I. DEFINITIONS

The following capitalized terms used in this Allocation Plan shall have the following definitions:

a.	"Allocation"	shall mean the award of Tax Credits to a Project pursuant to Section 42. An Allocation may be made pursuant to (i) a Carryover Allocation Letter for a Project not in service or (ii) the issuance of IRS Form(s) 8609 for a Project which is placed in service in the year of the Allocation and which did not previously receive a Carryover Allocation with respect to such Tax Credits.
b.	"Allocation Plan"	shall mean the Authority's Low Income Housing Tax Credit Qualified Allocation Plan.
c.	"Application"	shall mean an application in the form prescribed by the Authority for Tax Credits for a Project submitted to the Authority by an Owner, including required supporting documentation.
d.	"Application Period"	shall mean the time during which the Authority will accept and review Applications for Tax Credits. There are two Application Periods planned for Calendar Year 2003 with deadline dates of January 21, 2003 and April 21, 2003, respectively.
e.	“Assisted Living”	shall mean developments enriched with services for the frail elderly, other than those approved under the Illinois Department of Public Aid Supportive Living Program.
f.	"Authority"	shall mean the Illinois Housing Development Authority.
g.	"Authority Housing Credit Ceiling"	shall mean that portion of the State Housing Credit Ceiling available for Allocation by the Authority.
h.	"Board"	shall mean the Members of the Authority.

i.	"Carryover Allocation"	shall mean the Allocation of a portion of the Authority Housing Credit Ceiling to a Project which is not expected to be placed in service in the year of the Allocation pursuant to the provisions of Section 42(h)(1)(E) of the Code.
j.	"Carryover Allocation Letter"	shall mean the document from the Authority to an Owner making a Carryover Allocation to that Owner's Project and placing appropriate conditions thereon.
k.	"Code"	shall mean the Internal Revenue Code of 1986 and the regulations, notices, revenue rulings and other official pronouncements promulgated under it, all as they may be amended from time to time.
l.	"Compliance Period"	shall mean the period, as defined in Section 42(i)(1) of the Code, that a Project must comply with the occupancy restrictions (both income and rent) of Section 42.
m.	"Consolidated Plan"	shall mean a plan required by the U.S. Department of Housing and Urban Development ("HUD") and established by the State or a local government setting forth housing goals for the State or the community, as applicable, and a plan for realizing such goals.
n.	"Credit Period"	shall mean with respect to any building in a Project, the period of ten taxable years beginning with the taxable year in which such building is placed in service or (at the election of the Owner) the following taxable year.

o.	"Determination Letter"	shall mean the letter from the Authority to an Owner evidencing a determination by the Authority that a Project utilizing tax-exempt bond financing satisfies the requirements for the allocation of Tax Credits under the Allocation Plan.
p.	"Extended Use Agreement"	shall mean an agreement between the Authority and the Owner, binding upon all successors to the Owner, requiring that the Project comply with the requirements of Section 42, the Allocation Plan and the Authority.
q.	"Extended Use Period"	shall mean the period that a Project must comply with the occupancy restrictions (both income and rent) of Section 42, given an Owner's election or indication on the Application, as set forth in the Extended Use Agreement and as defined in Section 42(h)(6)(D) of the Code and subject to the requirements, terms and conditions set forth in such Section 42(h)(6)(D).
r.	"Increase"	shall mean an increase in the amount of a Reservation or Carryover Allocation.
s.	"IRS"	shall mean the Internal Revenue Service.
t.	“Large Public Housing Authority”	shall mean a public housing authority with 2,500 or more units in its public housing inventory, excluding vouchers and certificates administered under the Housing Choice Voucher rental assistance program.
t.	"Low Income"	shall mean a household income that is less than or equal to 60% of the median income for the area in which a Project is located.
u.	"Low Income Tenant"	shall mean a tenant having a household income meeting the above definition of Low Income.
v.	“Multifamily”	shall mean a building with 5 or more units.
w.	"Nonprofit Applicant"	shall mean an Owner of a Nonprofit Project.

x. "Nonprofit Project" shall mean a Project in which a qualified nonprofit organization, as defined in Section 42, which is not affiliated with or controlled by a for-profit organization, has an ownership interest in the Project either directly or through a wholly-owned subsidiary, and has as one of its exempt purposes the fostering of low income housing within the meaning of Section 42(h)(5)(C); such qualified nonprofit organization must materially participate (as defined in the Code) in the development and operation of the Project throughout the Project's Compliance Period.

y. "Owner" shall mean the duly formed, validly existing entity (i) submitting an Application and (ii) identified on such Application, that has applied to receive or has received an Allocation of Tax Credits for a Project. The Owner of a Project may be changed from time to time provided that proper notice is given to the Authority and the Authority grants its prior consent for such a change of ownership. The Authority's consent does not imply that any such change is without consequence under Section 42. The Owner is solely responsible for satisfying itself as to the consequences of such a change of ownership under Section 42.

z. "Physical Needs Assessment" shall mean an itemized assessment of rehabilitation to be performed on an existing building in the format included as Attachment 4, by an architect or engineer approved by the Authority.

aa. "Project" shall mean a qualified low income housing project as defined in Section 42, and that which satisfies all of the requirements of the Allocation Plan and the Authority.

ab.	“Project-based Assistance”	shall include project-based Housing Choice Vouchers, project-based rental assistance provided by the U.S. Department of Housing and Urban Development’s Supportive Housing Program, and USDA Rural Development.
ab.	"Related Party"	shall mean (i) a general partner, or a managing member of a general partner, of a limited partnership that is the Owner, or (ii) a managing member of a limited liability company that is the Owner; or (iii) a principal owner or officer of a corporation that is the Owner, or (iv) an individual or an entity of any nature whatsoever who controls or is created and controlled by, or under common control with an Owner or a general partner, managing member, or other principal of the Owner. The holder of a limited partnership interest is not, solely because of holding such interest, a Related Party.
ac.	"Reservation"	shall mean a reservation or a forward reservation of Tax Credits for a Project, as evidenced by a Reservation Letter.
ad.	"Reservation Letter"	shall mean the letter from the Authority to an Owner conditionally binding the Authority to allocate Tax Credits in a specific amount for that Owner's Project and placing appropriate conditions thereon.
ae.	"Section 42"	shall mean Section 42 of the Code and the regulations and revenue rulings promulgated under it, all as they may be amended from time to time.
af.	“Single Family”	shall mean a building with one (1) to four (4) units.
ag.	"Site Control"	shall mean (i) a fee simple interest in, or a long term lease of, the real estate on which a Project is to be located, held by the Owner of the Project (a long term lease must have a term that is the longer of thirty-five years or exceeds the length

of the Compliance Period for the Project), or (ii) a binding written agreement or option agreement to purchase such real estate between the owner of such real estate and such Owner, or (iii) such other written evidence of an Owner's control of the real estate on which a Project is to be located as the Authority deems to be acceptable. A commitment to enter into a binding agreement or option agreement to purchase real estate does not constitute Site Control. In the case of real estate owned by a governmental entity, a letter of intent, regardless of whether such letter creates a legally enforceable right, from the governmental entity to sell or donate the real estate to such Owner or to enter a long term lease with such Owner may qualify as Site Control, as determined by the Authority.

ah.	"Special Needs"	shall mean homeless or displaced individuals; persons with physical, mental or developmental disabilities; persons with alcohol and substance abuse problems, persons with AIDS and related diseases; or other special needs populations, as determined by the Authority. Housing designated for the elderly does not qualify as special needs housing.
ai.	"State"	shall mean the State of Illinois.
aj.	"State Housing Credit Ceiling"	shall mean the amount of Tax Credits available for Allocation in the State for any given calendar year, as defined in Section 42(h)(3).
ak.	"Supportive Living"	shall mean proposals under the Supportive Living Program for the frail elderly, administered by the Illinois Department of Public Aid.
aj.	"Tax Credits"	shall mean federal low income housing tax credits, as authorized by Section 42.

II. APPLICATION PROCESS

A. MANDATORY SITE AND MARKET STUDY

Two original copies of a site and market study conducted by an independent/third party market evaluation professional, chosen from a list of Authority approved firms enclosed and available on the Authority's web site at www.ihda.org, must be submitted with an Application for Tax Credits. The author must have completed the site and market study within six months prior to the submission of an Application for Tax Credits. The scope of the site and market study must include, at a minimum, the criteria set forth **in Attachment 1, 2, or 3**. For further clarification of which format to utilize see the table below.

The Authority will determine whether a Project will be approved or denied, taking into consideration the results of the site and market study. In addition, the Authority will evaluate the strength of the market for a Project during the competitive review process as described in Section II.C.2.d.1. The Authority reserves the right to require additional information and/or an Authority-commissioned site and market study paid for at the Owner's expense. The following format for site and market studies will be required by project type:

Project Type	Site & Market Format
Rehab projects with significant (80% or more) low income occupancy at the time of application.	Attachment 1
Projects for special needs populations as defined in Section I. ad.	Attachment 1
Projects of 12 units or less.	Attachment 1
Supportive Living Facilities (regardless of size).	Attachment 2
All other projects	Attachment 3

B. RECEIPT OF APPLICATION

1. Application Period. There will be at least two Application Periods in calendar year 2003 during which the Authority will accept and review Applications. For a Project to be eligible for review for a Reservation in an Application Period, a complete originally executed Application, including the site and market study (as described in Section II.A.) for the proposed Project and all required supporting information **must** be received by the Authority by the deadline for that Application Period. Owners must submit the Application on original Authority forms or photocopies of such forms, and may not submit them by facsimile without the prior written consent of the Authority. For the convenience of Owners, the Application is available for downloading from the Authority's web site at www.ihda.org\multifamily financing\housing credits. The Application and mandatory Tax Credit Checklist will also be made available on diskette in Excel and Word, respectively.. Owners may obtain the diskette upon request to the Authority at 312/836-8578. If an Owner submits an Application on diskette, it must also submit a hard copy of the Application.

Application Period	Application Deadline *(close of business, 5p.m.)*	Board Meeting Dates	Approximate % of Tax Credits to be Allocated
1st Period	January 21, 2003	May 16, 2003 and/or June 20, 2003	40%
2nd Period	April 21, 2003	July 18, 2003 and/or August 15, 2003	60%

The Authority reserves the right to hold a third provisional application period. Please contact the Authority with inquiries regarding this application period.

