete for reservation of tax credits in the 2008 Resubmittal Allocation Round. Resubmittal information shall be submitted to ADOH by the deadline described in paragraph 4 (a) and must include the information described in subparagraph (b); however, no application fee is required.
 - b. To be considered in the 2008 Resubmittal Allocation Round, eligible and unfunded applications shall be supplemented as follows:
 - i) With a market study providing updated demographic information (including but not limited to rates of population change), rental market, and vacancy data and analysis using the most current data available as of June 30, 2008;
 - ii) By providing a construction budget updated for costs that are the most current costs available as of June 30, 2008; and,
 - iii) By providing an updated legal opinion letter opining to compliance of the project with I.R.C. § 42 as amended by the HERA.
6. Scoring considerations for corrected applications submitted in the 2008 Resubmittal Allocation Round:
- a. ADOH shall not credit any application with a claim for points under QAP Section 2.9(F) for the following point categories that were not claimed in the 2008 Annual Allocation Round:
 - i) Historic Preservation, see QAP Section 2.9(F)(1)

- ii) Acquisition Rehabilitation, see QAP Section 2.9(F)(2)
 - iii) Preservation of Existing Subsidized Housing, see QAP Section 2.9(F)(3)
 - iv) Tenant Lease Purchase, see QAP Section 2.9(F)(4)
 - v) Developer Experience, see QAP Section 2.9(F)(5)
 - vi) Rent Restricted Set-Aside, see QAP Section 2.9(F)(6)
 - vii) Project Zoning, see QAP Section 2.9(F)(10)
 - viii) Mixed Income, see QAP Section 2.9(F)(13)
 - ix) Rural Area Development, see QAP Section 2.9(F)(14)
 - x) Sustainable Development, see QAP Section 2.9(F)(17)
- b. Applications submitted in the 2008 Resubmittal Allocation Round that fail to describe projects having “identical project characteristics” to the project described in the 2008 Annual Allocation Round shall not be eligible for a reservation. To have “identical project characteristics” the information submitted for the project on page 4 of Form 3 in the 2008 Resubmittal Allocation Round must be identical to that submitted in the 2008 Annual Allocation Round. All Resubmittal applications will be considered to be in the same set-aside as the application submitted in the 2008 Annual Allocation Round. Resubmittal applications must meet all the eligibility requirements of their respective set-asides.
- c. Applications submitted in the 2008 Resubmittal Allocation Round shall be deemed to be “project[s] that did not qualify for reservation of tax credits in the previous allocation round” for the purpose of qualification for Project Readiness points, see QAP Section 2.9(F)(16). Project Readiness points shall otherwise be available to projects that meet the requirements of QAP Section 2.9(F)(16).
- d. For points available to projects located in cities, towns and/or counties not receiving an allocation in the last three years, see QAP Section 2.9(F)(18). Projects reserved tax credits in the 2008 Annual Allocation Round shall count as allocations received in the last three years.
7. Applications for tax credits in the 2008 Resubmittal Allocation Round shall be updated as follows:
- a. Application must be made by submitting a complete, corrected, and updated application to ADOH. All information shall be updated with the most current information available as of June 30, 2008, unless expressly provided otherwise in this notice.
 - b. ADOH may deny any requests for waivers of the requirements of 2008 QAP and this notice. ADOH suggests that applicants limit waiver requests to issues for which such requests are expressly invited by the 2008 QAP.
 - c. ADOH may deny an application in which the deficiencies described in the final determination letter with notice of appealable agency action have not been corrected.

- d. Applications shall conform to the requirements of I.R.C. § 42 and the 2008 QAP as modified by this notice.
- e. Applicant shall submit a new cover letter explaining corrections and material changes to the application submitted in the 2008 Annual Allocation Round.
- f. All forms requiring a signature shall be reexecuted for the 2008 Resubmittal Allocation Round except as specifically provided in this paragraph.
- g. Applicant shall submit an updated and signed 2008 Self Score Sheet.
- h. A copy of Form 1-1, Set-Aside Allocation submitted in the 2008 Annual Allocation Round may be resubmitted and need not be updated unless it contains an error that needs to be corrected.
- i. Applicants must submit an executed and completed Form 7 for projects competing as “qualified nonprofit” projects for the purposes of I.R.C. § 42(h)(5).
- j. Unless Tab 8 contains an error that needs to be corrected, applicants submitting a certification of no material change at Tab 8 need not update Forms 8, 8-1, or 8-2. In the event that there is a material change applicants shall update those forms accordingly.
- k. At Tab 9 provide an updated legal opinion letter opining to compliance of the project with I.R.C. § 42 as amended by the HERA.
- l. Appraisals. Applications that are required by the terms and provisions of the 2008 QAP to submit appraisals, must submit new appraisals that are supported by market information that is the most current information available as of June 30, 2008.
- m. Market Studies, Tab 12. ADOH may deny an application that is not supported by a market study that complies with QAP Section 2.7(B)(17), the ADOH Market Study Guide, and the requirements of this subparagraph.
 - i) Defective market studies shall be corrected and resubmitted.
 - ii) The analyst shall identify what specific information, if any, in the market study submitted in the 2008 Annual Allocation Round that has not been updated for the 2008 Resubmittal Allocation Round. ADOH may deny an application supported by a market study in which the analyst has failed provide an explanation including statistical or other analysis supporting the decision not to update the identified information.
 - iii) ADOH may deny an application supported by a market study that has not been updated with demographic information (including but not limited to rates of population change), and residential rental market and vacancy data and analysis using the most current data available as of June 30, 2008;
 - iv) ADOH may deny an application supported by a market study that displays a date or effective date on or before June 30, 2008. The market study shall clearly describe the effective date of the study and specifically identify the age of all data and third-party information including but not limited to demographic information (including but

