

Illinois Housing Development Authority

EQUITY REPLACEMENT PROGRAM

Competitive Selection Process

The Illinois Housing Development Authority (“IHDA”) will use the following competitive selection process in awarding TCAP and Section 1602 (collectively “Equity Replacement Program”) funds to projects.

Eligible Projects:

Under the Equity Replacement Program, IHDA will make equity replacement funds available to projects that IHDA, in its sole discretion, has determined to be eligible. In addition, IHDA, in its sole discretion, will determine the amount and type of assistance (TCAP or Section 1602) that will be provided to the project based on criteria outlined in the Equity Replacement Program Overview.

Evidence of Good Faith Effort:

To be eligible for consideration under the Equity Replacement Program, the applicant must demonstrate evidence of a good faith effort to secure an investment in the project’s LIHTC award. This documentation must include but is not limited to:

- A certified narrative description of the efforts to secure an investment in the project’s LIHTC,
- Letters of interest or denial received from tax-credit syndicators or investors,
- A waiver allowing IHDA to contact tax-credit syndicators or investors to verify their interest in a project’s LIHTC

Priority of Awards to Eligible Projects:

Equity Replacement Program awards from IHDA will be made through a competitive process in order of priority on a round by round, first-come, first-served basis, according to eligibility, until expended in full. Projects with the highest competitive scores demonstrating readiness to proceed will be awarded Equity Replacement Program funds.

Mandatory/Scoring Requirements

In addition to being mandatory requirements for all projects seeking Equity Replacement Program funding, the following items will also be factored into the competitive scoring section of the application to IHDA:

1. Evidence of site control
2. Evidence of financing commitments for all sources
3. Evidence of project based assistance
4. Evidence of zoning
5. Market study, or current letter from market analyst outlining any changes in the market

6. Evidence of community support
7. 3rd party construction cost certification
8. Application fee
9. Evidence of project financing gap, including a detailed description of the cause of the gap
10. The amount of gap financing funds requested from IHDA
11. Current documentation from LIHTC syndicators/equity providers including current offers and previous denials
12. Current development, construction, and operating budgets with explanation for any changes
13. Construction plans and specifications
14. A source by use schedule of all project costs
15. A chart detailing unit and tenant mix
16. A chart detailing the ownership structure, including percentage of ownership
17. A chart detailing the development team
18. A narrative explanation of any changes in the project subsequent to the award of LIHTC
19. Evidence of the project being compliant with the Cross-Cutting Federal Requirements
20. The IHDA environmental checklist
21. Projects involving substantial rehabilitation will be required to submit a current physical needs assessment
22. Supportive Living Facility projects must submit documentation from the Illinois Department of Healthcare and Family Services detailing the status of approval for participation in the Supportive Living Program as well as the operational deadline and any extensions that have been granted.

Scoring Categories and Criteria

The following information will be used to competitively score applications:

Mandatory Requirements:

- Projects meeting all mandatory requirements will receive **20 points**.
- Projects that do not meet all mandatory requirements will receive **0 points**.

Readiness to Proceed:

- Projects closing on or before **September 1, 2009** will receive **5 points**.
- Projects closing on or before **November 1, 2009** will receive **3 points**.
- Projects closing on or before **February 1, 2010** will receive **1 point**.

Placed in Service Date:

- Projects to be placed in service by **June 1, 2010** will receive **5 points**.
- Projects to be placed in service by **September 1, 2010** will receive **3 points**.
- Projects to be placed in service by **December 1, 2010** will receive **1 point**.

Additional Scoring Criteria:

- Projects will receive additional points if the following are provided with the application:
 - Projects evidencing a construction completion guarantor, with three years financial statements, that proves satisfactory to IHDA will receive **1 point**.
 - Projects evidencing a valid building permit will receive **1 point**.
 - Projects evidencing a current, valid and binding construction contract will receive **1 point**.

Minimum Point Threshold:

- A project must meet a minimum threshold of **20 points** in order to be eligible for consideration under the TCAP program.

Timeframe

IHDA will accept applications for and make Equity Replacement Program awards utilizing the following round by round schedule:

Round One

Application Acceptance Period: June 15 – July 1, 2009 at 5:00 P.M.

Eligible Projects:

- Projects with an award of 2007 or 2008 9% LIHTC under Section 42 from IHDA that are seeking gap financing
- Projects with an award of 2007 or 2008 4% LIHTC under Section 42 from IHDA that are seeking gap financing

Round Two

Application Acceptance Period: September 21 – October 5, 2009 at 5:00 P.M.

Eligible Projects:

- Projects with an award of 2008 or 2009 9% LIHTC under Section 42 from IHDA that are seeking gap financing
- Projects with an award of 2008 4% LIHTC under Section 42 from IHDA that are seeking gap financing
- Projects with an award of 2008 Midwest Disaster Tax-Credits

Other Rounds¹

Application Acceptance Period: To be determined

Eligible Projects:

- To be determined

Disclaimer: Notwithstanding anything contained herein or in any other communication from IHDA, IHDA reserves the right; to: (a) allocate funds to any project at any time, including properties in IHDA's portfolio, without consideration to any applications that have been or may be received and without consideration of funding priority and (b) to substitute Equity Replacement Funds for other IHDA resources at any time and without consideration to funding priority.

¹ Additional rounds may be announced pending the availability of funds as determined by IHDA.