The Authority may adjust this schedule. The Board may also consider Applications on other meeting dates. The Board may also meet late in the year to consider Reservations for Allocations from (i) the Authority Housing

Credit Ceiling component from the national pool of unused Tax Credit Allocation authority and (ii) Tax Credits returned or forfeited to the Authority. Applications that are not approved in one Application Period may be carried over for consideration in a subsequent Application Period provided that (i) the Application meets the criteria of the Allocation Plan and (ii) the Owner notifies the Authority in writing that it desires such continued consideration. The Authority will not carry over Applications from one Application Period to the next unless these conditions have been met.

2. Projects Located in Certain Home Rule Municipalities. The Authority may accept Applications during the first two Application Periods for Projects located in a home rule municipality that administers its own Tax Credit program, i.e., the City of Chicago, if (i) the Owner provides evidence with the application that it has applied directly to the City of Chicago's Department of Housing for housing assistance for the Project and such application is approved, currently under consideration, or denied and (ii) the Application conforms to the requirements of this Allocation Plan.

3. Sharing of Information with IRS and Other Governmental Entities. The Owners and Related Parties are hereby advised that the Authority and IRS and/or other appropriate governmental entities may exchange information submitted by the Owners and Related Parties of the Owners to the Authority, IRS and/or other governmental entities or generated by the Authority, IRS and/or other governmental entities in connection with their projects. In order to facilitate the sharing of information between the Authority and the IRS, the Owners and Related Parties of the Owners may be required to execute IRS Form 8821 upon the Authority's request at any time beginning with the Application Period through the Compliance Period for the Project.

4. Rural Housing Service Projects. The Owners and Related Parties of the Owners are hereby advised that the Authority and the Rural Housing Service of the rural development mission area in Illinois, an agency of the United

States Department of Agriculture ("RHS") (formerly, Farmers Home Administration (”FmHA”)) may exchange information submitted by the Owners and Related Parties of the Owners to the Authority and/or RHS or generated by the Authority and/or RHS in connection with their projects.

5. Disclosure of Information Pursuant to the FOIA. The Application and all of the supporting documentation submitted with the Application is subject to the Illinois Freedom of Information Act (5 ILCS 140) (the "FOIA") and all or part of such submission may be open to public inspection. Any claim that the information submitted is exempt from disclosure must (i) be made as part of the submission, (ii) identify each paragraph or document containing the information alleged to be exempt, (iii) reference the specific statutory basis for the claimed exemption (see Section 7 of the FOIA) and (iv) provide an explanation as to why the information meets the requirements for the exemption. IHDA will ultimately determine whether in fact such exemption does apply.

6. Conditions of Owner’s Ineligibility. An Owner is ineligible to apply for or receive a Reservation, Determination Letter, Allocation or an Increase if it or a Related Party (i) is out of compliance with Section 42 in connection with any project located within or outside the State, or (ii) has a record of unsatisfactory prior performance in any Authority-sponsored program, including the negative results of any physical inspection performed by the Authority on previously approved Projects, as determined by the Authority, or (iii) has a record of significant financial delinquencies or defaults on Authority-financed loans, or (iv) has material instances of non-compliance with the requirements of Authority regulatory agreements or loan documents, or (v) has failed to pay any fee or expense due to the Authority in connection with any Authority-sponsored program, or (vi) has materially misrepresented facts

on any application to participate in an Authority-sponsored program. Determinations of eligibility will be based on the Owner's previous history of participation in Authority-sponsored programs, as well as, any project operating under Section 42, both individually or through Related Parties, including, but not limited to, general or limited partnerships, joint ventures, limited liability corporations, or other ownership structures.

7. Acquisition Credits. An Owner who is applying for acquisition Tax Credits must submit prior to Board consideration, a written attorney's opinion that the Project qualifies for acquisition Tax Credits.

8. Application Fee. Each Owner must submit a non-refundable application fee with its Application as described in **Attachment 5** to this Allocation Plan. The application fee must be sent to the Authority's lockbox (see **Attachment 5** for the address), and a copy of the check must be included with the Application.

9. Notification to Elected Official. The Authority will send a notification letter of its receipt of an Application, along with copies of the relevant sections of the Application and a copy of this Allocation Plan, to the chief elected executive official (or an equivalent official) of the local jurisdiction in which the Project is to be located. That official will have thirty (30) days from the date of notification to submit written comments on the Project. A copy of this notification letter will be sent to the Owner and will serve as the Authority's confirmation of receipt of the Owner's Application.

10. Increase Requests. For Increase requests, a current Application must be fully completed and accompanied by (i) a narrative detailing the reasons for the request and identifying the specific additional cost items, (ii) a letter from a third-party certified public accountant stating that he/she has reviewed the

revised development budget giving the amounts of the revised total eligible basis and total project cost, (iii) the initial and most recent owner's and general contractor's sworn statements, or other comparable statements that are satisfactory to the Authority, (iv) copies of all certificates of occupancy issued as of the date of the Increase request, and (v) the appropriate application fee, as described in Attachment 5.

The Authority will review Increase requests on a case-by-case basis. The Authority will grant an Increase only when the Increase is necessary to make a Project economically feasible and then only in extenuating circumstances, which must be documented to the satisfaction of the Authority; generally, the Authority will provide an Increase only for unforeseeable increases in costs of the Project. The Owners are advised that if a request for an Increase calls into question the accuracy of the Owner's original Application submission or any related or subsequent documentation submitted, the Authority reserves the right to modify or revoke the Project's Reservation or Allocation. In determining a Project's qualification for an Increase, the Authority will closely examine the revised development budget to ensure that additional Tax Credits are not used to cover increases in the developer's fee. Developers should defer a substantial portion of their developer's fee, prior to requesting an Increase. Depending upon the individual circumstances surrounding an Increase request, it is expected that a portion of the developer's fee, in an amount to be determined by the Authority, will remain deferred even after an Increase is granted. If the Authority has originally issued a Reservation Letter for the Project containing conditions, the Authority will not grant an Increase until those conditions have been met to the Authority's satisfaction. **The Authority will approve only one Increase per Project.**

The Authority will accept a request for an Increase at any time after it has issued a Reservation Letter for the Project, but no later than the end of the calendar year during which the Project is or will be placed in service. Tax Credits cannot be allocated to any building within a Project that has been placed in service during a calendar year preceding the year in which the Increase request is being made. The Owner must provide the Authority with copies of all certificates of occupancy issued as of the date of the Increase request. Because the Authority intends to reserve all remaining Tax Credits during the second (2^{nd}) Application Period, it is advisable that Owners submit Increase requests by the second (2^{nd}) Application Period deadline date to be considered.

11. Applications for Projects with Tax-Exempt Bonds. Pursuant to Section 42 (h)(4), Projects to be financed with tax-exempt bonds are not required to receive a Reservation from the Authority Housing Credit Ceiling. The Authority will accept Applications for Projects to be financed with tax-exempt bonds, whether or not the Authority is the issuer of such bonds, at any time during the calendar year 2003. Owners requesting a determination from the Authority whether such Project satisfies the requirements for an Allocation of Tax Credits pursuant to Section 42(m)(1)(D) must submit to the Authority a completed Application with appropriate documentation and application fee, as outlined in **Attachment 5**. A copy of the check must be included with the Application. In addition, such Applications must be accompanied with a site and market study described in Section II.A.. Such requests must be in compliance with Section 42 and all sections of the most recently approved Allocation Plan except Section II.C.2., Competitive Review, and Section IV.1., Carryover Allocations. In addition, the Authority will determine whether a Project to be financed with tax-exempt bonds, will be approved or denied taking into consideration the results of the site and market study submitted

with the proposal. If the Project conforms with the applicable sections of the Allocation Plan, the Authority will so inform the Owner in a Determination Letter setting forth the estimated annual Tax Credit amount and the amount of the determination fee (see Attachment 5) due to the Authority (see Section III.12.) within 30 days of the complete application submission.

12. Authority's Determination of Awards Final. By submission of its application for Tax Credits, the Owner agrees to abide by the Authority's determination of Tax Credit award or denial, including the Authority's exercise of its discretion in scoring applications. The Owner understands and agrees that by submitting its application for Tax Credits, it waives any and all rights, claims or actions against the Authority that it may have or otherwise be entitled to in connection with its application and the Authority's subsequent approval or denial of said application. Specifically, the Owner agrees to refrain from initiating any legal action that seeks to reverse the Authority's decision related to an application and/or seeks expenses, costs or damages related to that decision.

C. REVIEW OF THE APPLICATION

1. MANDATORY APPLICATION REQUIREMENTS

Each Application must meet all of the following requirements as of the applicable Application deadline. A Project that fails to meet the mandatory application requirements shall be denied.

a. Site Control. The Owner must have current Site Control for the Project that extends through the end of August 31, 2003. The Site Control document(s) must be in the name of the majority **Owner**, generally a Limited Partnership. The Site Control document(s) must be executed by both the buyer and seller, where applicable, and must contain a legal description for the property. The seller identified in the document submitted to meet this Site Control requirement must hold title to the Project site. See the Section I, Definitions, for additional guidance on what constitutes appropriate site control.

b. Evidence of Application for Financing. Evidence of application(s), in the form of an executed acknowledgment letter(s) from the lender(s) and/or grantor(s), for all proposed debt financing, including any assumptions of debt, and grants for the Project must be attached to the Application. Each acknowledgment letter must contain evidence that, as of the Tax Credit application deadline date, the application is still under consideration. In instances involving financing to be obtained via a mortgage broker or banker, the acknowledgment letter must be from the actual lender, or in the case of HUD insured Projects, from HUD. For instance, HUD's Section 221(d)(3),Section 221(d)(4), and Multifamily Accelerated Processing programs would require an acknowledgment letter from HUD. Any financing to be provided by HUD that is subject to its Multifamily Accelerated Processing procedures may be evidenced by HUD's invitation to submit for firm commitment issued in connection with the Project.