- not limited to rates of population change), rental market, and vacancy data, and the dates of any interviews. The date of a submittal letter for a market study shall not be considered as evidence of the effective date of the market study unless the letter expressly includes the information described in the previous sentence.
- v) The market study shall objectively and explicitly justify the construction of the primary market area consistent with the requirements of the ADOH Market Study Guide. This requirement shall be strictly construed.
 - vi) For all data and information that applies to a specific area such as a primary market area, competitive market area, difficult to develop area, or a particular qualified census tract, the data and information shall clearly identify the specific area to which it applies.
 - vii) Comparable market information shall be drawn from properties that are located in and are, as much as reasonably possible, fairly evenly distributed throughout the primary market area. This requirement shall be strictly construed.
 - viii) ADOH may deny an application that is supported by a market study that fails to describe reasonable and appropriate ameliorating considerations for negative market information including but not limited to: vacancy rates that exceed underwriting standards, high property or violent crime rates, and excessive gross or net capture rates.
 - ix) Market study considerations for projects proposing nonaffordable components such as market-rate components or mixed-use (i.e. non-residential commercial or retail) components of a project.
 - (1) ADOH may deny an application that is supported by a market study that fails to clearly identify and account for the demand for the nonaffordable component of a project.
 - (2) For projects with nonaffordable income producing components, the market study must reasonably address the demand for each nonaffordable component and the consequences of poor market performance of the nonaffordable component on demand for the affordable rental units. At a minimum a market study for a project with a mixed-use component shall include the following elements:
 - (a) A justification of the construction of the project's competitive market/trade area ("CMA") as required by the ADOH Market Study Guide for the primary market area for residential rental properties.
 - (b) A gap analysis analyzing the current supply and demand conditions within the CMA for the proposed use.
 - (c) A 5-year forecast for supply and demand factors within the CMA.
 - (d) An explanation of the optimal tenant mix for commercial space(s) based on the CMA construction analysis described in paragraph 7(l)(ix)(2)(a).

- (e) An analysis and explanation of achievable rents and any competitive advantage offered by the project.
 - (f) Estimated vacancy rates with best case, worst case, and expected scenarios.
 - (g) Estimated lease up time frames with best case, worst case, and expected scenarios.
 - (h) An explanation of the suitability of the proposed mixed use for the project as a whole, i.e., demonstration that the proposed use is complementary and synergistic with other uses or components of the project.
 - (i) An explanation and analysis of ingress/egress (both pedestrian and vehicular) and parking needs for the total project.
 - (j) An explanation of other functional constraints such as commercial delivery, trash disposal, odor control, ventilation, and other constraints reasonably contemplated by the proposed project.
 - (k) In determining whether there is strong market demand for a nonaffordable component of a mixed-use project, ADOH may consider evidence of any pre-leasing interest in the property.
- x) In the event of a conflict between the provisions of this notice and the ADOH Market Study Guide, the provisions of this notice shall govern.
- n. Special needs support documents, Tabs 13 and 14. Applicants may submit copies of the special needs service agreements and responses to the special needs questionnaire submitted in the 2008 Annual Allocation Round as long as those documents contain no errors or omissions that need to be corrected.
 - o. Will-serve Letters, Tab 24. Will-serve letters need not be corrected unless they contain errors or omissions that need to be corrected.
 - p. Utility Allowance Schedules, Tab 24. Utility Allowance Schedules and supporting letters need not be corrected unless they contain errors or omissions that need to be corrected.
8. **Underwriting considerations for the 2008 Resubmittal Allocation Round.**
- a. Preference shall be given to projects that meet the requirements of the 2008 QAP and the requirements of this notice. However, ADOH may relax any of the requirements of the 2008 QAP or this notice as may be necessary for the purpose of maximizing the allocation of tax credits.
 - b. Eligible Basis Analysis, QAP Section 7.16. The applicable basis for 9-percent tax credits shall be 9 percent.
 - c. Low interest federal loans shall not be deducted from eligible basis as provided by Section 3002(b) of the HERA.

