ILLINOIS HOUSING
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Summary of Key Changes to the 2020-2021 Qualified Allocation Plan ("QAP")

The Illinois Housing Development Authority (IHDA) is making available for the public comment a draft of its Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) for awards to be made in calendar years 2020 and 2021. Below are the highlights of changes in this draft:

- The Preliminary Project Assessment process is being updated to consider some criteria earlier in the application process, including:
  - waiver of 4% LIHTC feasibility
  - projects located in floodplains and related cost implications
  - food access

- Most documentation may now be dated 9 months from application date, instead of 6 months as previously required. Documentation must be updated upon award as needed.

- IHDA's Compliance Monitoring process is outlined in greater detail.

- Guidelines about the Average Income Test for the minimum set aside have been added.

- The 4% LIHTC application process is updated to:
  - implement a quarterly application deadline for 4% LIHTCs
  - clarify distinction in 42(m) letters when IHDA is or is not the issuer of the bonds
  - add criteria for volume cap limits and basis calculations for 4% transactions

- New mandatory criteria for all projects are introduced, including:
  - waiver of right to Qualified Contract
  - 10% of project units must be pledged to the Statewide Referral Network (SRN)
  - Universal Design (UD) elements are increased from 5 to 10 per project
  - smoke-free housing for new construction and vacant rehab projects
  - veteran waitlist preference for at least 10% of units

- Application requirements are updated and clarified, including:
  - encouraging the Project Narrative to include more specific information
  - clarifying that the local support is not required in the Public Outreach section
  - clarifying zoning requirements for projects in a Planned Unit Development (PUD)
  - adding delinquency on existing IHDA loans as an Unacceptable Practice in the Development Team Characteristics section

- Construction requirements are updated and clarified, including:
    - upfront construction analysis is required for all projects seeking construction financing from IHDA
    - minimum rehab standards are increased from $25,000 / unit to $40,000 / unit
    - additional requirements have been added for projects seeking 4% LIHTCs
    - hard construction cost limits have been updated
    - relocation language has been updated

- Limits to IHDA resources with below market rates of interest are updated to:
    - 10% for Chicago
    - 15% for Chicago Metro and Other Metro
    - 20% for Non-Metro

- Financial and underwriting criteria are updated, including:
    - non-IHDA permanent debt sources must be fully amortizing if requesting subordinate resources from IHDA
    - more information is required regarding equity sources
    - the portion of contingency allowed in eligible basis is increased from 25% to 50%
    - the developer fee calculation has been modified
    - commercial income may not be included in financial feasibility
    - on-going replacement reserve requirements are reduced
    - the DSCR is reduced to 1.10 if project has no "must-pay" hard debt

- The scoring is modified in various areas, including:
    - adjustments to cost containment methodology and points
    - adjustments to neighborhood assets and transportation points
    - adjustments to rental assistance points and extension to include deeper income targeting
    - adjustments to scoring thresholds for SRN units and special needs populations
    - adding a scoring category of "Communities with SRN Demand"