In addition, for Projects financed with tax-exempt bonds, evidence of bond volume cap having been obtained and acknowledgment letter(s) from the Project's bond issuer, credit enhancer and/or party at risk on the debt financing must also be submitted with the Application.

c. Public Housing Waiting List Preference. All Projects must give preferential treatment to Low Income Tenants whose names are on an appropriate public housing or Housing Choice Voucher (formerly known as Section 8) waiting list(s) maintained by the local public housing authority ("PHA"). The Owner must submit with the Application a written statement providing that the Owner will give preferential treatment to persons on the PHA's waiting list(s) and will make on-going efforts to request that the PHA make referrals to the Project, or place the relevant Project information on any listing the PHA makes available to persons on its waiting list(s).

d. Certification of Consistency. The Project must address local housing needs and priorities, as documented in the State Consolidated Plan or a local Consolidated Plan. If the Project is located in an area covered by a local Consolidated Plan, a current certification of consistency from the appropriate local governmental entity must be submitted with the Application. If that local government withholds a certification of consistency, an Owner may request in writing that the Authority consider a waiver of this requirement, including a statement of the reason for the waiver. In such a case, the Authority will contact the local government to discuss the circumstances surrounding the withholding of the certification and, after such discussions, may grant such waiver requests. A list of jurisdictions with a local Consolidated Plan is included in the 2003 QAP information packet. Applications for Projects in all other areas will be reviewed for consistency at the Authority after receipt of the application.

e. Minimize Displacement. For all rehabilitation Projects, the Owner must minimize involuntary displacement of current Low Income Tenants in the building(s) constituting the Project prior to rehabilitation, taking into consideration the safety of such tenants given the scope and nature of the proposed rehabilitation. If a building to be rehabilitated is wholly or partially occupied as of the date the Application is submitted, the Owner must submit with its Application a plan that states whether each current tenant will be required to relocate temporarily or permanently. The Authority reserves the right to require modifications to a plan to ensure that displacement is held to a minimum level.

f. Projects Involving Rehabilitation: Owners of an occupied rehabilitation Project, regardless of the level of occupancy or the size of such Project, must submit with the Application (i) the current tenant income profile of the Project (ii) the current rent schedule for the Project (iii) a written explanation in any cases where the Project's proposed rents identified on the Application exceed the current rent levels, and (iv) information regarding any waiting lists maintained for the Project.

In addition, the Authority will require two copies of a Physical Needs Assessment (PNA) to be submitted with the application for every project involving rehabilitation. This assessment must be performed by an architect or engineer approved by the Authority, in the format prescribed in Attachment 4. All items identified as "Immediate" on the PNA must be completed as part of the rehabilitation. Other items identified as needing to be addressed within the reserve period may be performed as part of the rehabilitation, or the Owner may choose to provide adequate reserves to ensure that items can be completed as they become necessary.

Owners of rehabilitation Projects must also submit with the Application a General Contractor/Architect Cost Certification of rehabilitation work to be performed with the application. This scope of work will be compared to the physical needs assessment to ensure that all necessary items are being addressed. If the scope of work is insufficient, this may result in denial of the application.

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2. COMPETITIVE REVIEW

a. Nonprofit Set-Aside. The Authority intends to reserve at least ten percent (10%) of Authority Housing Credit Ceiling for Nonprofit Projects (the "Nonprofit Set-Aside") as required under the Code. Nonprofit Projects will compete against one another for Reservations until the Nonprofit Set-Aside has been fully reserved for qualified Nonprofit Projects. After the Nonprofit Set-Aside has been fully reserved, Nonprofit Projects will compete with all other Projects for Reservations. The Authority will establish the minimum point threshold at which Projects will be approved for a Reservation under the Nonprofit Set-Aside. Any Project that applies pursuant to and qualifies for the Nonprofit Set-Aside and for which a Reservation is made will be counted toward the Section 42 10% set-aside requirement for nonprofits, regardless of which set-aside the Project is approved under for scoring purposes. Reservation Letters for all Projects that qualify for the Nonprofit Set-Aside will indicate approval as a Nonprofit Project and Owners will be required to meet the Section 42 nonprofit requirements even if such Projects are approved under another set-aside.

To qualify as a Nonprofit Project, the general partner(s) of the Owner with a 100% interest in the general partnership must (i) be a qualified nonprofit organization (as defined in Section 42(h)(5)(C)), (ii) have an ownership interest in the Project either directly or through a wholly-owned subsidiary, (iii) be determined by the Authority not to be affiliated with or controlled by a for-profit organization, (iv) have as one of its exempt purposes the fostering of low income housing, and (v) materially participate (as defined in the Code at 26 C.F.R. § 1,469-5T) in the development and operation of the Project throughout the Compliance Period. Documentation of the applicable entity's nonprofit status and written narrative evidencing sufficient material participation to comply with the Code, as indicated on the Application checklist, must be submitted with the Application. **Nonprofit Applicants must meet the requirements of this section as of the Application deadline**, and must maintain such status throughout the Compliance Period. Nonprofit Projects that do not meet all such requirements, as determined by the Authority, will compete with all other Projects.

If a Project qualifies for an Allocation under the Nonprofit Set-Aside and the Nonprofit Applicant ceases to be involved in the Project before issuance of IRS Form(s) 8609 with respect to the Project, the Reservation or Carryover Allocation for the Project will be withdrawn or canceled and the Tax Credits returned to the Authority unless another qualified nonprofit entity, as defined in Section 42, and satisfactory to the Authority is substituted for the withdrawing Nonprofit Applicant.

If applications received under this Set-aside do not, in the Authority's determination, evidence sufficient readiness to proceed or capacity to complete to project, the Authority reserves the right to consider applicants with a 51% interest in the general partner under this set-aside in the second round of competition.

b. Preservation Set-Aside. The Authority will set aside **$2,500,000** of the Authority Housing Credit Ceiling targeted for Projects that involve the rehabilitation of currently occupied low income housing developments whose eligibility for conversion to market rate housing is imminent, e.g., two to three years, or Projects otherwise in danger of being lost as affordable housing due to the need for substantial rehabilitation (the "Preservation Set-Aside"). It must be likely that such eligible Projects will be eliminated from the low income housing stock of the State as determined by the Authority. In determining whether a Project qualifies for the Preservation Set-Aside, the Authority will take into consideration the following types of information: source and terms of existing financing on the Project, the extent to which the rent levels will remain affordable, the appropriateness of the level of rehabilitation proposed given the Project's current condition, and any other information, such as current audited financial statements for the Project, that the Authority may require in determining a Project's eligibility for consideration under the Preservation Set-Aside. Such Projects shall include, but not be limited to, as determined by the Authority, the following: (1) preservation-eligible projects under Title II Emergency Low Income Housing Preservation Act of 1987 ("ELIHPA") or Title VI Low Income Housing Preservation Act of 1990 ("LIHPRHA"), (2) projects with expiring Section 8 contracts, regardless of whether the Owner has given notice of its intent to allow such contracts to expire, (3) projects with HUD-held mortgages, and (4) qualifying projects originally funded by RHS.

Such Projects will be scored in the same manner as other Projects, but will compete against each other until funds in the Preservation Set-Aside are fully reserved. Once the funds in the Preservation Set-Aside are fully reserved, all remaining preservation Projects will compete with all other Projects. If the funds in the Preservation Set-Aside are not fully reserved during the second (2nd) Application Period, the unreserved amount will be available for Reservations for other Projects. To qualify for a Reservation under the Preservation Set-Aside, Projects must receive a minimum number of points, which will be established by the Authority. Notwithstanding the language within this set-aside section, the Authority may limit the number of Projects or amount of Tax Credits awarded to Projects qualifying under this Preservation Set-Aside, regardless of the Project's score and how its score relates to all other Projects. The Authority will determine whether a Project qualifies for this Preservation Set-Aside.

As set forth in Section II.C.1.f., the Authority will require a Physical Needs Assessment to be submitted with the application. This assessment must be performed by an architect or engineer approved by the Authority, in the format prescribed in Attachment 4 to this Qualified Allocation Plan.

c. Small Project Set-Aside. The Authority will set aside **$1,250,000** of the Authority Housing Credit Ceiling targeted for Projects of **42** total units or fewer (the "Small Project Set-Aside"). A Project which is a phase of a larger Project does not qualify for consideration under this set-aside unless the total units of all phases is equal to or less than 42. Whether a Project is considered a phase of a larger project will be determined by the Authority, but generally applies to Projects being considered within a given calendar year. Projects competing under the Small Project Set-Aside will be scored in the same manner as other Projects, but will compete against each other until funds in the Small Project Set-Aside are fully reserved. Once the funds in the Small Project Set-Aside are fully reserved, all remaining small Projects will compete with all other Projects. If the funds in the Small Project Set-Aside are not fully reserved during the second (2nd) Application Period, the unreserved amount will be available for Reservations for other Projects. To qualify for a Reservation under the Small Project Set-Aside, Projects must receive a minimum number of points, which will be established by the Authority.

d. Large Public Housing Authority Set-Aside. The Authority will reserve up to **$1,000,000** for large public housing authorities, as defined herein, undertaking the redevelopment of existing public housing projects in need of repair or replacement. In order to qualify, the Large Public Housing Authority must demonstrate that the subject Project is likely to be eliminated from the low-income stock of the State if not rehabilitated or replaced in a timely manner. The application must also contain a certification from the public housing authority executive director that the project is eligible for this set-aside.

Such Projects will be scored in the same manner as other Projects, but will compete against each other until funds in the Large Public Housing Authority Set-Aside are fully reserved. Once the funds in the Large Public Housing Authority Set-Aside are fully reserved, all remaining eligible Public Housing Authority Projects will compete with all other Projects.