d. Project Costs and Income

- i) Proposals for residential development costs in excess of 125.0% but less than 200.0% of the Department of HUD's most recent 221(d)(3) base mortgage limit must be justified with an appropriate narrative explanation as provided in QAP Section 7.1. Applications proposing a per-unit cost in excess of 200.0% of the HUD 221(d)(3) mortgage limit or a per-unit cost in excess of \$200,000 must clearly and convincingly demonstrate that the per-unit cost is justified by local conditions or is necessary to a historic preservation project. The per-unit cost shall be calculated by dividing the total project costs by the total number of residential units.
- ii) Cost considerations for projects with nonaffordable components. For projects proposing a market-rate residential or a mixed-use (i.e. non-residential) component the application must account for the impact or lack of impact of the cost and income associated with the component on the project as a whole as follows:
 - (1) ADOH may deny an application proposing a mixed-use component if the application fails to include a thorough cost allocation analysis for all components of the total project development. The cost allocation analysis must address acquisition, site development, hard construction costs as well as project soft costs.
 - (2) ADOH may deny an application proposing a mixed-use component if the application fails to provide a separate development budget for the mixed-use component. The development budget should segregate development costs for the mixed-use component in at least as much detail as set forth in rental development budget included in Form 3. The sum of the development budgets for the affordable and nonaffordable components must equal the total project development budget.
 - (3) ADOH may deny an application proposing a nonaffordable component if low or negative cash flows from the market-rate, mixed-use, or other nonaffordable component may materially and substantially affect the financial feasibility of the affordable rental component.
 - (4) ADOH may deny an application proposing a mixed-use component if the information provided indicates that the affordable rental component is materially and substantially subsidizing of costs of the mixed-use component.
 - (5) Applicants should provide thorough support for any residential or commercial development cost that may be considered unnecessary or excessive. ADOH may deny an application if the applicant fails to thoroughly document and explain any residential or commercial development cost within ten business days of after ADOH has provided the applicant with reasonable notice that ADOH believes the particular cost to be questionable or excessive.
 - (6) ADOH will consider documentation of properly established separate ownership and related financing structures for the affordable residential and

- (7) Additional carryover requirements for mixed-use projects. As a part of the 10% Cost Test submittal materials applicants proposing mixed-use projects must submit:
- (a) evidence of firm commitments by tenants for at least 25% of the nonaffordable space;
 - (b) copies of executed common service agreements between the various components of the project for projects proposing cost sharing pools for shared expenses for common services such as water, trash, and landscaping services.
 - (c) copies of executed agreements between the developer and the owner of the nonaffordable component addressing project reserves such as lease-up reserves, and operating deficits or reserves.
- iii) ADOH will underwrite the application assuming a minimum annual operating cost per unit set forth in QAP Section 7.11(D) absent a clear and convincing narrative justification for a lower cost.
- iv) Applications describing a market-rate residential component or a mixed-use commercial/retail component must estimate the operating cost per year of the market-rate and/or mixed-use components along with an explanation of the basis for the estimated cost.
- v) ADOH may rely on reliable public information and information available from subscription services such as ESRI (www.esri.com), Claritas, Inc. (www.claritas.com), CCIM Institute (www.ccim.com), Ribbon Demographics (www.ribbondata.com), Real Data, Inc. (www.apartmentinsights.com), *Arizona State University Real Estate Center, Phoenix Metro Housing Study*, and *University of Arizona, Metro Tucson Land Use Study* and other market studies to verify data and other information reported in the market study. ADOH may deny an application supported by a market study in which the market analyst fails to cogently explain why demographic, economic, residential rental market, vacancy information, and relevant analysis contained in the market study cannot be verified by information available from the sources listed above.
- e. Proformas.
- i) Proformas must demonstrate a permanent debt service ratio of at least 1.15 for projects during the first 10 years of operation as provided by QAP Section 2.7(B)16. ADOH may relax this requirement for applications that demonstrate strong financial viability such as: guaranteed rents, captive or directed tenant base, an ownership interest by a government entity or a strong non-profit with deep financial resources

and a strong history of outreach and community support, or other source of additional funds as provided by QAP Section 2.7(B)(16).