NOTE: *Projects which qualify for more than one set-aside:* If a Project qualifies for more than one set-aside and the Owner wishes to be considered under more than one set-aside, the Owner must indicate all relevant set-asides on the Application. Such Projects will be considered by the Authority in the following set-aside order: Large Public Housing Authority Set-Aside, Preservation Set-Aside, Nonprofit Set-Aside, and Small Project Set-Aside. If a Project is not approved under the set-aside under which it is initially considered, it may be considered under another qualifying set-aside. The Authority reserves the right during the second (2nd) Application Period to redistribute unused Tax Credit amounts within any one or more of the Authority's Set-Asides to another Set-Aside which may result in exceeding the individual Set-Aside limits set forth in the Allocation Plan.

e. Scoring Categories. The Authority will evaluate Applications on the basis of materials submitted as of the applicable Application deadline date. However, if the Authority discovers a correctable administrative error in an Application, the Owner will be notified of such an error and will have seven (7) business days from the date of such notice to provide the Authority with a written correction to such an error. Any modifications to the original Application that result in changes to the criteria on which selection decisions were made or that would impede the Project's ability to proceed may result in a rejection of the Application. Owners must notify the Authority in writing of any changes to the Application or the Project that occur during the review process prior to Loan Committee consideration. If the Authority becomes aware of any changes to a Project during the review process, the Authority may remove relevant points. As noted, relevant scoring items will be made part of the Extended Use Agreement. The Authority will exempt from the scoring process (i) a Project that has received a partial or full Reservation in the previous year, (ii) those Projects requesting an Increase, and (iii) Projects financed with tax-exempt bonds. The Authority may grant Increases prior to Reservations. The Authority will establish the minimum point thresholds at which Projects will be approved for a Reservation in each Application Period.

If two Projects have the same number of points and only one Project will be awarded a Reservation, the Authority will use the following criteria, in the order noted, to determine a tie breaker: (1) the Authority will select the Project that will serve tenants with the lower maximum income regardless of the size of the Project; (2) the Authority will select the Project with the higher percentage of its Low Income units at the lowest income level; (3) the Authority will select the Project with the longest Extended Use Period; (4) the Authority will select the Project that is located within a qualified census tract (see **Attachment 6**) and contributes to a concerted community revitalization plan; and if a tie still results, (5) the Authority will select the one that is, in the Authority's judgment, the one more ready to proceed in a timely manner.

1. Project Market Evaluation (Maximum 15 points) The Authority will take into account the site and market study as required under Section II.A.. In determining how many points to award a Project based on the site and market study, the Authority may take into account such factors as:
(i) Project design and amenities;
(ii) the appropriateness and marketability of the Project location;
(iii) local demand and need for the type of Project proposed;
(iv) the impact on area affordable and market-rate rental housing; and
(v) the affordability and appropriateness of the proposed rents.

The Authority may deny an Application for Tax Credits irrespective of its point ranking if it determines that the proposed Project would have a severely adverse impact on a particular market area or other developments in the area. In making determinations under this section, the Authority may take into account other awards of Tax Credits to Projects during the current and any prior allocation year.

2. Homeownership/Longer Extended Use Period (Maximum 1 point) The Authority will award one point to a Project with a binding Extended Use Period of 31 or more years. The Extended Use Agreements for Projects that are awarded points under this scoring category will include the Extended Use Period specified on the Application.

Alternatively, one (1) point will be awarded to projects that include a feasible plan with the application to provide affordable homeownership opportunities to qualifying tenants at the expiration of the Compliance Period. This plan must include the manner in which an owner will ensure that units are purchased by low income tenants throughout the designated Extended Use Period. Any financial assistance to be offered to tenants must also be included, including the intended source of this assistance.

3. Lowest Income Tenants/Lowest Rents (Maximum 5 points) If the Project will serve tenants with maximum household incomes lower than Low Income and will maintain rents for units at a level not to exceed 30% of the maximum income selected, points will be awarded as follows:

20% or more of the Units Occupied by Households With Incomes at or Below*:	Points
50%	3
40%	5

*Percentages are of the median income at the time of application for the area in which the Project is to be located.

See **Attachment 10** for the maximum rent levels. The rent levels (base rents plus tenant-paid utility costs) must be reflected in the Application and must be equal to or less than the maximum rent associated with the appropriate percentage of median income for the area in which the Project is located. The low income tenant election (separate from the minimum set-aside election) must be specified in the Application and will be incorporated in the Extended Use Agreement.

4. Mixed Income (3 points) Market rate units are those rental units that are part of the Project but that will not be reserved for Low Income Tenants, e.g., non-Tax Credit units, or units for which Tax Credits will not be claimed. In order to receive points under this category, the rents charged for these units must exceed the Tax Credit unit rents. Three points will be awarded to applicants that meet the following requirements

Percent of Total Units at Market Rate Required to Receive Points	Project Location (per Attachment 7)
25	Non-rural
10	Rural

NOTE: The Authority strongly encourages Owners to disperse all Low Income Units evenly among the buildings in a mixed income, multi-building

Project, and to disperse these units within each building in a manner acceptable to the Authority. Under Section 42, the low income percentage (applicable fraction) must be established building by building no later than the date such buildings are placed in service and may not be changed.

5. Economic Efficiencies (Maximum 3 points) The Authority will award points for the following types of leveraging. A maximum of three (3) points is available under this category.

   a. Project-based Assistance (Maximum 3 points) Points will be awarded according to the following types of assistance if an applicant submits a firm, written commitment for such project-based assistance with the Project application.

      i. HUD Homeless Assistance programs. Three (3) points will be awarded for a commitment from HUD indicating that at least 50% of the total units will receive project-based rental assistance for a minimum of 10 years.

      ii. Participation in a Housing Choice Voucher Conversion Program (Two points) In order to be considered for points under this category, the applicant must submit a letter from the appropriate public housing authority(ies) indicating (1) their intention to provide project-based assistance to the development, (2) the number of units which will receive such assistance (a minimum of 10% of the total units to receive points), (3) the length of time the assistance will be provided, and (4) an approximation as to when the assistance will be made available. In order to facilitate smooth transition from tenant- to project-based assistance, up to one year from initial lease-up will be allowed for the public housing authority to commit the vouchers. Commitments under this sub-category may be submitted up to two weeks after the first application deadline, or by February 4, 2003.

iii. USDA Rural Development Project-based Assistance (One Point) One point will be awarded to applicants that submit a firm, written commitment for project-based assistance from the U.S. Department of Agriculture's Rural Housing Service for at least 50% of the total units.

b. Equity Leveraging (Maximum three points) Up to three points will be awarded for this category, as follows

Percent of fully amortized debt versus total project cost	Points
40%	3
50%	2

6. Evidence of Fixed Rate/Long Term Financing (10 points) Ten points will be awarded if the Owner provides written evidence of commitments for at least ninety percent (90%) of the permanent financing, including grants and approvals of assumptions of debt, for the Project, which commitments are, in the determination of the Authority of sufficient certainty that they will provide the financing for the Project, assuming that various conditions are met. The written evidence of commitment must set forth (i) the amount of the loan, (ii) a term of 20 years or more, (iii) the amortization period, (iv) a fixed interest rate (which may be adjusted under specified terms and conditions), and (v) the expiration

date of the commitment. Commitments for the first application period must extend through the end of June, 2003; those for the second application period must extend through the end of September, 2003. Financing fees may not exceed 200 basis points, plus such other applicable costs associated with Federal Housing Administration (FHA) financing. In instances involving financing to be obtained via a mortgage broker or banker, the commitment letter must be from the actual lender.

A commitment may not be subject to further discretionary review (e.g., approval of a loan committee) or denial by the lender/grantor, with the following exceptions: (i) in those instances where HUD insurance is proposed, an invitation to submit for firm commitment issued under the Multifamily Accelerating Processing procedures by HUD is acceptable; and (ii) for permanent subordinate financing of $750,000 or less sought from a governmental entity, evidence of application is acceptable, if the application is still under consideration (has not been denied).

For sources that meet criterion (ii) above, an Owner must submit written evidence of application to the proposed funding agency, including (i) the proposed amount, (ii) the proposed fixed interest rate, and (iii) the proposed term. The Authority will work directly with the proposed funding source to determine the status of the application.

If, during the Authority's review of the Tax Credit Application, the financing is denied, the Applicant will be allowed seven (7) business days from the date of the denial notice to provide a revised financing plan, which may include obtaining a financial commitment, as determined by the Authority. If no alternate commitments are provided, the Application will be deemed financially infeasible, and subject to denial.

For grants, the Owner must supply with the Application written evidence from the grantor indicating the amount of the grant that has been, or will be, awarded.

7. Project Location (Maximum 5 points)

   a. *Rural Areas*: (5 points) Projects located in rural areas (defined as those NOT specifically identified in (**Attachment 7**) will be awarded five points. Points will not be awarded under this category for Projects larger than 60 total units.

   b. *Suburban Areas*: (5 points) Projects located within the Chicago Primary Metropolitan Statistical Area (the "Chicago PMSA") as defined by the U.S. Census Bureau, excluding those within the boundaries of the City of Chicago, will be awarded five points. The Chicago PMSA includes the counties: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will.

   c. *Illinois Workforce Advantage Program*: (3 points) Projects located in the following areas will receive points under this category: the cities of Harvey, and East St. Louis, Maywood, and Rock Island ; Alexander, Hardin, Johnson, Massac, Pope, Pulaski, and Union counties; and the Humboldt Park, North Lawndale, South Lawndale, and Englewood neighborhoods of Chicago. If located in rural areas as defined in **Attachment 7**, projects must be limited to 60 or fewer total units. A map of the Humboldt Park, North Lawndale, South Lawndale, and Englewood neighborhoods is available upon request to the Authority at 312/836-8578.

8. Zoning (Maximum 5 points) If the Project's site is currently zoned for its proposed use or efforts have been made by its Owner to obtain the appropriate zoning, the Authority will award points as follows:

5 points - The Application includes evidence that zoning is appropriate for the site, such as a building permit or a zoning map with letter of certification from the local zoning administrator. For projects located in the City of Chicago, a certification from an attorney that zoning is appropriate for the intended use will suffice. The certification submitted, whether from a local zoning administrator or attorney, must contain (i) the location of the proposed site (e.g., address or street crossings), (ii) the current zoning type (i.e., multifamily residential), (iii) a statement that the current zoning is appropriate for the proposed Project and no zoning variation requests are pending that would alter this, and (iv) that no further action is required prior to the issuance of a building permit, other than a review of <u>final</u> plans and drawings for the proposed Project by the local zoning administrator or chief elected official, if the municipality does not have a zoning administrator.

2 points - The Project's Application includes evidence from the local zoning administrator or appropriate elected official that an application for a change in zoning is in process and that no actions other than any one or more of the following need occur before the Project's site receives proper zoning approval: (i) issuance of special use permits, which permits have been applied for, (ii) appropriate action by a municipal council and a meeting to consider such action has been scheduled, or (iii) appropriate action by a planning and/or zoning commission and a meeting to consider such action has been scheduled. If the site of the Project is to be annexed by a municipality but annexation has not been completed, as of the date of the Application, no points will be awarded in this category.

0 points - No points will be awarded if an Application includes no evidence that the location of the proposed site is currently zoned appropriately for the proposed Project and provides no evidence that efforts have begun to obtain such proper zoning. If the site of the Project is to be annexed by a municipality but annexation has not been completed as of the date of the Application, no points will be awarded in this category.

Note: Applicants may submit evidence of zoning up to two weeks after the application deadline. This supplemental submission must be received by means other than facsimile or electronic mail.

9. Plans and Drawings (3 points) Three points will be awarded if the Owner submits with the Application all of the following: (i) exterior architectural drawing of the Project (elevation), (ii) a schematic floor plan of the Project that shows the unit configuration and floor plan of the units, (iii) a site plan that shows the general layout of the site, and (iv) photographs of the site. The plans must evidence that the project will fully comply with fair housing requirements, as set forth in the Fair Housing Amendments Act of 1988.

10. Developer Record (Maximum 7 points) The Authority will award points for the development record of theprincipal(s) of the general partner(s) of the Owner, based on the information provided on the previous participation form attached to the Application and as determined by the Authority, as follows:

7 points - The principal(s) of the general partner(s) have satisfactory experience in developing affordable housing projects and have completed and placed in service at least one affordable housing project of similar size, scope and type (i.e., elderly, frail elderly, special needs, homeless).

4 points - The principal(s) of the general partner(s) have satisfactory experience in developing affordable housing projects and have completed and placed in service at least one affordable housing project of different size, scope and/or type, or have experience in market-rate housing or commercial development and have completed at least one market-rate housing development or one commercial development.

0 points - The principal(s) of the general partner(s) have little or no development experience, or the Authority has had

unfavorable past experience with principal(s) of the general partner(s).

11. Targeting of Units (Maximum 8 points) *NOTE:* Points will be awarded, if applicable, in only one of these subcategories.

a. Mixed Populations/Special Needs Component (5 points) Five points will be awarded if the Owner will actively target at least 20% of the Project's total units special needs populations, as defined in Section (I)(ad). of this Qualified Allocation Plan . Housing for the elderly may not qualify for points under this subcategory, regardless of the age of the special needs population to be targeted, unless it is a supportive living facility. All of the special needs units counted toward satisfying this 20% test must be for Low Income tenants. The specific Low Income special needs population must be identified in the Application, and a brief marketing plan which references any intended services to be provided along with their sources of funding must be submitted with the Application. The Authority will determine whether the targeted population specified by an Applicant qualifies as "special needs." The Project's Extended Use Agreement will reflect this special needs targeting as an additional use restriction.

b. Rehabilitation Projects Targeting Persons with Physical Disabilities (5 points) Five points will be awarded if an Owner of a rehabilitation Project commits to serve persons with physical disabilities by rehabilitating 5% of the total units in the Project as **accessible**, and an additional 15% of the total units in the rehabilitation Project as **adaptable** as these terms are defined in the Illinois Accessibility Code (71 Ill. Adm. Code 400 et seq.). These projects must also meet requirements of the Environmental Barriers Act (410 ILCS 25/1 et seq.) and Americans with Disabilities Act (42 U.S.C. 3601 et seq.), if applicable. The proportion of accessible and adaptable units which must be reserved for Low Income tenants must be consistent with the Project's applicable fraction. An independent architect's certification confirming the Project's number of accessible and adaptable units as defined in the Illinois Accessibility Code and indicating that design requirements contained in the Fair Housing Amendments Act of 1988 will be met must be submitted with the Application. The Project's Extended Use Agreement will reflect this special needs targeting as an additional use restriction.

c. Supportive Housing for Special Needs (7 points) and Assisted/Supportive Living Facilities for the Elderly (5 points). Supportive housing projects for special needs populations AND assisted/supportive living facilities for the frail elderly may qualify for the referenced points if 100% of the total units in the Project will be reserved for special needs populations or for the frail elderly AND a comprehensive service plan, that is satisfactory to the Authority, is submitted with the Application that identifies (i) the services to be provided, (ii) the sources of funding for such services, (iii) the physical space that will be used to provide such services, and (iv) the contracted health care operator or services provider and their experience. The Project's Extended Use Agreement will reflect this special needs or assisted/supportive living for the frail elderly targeting as an additional use restriction. The Authority reserves the right to require, prior to Board consideration, an attorney's opinion, which meets the Authority's satisfaction, regarding such Project's qualification for Tax Credits.

d..Families with Children (Maximum 10 points) Ten points will be awarded if the Project contains units with three or more bedrooms that are targeted to <u>Low Income</u> families with children, including individuals with children, as follows:

Percentage of Total Units with 3 or More Bedrooms Targeted to Low Income Families with Children	Points
20% to 30%*	10
10% to 19%	7

*Single Family projects, as defined in Section I., may exceed 30% of units with three (3) or more bedrooms and still receive the maximum points. New construction multifamily projects (as defined in Section I) that exceed 30% of the units with three (3) bedrooms will receive no points under this category.

The Application must identify the number of three or more bedroom units targeted to Low Income families with children. Please note that the percentage for targeting is applied to the total number of units in the Project. However, all of the units counted toward the minimum percentage must be for <u>Low Income</u> families with children, i.e. if in a mixed income development, the market rate three or more bedroom units could not count toward the above minimum percentages. The Project's Extended Use Agreement will reflect this targeting as an additional use restriction.

12. <u>Community Support</u> (3 points) Three points will be awarded if the Owner submits with the Application a letter of support from the chief elected executive official of the municipality in which the Project is to be located.

Chicago Projects: For Projects to be located in the City of Chicago, a letter of support from the local alderperson for the Project area may be submitted in place of a letter from the mayor.

13. <u>Community Impact</u> (2 points) Two points will be awarded to a Project that provides a written statement with its Application detailing its adherence to at least three of the following five smart growth principles in planning the Project, or if the Project includes the use of existing housing as part of a community revitalization plan approved by the local government in which the Project is located.

<u>Smart Growth Principles</u>:

1) Reducing Traffic Congestion – may include adding additional traffic signal(s) or road(s), or other innovative means of reducing traffic congestion

2) Preservation of Open Space – may include reserving a minimum of 30% of the overall site for green/open space

3) Reinvestment and Redevelopment – for rehabilitation of existing facility, regardless of current use

4) Quality of Life – may include enhancement of current housing conditions for the specific population and market to be served

5) Local Government Partnership – may include funding through a low-interest loan, grant, or Tax Increment financing.

For additional guidance, a copy of "Illinois Tomorrow: Balanced Growth for a Better Quality of Life" is available on request by calling 312/836-8578.

14. <u>Minority Participation</u> (2 points) The Project will be awarded two points if a minority- or female-owned business is the general partner. Points will be awarded only if the minority- or female-owned business has at least a 100% controlling interest in the general partner of the Owner. To qualify as a minority- or female-owned business, minorities or females, as applicable, must have a minimum 51% controlling interest in the business entity.

Profit Organizations: Evidence of the minority- or female-owned business's current certification by the Illinois Business Enterprise Council for Minorities, Females and Persons with Disabilities must be submitted with the Application.

Nonprofit Organizations: A nonprofit organization qualifies as minority- or female-owned if a minimum of 51% of the members of the board of directors of the nonprofit are minorities or females, as indicated on the "Minority Participation" form, which must be provided with the application.

15. Project Design/Amenities (Maximum 5 points) Up to five points may be awarded to a Project with desirable design elements and/or amenities (appropriate to the tenant population to be served) in the following manner.

1 point - brick exterior of 50% or greater

1 point - community space relative to the number of units, but no less than 1,200 square feet

1 point - playground/tot lot area, dedicated fitness facility with at least three pieces of exercise equipment, or swimming pool

1 point - energy efficient construction that EXCEEDS Authority efficiency standards for new construction for a minimum of three major system. The standards are provided as part of the Tax Credit application packet. Innovative energy systems, including, but not limited to geo-thermal heating or solar power, may also be considered for a point under this category

1 point - other innovative design/amenities not listed above, as reviewed and approved by the Authority, which may include computer/internet access for residents, after school programs, day care, et al.

16. Surrounding Site Amenities (Maximum 5 points) Up to five points may be awarded to a Project located upon a site that is within the appropriate distance mile of the following amenities, (appropriate to the tenant population to be served).

1 point - being part of a transit-oriented development strategy (located within 2 blocks) of a regular bus route, next to a rapid transit system stop, etc.); points may be awarded where van or dial-a-

ride service is provided to a Project's tenants

1 point - the site is within appropriate distance (see above) of parks or recreational facilities accessible to the general public

1 point - the site is within appropriate distance (see above) of grocery, pharmacy or medical facilities

1 point - the site is within appropriate distance (see above) of public schools (for non-elderly applicants), or of adult day care facilities for the elderly, in the case of an application targeting the independent-living elderly.

1 point - the site is within appropriate distance (see above) of other desirable amenities not listed above, as reviewed and approved by the Authority

NOTE: The 2003 QAP will include the following revision to this category:

17. Local Nonprofit Organization Participation (2 points) Two points will be awarded to a Project if an Illinois domiciled, qualified nonprofit organization (see Section II.C.2.a. for the definition of a qualified nonprofit organization) has at least a % controlling interest in the Owner, the general partner or the managing member of the Owner, and materially participates in the development and management of the Project. Material participation (as defined in 26 C.F.R. § 1,469-5T) will be reviewed by the Authority's Loan Committee, and points will be awarded based on the Authority's determination as to the material nature of the nonprofit participation.