- ii) Proformas must demonstrate an all in-debt service ratio of at least 1.00 including any deferred developer fees, soft loans throughout the term of any permanent loan, and all fees and other cashflow obligations such as asset management fees, incentive management fees and partnership fees. Notwithstanding soft loans with repayment based on cashflow, applications should demonstrate the ability to meet debt service. ADOH may relax this requirement for applications that demonstrate strong financial viability such as: guaranteed rents, captive or directed tenant base, an ownership interest by a government entity or a strong non-profit with deep financial resources and a strong history of outreach and community support, or other source of additional funds as provided by QAP section 2.7(B)(16). In addition, projects indicating an all-in debt service below 1.00 must clearly demonstrate that sufficient equity exists at the maturity date of the permanent loan to repay the principal and accrued interest of all outstanding obligations of the project. ADOH will only consider applications demonstrating an all-in debt service ratio of less than 0.90 upon clear and convincing evidence of strong financial viability as described in this paragraph and as may be necessary to advance the policies of the 2008 QAP.
 - iii) Proformas submitted for projects proposing nonaffordable components such as market-rate residential or mixed-use (commercial/retail) component must include finance costs and income from the nonaffordable component.
- f. Mathematical and other errors. It is the applicant's duty to submit a complete, consistent, and accurate application. ADOH may deny applications that are incomplete, inconsistent, or inaccurate or that otherwise fail to comply with the requirements of I.R.C. § 42, the relevant Treasury Regulations and IRS guidance, the 2008 QAP. ADOH may address specific concerns about an application through a conditional reservation or forward commitment as necessary to maximize the allocation of tax credits or as may be otherwise necessary to advance the policies and objectives of the 2008 QAP.
9. **Appeals of tax credit determinations.** QAP Section 2.20 is amended to provide that final denials of applications for tax credits in a competitive round shall be styled as final agency actions with notice of right to appeal and an administrative hearing pursuant to Arizona Revised Statutes Title 41, Chapter 6, Article 10.
10. **Miscellaneous provisions relating to the HERA.**
- a. 130% Basis Boost for projects located in Qualified Census Tracts and Difficult to Develop Areas. For the 2008 Resubmittal Allocation Round, ADOH will recognize the 130% basis boost only for projects located in Qualified Census Tracts and Difficult to Develop Areas consistent with the provisions of I.R.C. § 42 prior to the effective date of the HERA.
 - b. Modification of Rehabilitation Requirements. Minimum rehabilitation expenditures described in Section 7.9(A) of the QAP are amended as provided by the minimum rehabilitation cost requirements of Section 3003(b) of the HERA.

- c. Increase in Allowable Community Service Facility Space for Small Projects. The 2008 Resubmittal Allocation shall proceed under the eligible basis limits for community service facility space as provided by Section 3003(c) of the HERA. Modifications of proposed community service space to take advantage of the Section 3003(c) of the HERA shall not be grounds for determining that a project that does not have “identical project characteristics” as required by paragraph 6(b) of this notice.
- d. Historic preservation and energy efficiency. The 2008 QAP need not be amended to comply with HERA Section 3004(d) because it already provides selection criteria for historic preservation and energy efficiency.
- e. Exception to 10-Year Nonacquisition Period for Existing Buildings. The 2008 Resubmittal Allocation shall proceed under the amended 10-year nonacquisition period requirements specified by Section 3003(f) of the HERA.
- f. Post Reservation Requirements—Carryover Obligations. For all projects that have not been placed in service, and for which the deadline for submitting 10% Cost Test materials has not passed as of the date of this notice, the deadline for submitting 10% Cost Test materials as described in QAP Section 2.16 shall be the end of the business day one year after the effective date of the carryover allocation agreement.
- g. Post Reservation Requirements—Commitment for Equity Financing. For projects receiving a reservation of tax credits pursuant to the 2008 Resubmittal Allocation Round and any other competitive allocation round in 2009, QAP Section 2.16(8) is amended to require applicants to submit a true copy of the executed syndication or investment agreement for equity capital to ADOH by no later than 90 days after the date of the reservation letter. ADOH may rescind a reservation of tax credits if the applicant cannot demonstrate a firm commitment to equity financing by the deadline provided in this subparagraph.
- h. Deadline for building permits. For the projects described in subparagraph 10(e) above, QAP Sections 2.16 and 6.3 is modified to require applicants to provide copies of building permits along with the materials required for the 10% Cost Test.
- i. As part of the process of adopting the subsequent QAP, ADOH will seek the input of stakeholders as it identifies policies and standards necessary to administer changes to the Low Income Housing Tax Credit program.
- j. Changes to Compliance Requirements. Program changes in response to 1) Section 42 Utility Allowance Update (73. Fed. Reg. 43863, July 29, 2008); 2) Simplification of Related Party Rules (HERA § 3003(e)); 3) Continued Eligibility for Students Who Received Foster Care Assistance (HERA § 3004(e)); 4) determination of median gross income for rural projects (HERA § 3004(f)); 5) Clarification of General Public Use Requirement (HERA § 3004(g)); and 6) Treatment of Military Basic Pay (HERA § 3005), shall be provided under a separate notice.