18. Severe Housing Shortage (2 points) Two points will be awarded to applicants in Public Housing Authority ("PHA") jurisdictions in which the utilization rate (based on the highest of percentage of total units or percentage of available contract authority) for the local program does not exceed 95%, if the applicant provides a letter from the Executive Director of the governing Public Housing Authority (PHA) which indicates that this situation is due to the lack of privately owned, affordable rental housing units in the PHA's jurisdiction.

Applicants whose projects are located in PHA jurisdictions where a Housing

Choice Voucher program is not available would be eligible to receive points by submitting a similar letter from a PHA in an adjoining or contiguous county if that PHA certifies in the letter that it regularly refers Housing Choice Voucher participants to the county in which the Project will be located.

A list of PHAs is available by contacting 312/836-8578.

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D. MANDATORY PROJECT STANDARDS

The Authority will evaluate Applications, which meet both the mandatory application requirements and relevant score threshold, according to the following standards. The Authority reserves the right to reject an Application or to require modifications to an Application that does not meet these minimum criteria.

a. Ability to Proceed. The Project must be able to proceed in a timely fashion, as determined by the Authority. If the Owner has applied for financing from the Authority and the Authority has denied, at any time, the Owner's application, this may be grounds for denial of Tax Credits if the Authority determines that the Project is unable to proceed.

b. Financial Feasibility. The Project must be financially feasible, as determined by the Authority. If the Owner has applied for financing from the Authority and the Authority has denied, at any time, the Owner's application, the Tax Credit department will utilize information from reviews performed by other Authority departments for the basis of denial of Tax Credits. If the owner utilized unsound underwriting assumptions the Authority may deny tax credits.

c. Sources/Uses. Total sources of funds identified in the Application must equal the total uses identified in the Project's development budget of the Application.

d. General Contractor/Architect Cost Certification. An Owner must submit with its Application a general contractor's or architect's certification detailing the scope of work and confirming the costs reflected in the development budget in the Application.

e. Fair Housing Act Design Requirements Certification. An Owner of a new construction Project must submit with its Application a certification performed by a licensed third party architect which certifies that its proposed Project will be constructed in compliance with the design and construction requirements set forth in

Section 100.205 of the Fair Housing Amendment Act of 1988 regulations (24 CFR 100.205).

f. Per-Unit Cost Limitations. The Authority will use the per-unit cost limitations listed in **Attachment 9** of this Allocation Plan as a guideline in evaluating Projects. The square footage of units will also be reviewed for reasonableness. The Authority may waive the per-unit cost limit requirement for a Project if the Owner submits with its Application a written request that explains in a manner satisfactory to the Authority the reasons for exceeding these limits.

g. Minimum Rehabilitation Standards. In addition to meeting rehabilitation requirements under Section 42, Projects involving rehabilitation must meet the Authority's minimum threshold requirement of **$6,000** of rehabilitation costs per unit, unless the Authority has granted a waiver as discussed under the Preservation Set-Aside. Rehabilitation work must address all items identified as "Critical" or "Immediate" in the physical needs assessment required to be submitted with the application. The Owner may also choose to complete items identified in the assessment as five (5) to seven (7) year needs, or may budget adequate reserves to ensure that these items will be completed when needed.

Owners of an occupied rehabilitation Project, regardless of the level of occupancy or size, must submit with the Application (i) the current tenant income profile of the Project, (ii) the current rent schedule for the Project, (iii) a written explanation in any cases where the Project's proposed rents identified on the Application exceed the current rent levels, and (iv) information regarding any waiting lists maintained for the Project.

h. Fee Limits. The Authority will use the following limits in determining a Project's eligible fees:

	Fee Percentage
Developer Fee and Overhead (combined)-New construction, rehabilitation costs and all acquisition-related costs	12%*
Contractor Profit	6%**
Contractor Overhead	2%**
General Requirements	6%**

* The following items will be deducted from total development costs in determining the total amount upon which the developer fee will be based: after the proposed developer's fee, consultant's fee, syndication costs, operating reserves (including operating period real estate taxes, operating period insurance, initial deposit to replacement, debt service reserves, and other required operating period reserves) have been subtracted from the total costs. The Authority may modify this percentage for Applications for Projects that are small, socially desirable or difficult to develop. Requests for exceptions must (i) be in writing, (ii) be submitted with the Application, and (iii) provide justification for the variance.

** Of construction costs. Construction costs include the following Application line items: Site Improvements, Demolition, Other Site Preparation Costs, Rehab/Construction (Residential), and Accessory Buildings

Identity of Interest. The Owner must indicate on the Application any identity of interest between the general contractor and the Developer/Owner or a Related Party.

i. Rents. The proposed rents for the Project must be within the Tax Credit requirements (as set forth in **Attachment 10**), and must be reasonable for the market area. It must be demonstrated that the low income rent levels identified on the Application can be maintained for the full term of the Compliance Period. For those Projects which will be utilizing rental assistance contracts with terms that are shorter than the Compliance Period, it must be demonstrated how the targeted income population can continue to be served after termination of the rental assistance contract.

j. Debt Service Coverage Ratio. The Project must demonstrate that it can maintain a minimum debt service coverage ratio of 1.1 on all debt.

k. Replacement Reserves. Minimum annual replacement reserve levels are as follows:

Elderly and Assisted/Supportive Living Projects	$200/unit
Non-Elderly Projects:	$250/unit
Special Needs and Supportive Housing Projects:	$250/unit

l. Project Reserves. Minimum Project reserves (those included in the development budget) must equal three months of effective gross income.

m. Operating Expenses. Per unit annual operating expenses should fall within a range of $2,700 and $4,500, excluding Project reserves. Operating expenses for Supportive Living Facilities will be reviewed on a case-by-case basis, but should correspond to underwriting guidelines utilized by the senior lender. For Supportive Living Facilities and any Project with operating expenses that fall outside the referenced range, a written explanation with supporting documentation must be provided with the Application. *Information on operating expenses in existing developments in the Authority's loan portfolio will be made available to applicants upon request to Sarah Bull at sbull@ihda.org or 312/836-8576.*

n. Vacancy Rate. A vacancy rate of 7% should be used for all projects, with the exception of independent elderly (non-assisted/supportive living) projects, which may utilize a 5% vacancy rate, and Supportive Living Facilities, which must use an 8% vacancy rate. If a different vacancy rate is used, a written explanation must be submitted with the Application.

o. Grants/Federal Subsidies. For Projects with any type of grant funds or federal subsidies, a third-party certified public accountant's opinion or attorney's opinion will be required, prior to Board consideration, with regard to the treatment of such funds relating to (i) their inclusion or exclusion from eligible basis and (ii) the Project's qualifications for the 9% Tax Credits.

p. HOME Program Projects. Projects utilizing below-market rate funds from the federal HOME Program which intend to meet the 40% at 50% test in order to preserve the 9% Tax Credit level must reserve 40% of the **total** units in **each building** which benefits from HOME monies as **both** rent and income restricted to the area's 50% income levels and corresponding 50% rent levels.

q. Large Projects. For a Project for which Tax Credits are requested in an amount which exceeds 10% of the per capita portion of the 2003 Authority Housing Credit Ceiling, the Authority reserves the right to take actions which include, but are not limited to, (i) approving the Project as proposed, (ii) reducing the amount of Tax Credits awarded to the Project, (iii) downsizing or otherwise modifying the Project, i.e., reducing the number of units, (iv) providing a multi-year reservation of Tax Credits, and/or (v) denying the Project Tax Credits.

r. Tax Credit Calculation. The Authority will determine the amount of Tax Credits that the Project is eligible to receive using both the qualified basis (using 8.5% as the standard applicable percentage) and equity gap methods (see **Attachment 9** for a sample calculation of both of these calculation methods). The amount of Tax Credits that will be awarded will not exceed the amount necessary to make the Project economically feasible, as determined by the Authority.

s. Property Management. The Authority will evaluate the Owner's selection of a property management organization for a Project and reserves the right to require that the Owner select a different property management organization. The Authority may make an evaluation of the Owner's selection of property management organization for a Project from the date of Application through the Project's Extended

Use Period.

t. Utility Allowances – Utility allowance information may be provided by HUD, the governing public housing authority, or the appropriate utility company. If a public housing authority is providing the information, it must be located in the same county as the project.

III. RESERVATION OF TAX CREDITS

1. Approval Process. After the Authority has reviewed, scored and underwritten the Applications for the Application Period, the Authority's Loan Committee will consider qualified Applications and prepare recommendations for the Board. Recommendations for Reservations will be presented to the Board for approval on a regularly scheduled basis (see Section II.B.1. for Board meeting dates) unless extenuating conditions exist, as determined by the Authority. **The Authority will require, prior to Board consideration, an 8 1/2 x 11 colored rendering of the building(s) e levation and photographs of the site and surrounding area.**

2. Limit on Reservations Made During the First Application Period. It is anticipated that no more than 40% of the Authority Housing Credit Ceiling will be used for Reservation during the first (1^{st}) Application Period.

3. Forward Reservations. The Authority may make Reservations for Allocations from the 2004 Authority Housing Credit Ceiling ("Forward Reservations") in an amount not to exceed 15% of the per capita portion of the 2003 Authority Housing Credit Ceiling. This limit may be exceeded if the lowest scoring Project to be approved for a Reservation is eligible for a Reservation amount that would make the aggregate amount of Forward Reservations exceed the 15% limit. Projects approved for a Forward Reservation of 2004 Tax Credits must meet all Carryover Allocation requirements for calendar year 2003.

4. Partial Reservations. If a Project in the second (2^{nd}) or third (3^{rd}) Application Period is recommended for a Reservation by the Board and there is an insufficient amount of Authority Housing Credit Ceiling for the full amount of the recommended Reservation, the Authority may make a Reservation for an Allocation for that Project partially from the next year's Authority Housing Credit Ceiling. However, the Carryover Allocation Letter for that Project will reflect only the amount available from the current year's Authority Housing Credit Ceiling.

5. Insufficient Availability of Credits. Qualifying Projects that do not receive Reservations during the final Application Period may be considered for a Reservation if either (i) a Reservation is for any reason returned to the Authority, or (ii) the Authority Housing Credit Ceiling is increased from the national pool of unused Tax Credit Allocation authority or from returned Tax Credits. If additional credits become available, the Authority's Loan Committee will review applications scored in the Final Application Round, and determine which is best able to proceed. The Authority may also use any additional Authority Housing Credit Ceiling either for Increases prior to Reservations, for Projects with a Forward Reservation, or may carry the Authority forward to the next calendar year.

6. Conditional Reservation Letter. Upon Board approval of a Reservation for a Project, the Authority will issue a Reservation Letter to the Owner stating (i) the amount of the Reservation, (ii) the amount of the reservation fee, (iii) the date by which the executed Reservation Letter and reservation fee must be submitted to the Authority and (iv) any special conditions that must be satisfied in connection with the Reservation. Failure to return the reservation fee and the executed Reservation Letter by the stated date may result in forfeiture of the Reservation for the Project.

7. Special Conditions. The Authority may extend the time for meeting any special conditions set forth in the Reservation Letter. The Owner must submit a written request for an extension of time detailing the necessity of such extension to the Authority. A processing fee, as described in **Attachment 5**, may be required by the Authority.

8. Election of Tax Credit Rate. Owners may elect the Tax Credit rate in effect during either (1) the month in which the Authority issues a Reservation Letter; or (2) the month during which the Project is placed in service. To elect the first alternative, the Owner must execute the Reservation Letter by the end of the month in which the Reservation Letter is issued. In addition, the Owner must execute, and have notarized, the election rider to the Reservation Letter

no later than the fifth day of the month following the month in which the Reservation Letter is issued.

9. Reservation Fee. The Authority will charge a non-refundable reservation fee of 6.5% of the amount of Reservation for the Project; however, the minimum reservation fee is $500.

10. Modifications. Any modification or change of any nature to Projects that have received Reservations, including, but not limited to, changes in ownership, changes in the Project characteristics or changes in the factors on which scoring decisions were made, will result in a reevaluation of the Application, and may result in revocation of the Reservation Letter. Any modification must conform with Section 42. Requests for a modification of a Project must be made in writing, and must state the reason for the modification. A processing fee, as described in **Attachment 5**, may be required by the Authority. The Authority will notify the Owner in writing of the results of its review. The Owner's failure to notify the Authority of any change or modification to a Project may result in the revocation of the Reservation Letter.

11. Projects That Cannot Meet Placed-In-Service Requirement. If it appears that a Project to which a Carryover Allocation of Tax Credits has been made may not be placed in service within the time period required under the Code, the Authority may, in its discretion, based upon written documentation submitted by the Owner, make a determination that the failure to place such Project in service is due to circumstances beyond the Owner's control. In the event that the Authority determines that the circumstances preventing placement in service of the Project were, in fact, beyond the Owner's control, the Authority may allow the Owner to return such credits without penalty to the Authority Housing Credit Ceiling and to be given first priority for either a Reservation of Tax Credits for the Project in the current year or a Forward Reservation for an Allocation in either of the following two calendar years. Any such priority will be conditioned upon (i) a determination by the Authority that the Project continues to be desirable in terms of meeting affordable housing needs, (ii)

the Owner’s early return of any previously Allocated Tax Credits, and (iii) such other terms and conditions as the Authority determines appropriate under the circumstances. The Authority expects that Reservations and Forward Reservations under this paragraph will be rare occurrences, and intends to make any Owner seeking relief hereunder sustain a substantial burden of proof as to its efforts to meet the in-service deadline, the specific circumstances causing the delay, and the attempted remedial measures taken by the Owner in order to mitigate the delay.

11. Extended Use Agreement Requirements. The Authority shall require that an Owner enter into an Extended Use Agreement with the Authority before the Authority issues an IRS Form(s) 8609 to a Project which sets forth, among other things, a Project's income and occupancy restrictions. The Extended Use Agreement must be recorded by the Owner **prior to all other documents** evidencing or securing the financing provided in connection with the Project, in the office of the Recorder of Deeds in the county where the Project is located as a restrictive covenant on the real estate on which the Project is located.

12. Determination Letter and Fee for Tax-Exempt Bond Projects. For Projects to be financed with tax-exempt bonds for which the Owners are requesting an Allocation of Tax Credits pursuant to Section 42 (h)(4), the Authority will prepare a Determination Letter in place of a Reservation Letter if the Authority determines that such Project satisfies the requirements of the Allocation Plan. The Authority will charge a non-refundable determination fee of 6.5% of the annual Tax Credit amount, or a minimum of $500, identified in the Determination Letter issued for the Project. If a Project qualifies for additional Tax Credits based on the final cost certification, an additional fee equal to 6.5% of the additional annual Tax Credit amount allocated must be paid to the Authority prior to issuance of IRS Form(s) 8609.

13. Subsidy Layering Review. The Authority will review Projects that require a subsidy layering review under HUD guidelines in accordance with appropriate HUD standards. The Authority will perform this review for only those Projects for which it approves a Reservation, and will charge a $500 fee for this service. This review is generally performed at the time of the loan closing and may be performed again at the final Allocation (prior to issuance of Form 8609(s)). The Owner must indicate on the Application whether subsidy layering is applicable to the Project. Owners should plan on allowing for a minimum of 4 to 6 weeks for such a review to be completed, once all documentation has been received.

IV. ALLOCATION OF TAX CREDITS

1. **CARRYOVER ALLOCATIONS**. For Projects that will not be placed in service during the year in which a Reservation Letter is issued, the Authority will grant a Carryover Allocation if the Project is expected to be placed in service no later than the end of the second year following the year in which a Carryover Allocation is made. The Authority shall grant a Carryover Allocation if the Project satisfies the following criteria:

    a) Each Owner must demonstrate to the satisfaction of the Authority that more than 10% of the reasonably expected basis in the Project has been incurred by a specified date (the "Carryover Date"). The Carryover Date is determined by the date of Reservation. For Projects receiving a Reservation after June 30, 2003, the Carryover Date is no later than 6 months after the date of Reservation. Projects approved for a Reservation after June 30, 2003, must provide an estimate of their reasonably expected basis and percentage to be expended by the specified carryover date by December 1, 2003, in a form to be prescribed by the Authority.

       For all other Projects, the Carryover Date is November 1, 2003.

    b) The costs incurred in meeting the 10% test must be certified, in a format specified by the Authority, by an independent, third-party certified public accountant or an attorney;

    c) The evidence of Site Control in the Owner's name must be satisfactory to the Authority and must extend at least through December 31, 2003 or the date of carryover certification, whichever is later;

    d) Requests for extensions of the deadline for Carryover Allocations must be submitted to the Authority in writing andmust indicate the reason for the extension;

    e) The Authority will not issue a Carryover Allocation Letter until all outstanding fees owed to the Authority in connection with the Application and the Reservation for the Project and any other fees or debt service owed to the Authority in connection with any Authority program have been paid;

f) The Owner must submit any other information required by the Authority;

g) All conditions and requirements of Section 42(h)(1)(E) of the Code and the applicable regulations must be met; and

h) Modifications of Projects which have received Carryover Allocations will be subject to the same procedures, conditions and approval requirements (including possible cancellation of the Carryover Allocation) as Projects which have received Reservations, together with such additional requirements as the Authority may determine appropriate.

2. **<u>ALLOCATION/ISSUANCE OF IRS FORM(S) 8609</u>.** An Owner must notify the Authority when a Project has been placed in service. The Authority will issue IRS Form(s) 8609, contingent upon the Owner submitting all documentation listed on the Authority's final Allocation checklist set forth below to the Authority's satisfaction, and upon the Authority's final financial feasibility analysis based on such documentation. It is the Authority's policy to not issue Form(s) 8609 for Projects with multiple buildings until <u>all</u> of the buildings in the Project have been placed in service. The Authority may suspend this policy for extenuating circumstances. Project owners shall be required to submit a copy of the executed first year's filing of IRS Form(s) 8609 for inclusion in the Authority's permanent project records.

<u>Projects Placed In Service During Calendar Year 2003</u>. For Projects receiving a Reservation during 2003 that will be placed in service during the 2003 calendar year, the Authority will make the Allocation by issuing IRS Form(s) 8609 prior to the end of the 2003 calendar year. Owners of these Projects must provide the Authority all final Allocation checklist items no later than November 1, 2003.

<u>Projects Placed In Service After Calendar Year 2003</u>. For Projects receiving a Reservation during 2003 that will be placed in service after the end of the 2003 calendar year, the Authority will issue a Carryover Allocation. Such Projects must be placed in service no later than the end of the second year following the year in which a Carryover Allocation is made. The Owner must notify the Authority when a Project has been placed in service, and all final Allocation checklist items must be submitted to the Authority no later than three months after the end of the first year for which the Owner intends to claim Tax Credits for the Project.

Upon receipt of all required documentation listed on the final Allocation checklist, the Authority will send Form(s) 8609 to the IRS, with a copy to the Owner. All required items must be submitted in a manner acceptable to the Authority.

The final Allocation checklist items include, but are not limited to, the following:

a) Executed, completed Owner Certification Form(s).

b) An independent third-party certified public accountant's opinion, based on such accountant's audit of a Project, that certifies, in a format specified by the Authority, to the total development **costs**, total **eligible basis** and all **sources** of financing used for the Project.

c) An occupancy permit from the municipality in which the Project is located or, in the case of rehabilitation Projects, other information in form and substance acceptable to the Authority that demonstrates that the Project has been placed in service.

d) A signed Reservation Letter, payment of the required reservation or determination fee and evidence that all special conditions have been met.

e) A fully executed Carryover Allocation Letter with appropriate exhibits, if applicable.

f) A signed Compliance Monitoring Agreement.

g) A completed Final Financing Form, with evidence of permanent financing, i.e., promissory notes. **The total sources of funds on the Final Financing Form must equal total actual costs.**

h) Evidence of ownership of the Project by the Owner; if title is held in a land trust, the Owner must submit the land trust agreement showing that the Owner is the sole beneficiary of the trust.

i) A copy of the recorded Extended Use agreement.

j) Copy of Owner's final title insurance policy evidencing the proper recording of the Extended Use Agreement (before all other documents evidencing or securing the financing provided in connection with the Project).

k) Copies of the Owner's organizational documents, including an executed copy of the partnership agreement or limited liability company operating agreement, certified by the managing general partner or managing member, as applicable. The equity contribution on the Final Financing Form must be equal to the contribution shown in the partnership agreement before an 8609 will be issued.

l) Color photograph of completed Project.

m) Site location map.

n) Any other documents that the Authority may require in determining the amount of Tax Credits to be allocated to the Project and the Project's conformance with the requirements of Section 42.

This checklist may be modified from time to time and a Project's Owner must contact the Authority for an updated checklist prior to requesting Form(s) 8609.

PROJECTS WITH TAX-EXEMPT BOND FINANCING. The Authority will issue Form(s) 8609 for Projects that qualify under Section 42(h)(4) of the Code once all of the items requested in the Determination Letter have been submitted to the Authority to its satisfaction.

V. REVOCATION OF RESERVATION/CANCELLATION OF CARRYOVER ALLOCATION. Prior to issuance of IRS Form(s) 8609, the Authority may revoke Reservation or cancel a Carryover Allocation for a Project under the conditions set below, or under such other conditions as may be determined by the Authority and set forth in the Reservation, the Carryover Allocation Letter or other appropriate documents. If a Reservation is revoked or a Carryover Allocation canceled, all fees paid to the Authority in conjunction with the Application, the Reservation, the Carryover Allocation or modification of the Project will be retained by the Authority.

a) The Owner modifies the Project in any way without prior approval from the Authority. Such changes include, but are not limited to, changes in the ownership structure of the Project, changes in Project characteristics, changes in or loss of financing, or changes in the criteria on which scoring decisions were made.

b) The Authority determines that the Project is unable to proceed.

c) The Authority determines that the Owner will fail to meet the Authority's requirements for a Carryover Allocation, including any conditions set forth in the Reservation or the Carryover Allocation Letter.

d) The Authority determines that the Project will fail to be placed in service by the time required by the Carryover Allocation Letter.

e) The Owner fails to provide to the Authority all items in the final Allocation checklist in a timely manner (see the requirements under Section IV.2.).

f) The Owner or a Related Party of such Owner is out of compliance with Section 42 in connection with any Project, unless the Authority determines to permit the applicable party to terminate any association with the Project.

g) The Owner or a Related Party of such Owner has outstanding compliance violations for any Project that have not been resolved to the Authority's satisfaction.

h) The Owner or a Related Party of such Owner is delinquent under any loan or grant made by the Authority in connection with any Authority program and is not a party in good standing to a workout agreement with the Authority or has not satisfied any other requirements of the Authority in connection with that delinquency.

i) The Owner or a Related Party of such Owner has an outstanding expense owed to the Authority in connection with any Authority program.

j) The Authority has reason to believe that the Owner has materially misrepresented facts or has provided false information to the Authority in connection with the Project or in connection with any other Authority Program.

k) The Owner is bankrupt or in a financial situation that jeopardizes the Project's completion and/or continued operation.

l) The nonprofit participant in a Nonprofit Project withdraws or is removed, and is not replaced by another qualified nonprofit entity.

VI. COMPLIANCE MONITORING

1. Compliance Monitoring Procedures. Section 42(m)(1)(B) requires that the Authority establish procedures for (i) monitoring Projects for noncompliance with the provisions of Section 42 and (ii) reporting to the IRS any noncompliance found by the Authority. The Authority's obligation to monitor for compliance with the requirements of Section 42 does not make the Authority liable for an Owner's noncompliance nor does the Authority's failure to discover any noncompliance excuse such noncompliance. Furthermore, the Authority makes no representations or warranties in connection with any written or oral advice given by its staff to an Owner regarding compliance with Section 42 and the applicable Treasury regulations, rulings and issuances. The IRS is responsible for the proper interpretation and application of such rules. The Authority's monitoring activities include, but are not limited to, the following:

   a. Review of the Owner's annual submission of a certification regarding compliance with Section 42 requirements;

   b. Review of the Owner's submission of tenant certification/recertification forms, accompanied by supporting documentation; and

   b. Periodic review of the physical conditions of the Project.

   The monitoring and reporting requirements referenced in this section apply to all Projects, regardless of the date of Allocation of Tax Credits. In addition, it should be noted that the Authority's specific monitoring and reporting requirements are subject to change for a variety of reasons. Therefore, Owners are encouraged to contact the Authority regarding these issues when an Allocation of Tax Credits is made.

2. <u>Compliance Monitoring Fee</u>. The Authority charges an annual compliance monitoring fee associated with compliance monitoring. This fee is in addition to the application and/or reservation fee. The current monitoring fees are listed in **Attachment 5** and are subject to change.

3. <u>Compliance Reference Guide</u>. The Authority's monitoring procedures and reporting requirements are set forth in more detail in the "Low Income Housing Tax Credit Compliance Reference Guide," a copy of which is available upon request. Please direct requests to:

Technical Services Department
Illinois Housing Development Authority
401 North Michigan Ave., Suite 900
Chicago, Illinois 60611
Fax 312/832-2187

4. <u>Compliance With the Fair Housing Act</u>. The Owners are advised that compliance with the general public use requirement for Tax Credit Projects requires compliance with the Fair Housing Act, 42 U.S.C. Sections 3601 through 3619. Noncompliance with the Fair Housing Act by an Owner will constitute noncompliance with the general public use requirement, and shall be reported by the Authority as such to the Internal Revenue Service.

VII. GENERAL PROVISIONS

1. Code Changes Affecting This Plan. If, as a result of changes in the Code or otherwise, the IRS finds that any part of this Allocation Plan is not in compliance with Section 42, only that non-compliant part shall be considered as being out of compliance with Section 42.

2. Amendments/Waivers to This Allocation Plan. The Authority's procedures under this Allocation Plan are subject to change without notice. Except as required by Section 42, the Board may amend this Allocation Plan at any time and may waive the application of any or all requirements of this Allocation Plan.

3. Compliance with Federal and State Laws. The Authority's review of an Application is solely for its own purposes and the Owner of a Project may not rely upon the Authority's review as evidence of such Project's compliance with Federal or State law. The Authority's Allocation of Tax Credits for a Project shall not constitute a representation or warranty that the Project complies with Section 42 or any other laws and regulations governing Tax Credits including, but not limited to, the Fair Housing Act, 42 U.S.C. § 3601 et seq. The Owner is responsible to ensure that the Project complies with such laws and regulations. If the IRS disallows the Tax Credits for a Project, those Tax Credits may revert to the Authority for Reservation and Allocation to other Projects.

4. Employee Liability. No Member, officer, agent or employee of the Authority shall be personally liable concerning any matters arising out of or in connection with the review of an Application for, or a Reservation or Allocation of, Tax Credits, or the monitoring of a Project for compliance with

Section 42. 5. IRS Authority. The Authority on behalf of itself, its Members, officers, agents and employees disclaims any and all liability that may arise in connection with the Allocation of Tax Credits for a Project and the disallowance or recapture of Tax Credits by the IRS.

6. Governor's Approval. This Allocation Plan shall go into effect when it has been approved by the Governor of the State.

7. Outside Legal Counsel. When the Authority deems it necessary to consult with outside legal counsel regarding Project-specific issues, such Project's Owner will be notified and will be responsible for payment for such legal services.

8. Notification to Owner. The Authority will send Reservation Letters and Carryover Allocation Letters by overnight courier. All other notices, demands, requests or communication may be sent by United States mail, postage prepaid, and will be deemed received three business days after proper deposit with the United States Postal Service.

ATTACHMENT I

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Site and Market Study Format
For Properties 12 Units or Less, Acquisition/Rehab (with more than 80% occupancy) or
Special Needs Populations

I. PROPOSED DEVELOPMENT

A. Developer

Provide the name and address of developer or sponsor.

B. General Description

Describe the proposed project in terms of project type (*e.g. moderate rehabilitation or new construction; congregate, elderly, family*) and Parking: Provide the number and type of parking spaces proposed. Evaluate the source of IHDA financing (*Low-Income Housing Tax Credit, Risk share, HOME, Affordable Housing Trust Fund*).

C. General Location

Provide the name of city or community in which the site is located, street address (*if available*), nearest major intersection, distance from downtown Chicago (*if site is located in the Chicago metropolitan area*) or distance from downtown of closest major city (*if other than Chicago*).

D. Description of Site Improvements

1. Buildings: Describe the number of buildings, stories and type (*high-rise with elevator, walk-up, town home, etc.*). Evaluate the appropriateness of the building design for the market and the intended tenant base.

2. Development Amenities: Describe the development amenities proposed for the property. Determine whether or not the amenities are appropriate and sufficient for the market and the intended tenant base.

3. Construction/Rehab: Describe the construction type of the buildings or in the case of Acquisition/Rehab projects list the rehabilitation to be performed (*e.g. brick, vinyl sided, concrete*). Note any problems the proposed construction type or façade, or the planned rehabilitation may have with market acceptance.

E. Apartment Details

Describe the proposed project at the unit level including: unit types, number of units, square footage and proposed rents for both market rate and income restricted/affordable units. It should be noted if the proposed rents do or do not include tenant paid heating, cooling, cooking expenses. Describe the unit amenities. Evaluate the appropriateness of the proposed unit mix, unit size, rents and amenities for the market and the targeted tenant population.

F. Tenant Displacement (for Acquisition/Rehab projects only)

Evaluate the current tenant households to determine the extent to which any or all may be displaced due to the planned acquisition/rehab. Discuss your evaluation.

II. FIELD OBSERVATIONS

A. Site (for Acquisition/Rehab projects only)

1. Access to Site: Note the street(s) which will provide access to the site and evaluate the accessibility of the site in terms of local public transportation, parking and major thoroughfares.

2. Site Marketability: Describe and evaluate the location of the site in terms of its visibility and marketability.

B. Adjacent Land

Adjacent Land Use: Detail the use of land located directly north, south, west and east of the site. Possible environmental problems and objectionable adjacent land use should be noted.

Neighborhood Description: Describe the neighborhood in which the development will be located and evaluate the appropriateness of the proposed project within that setting.

III. MARKET AREA CHARACTERISTICS:

A. Market Area

Define the primary and any secondary market area for the property. Include a description of how the market was determined (*ex. geographic boundaries, population surveys, etc.*).

B. Population/Demographic Characteristics (for Acquisition/Rehab projects only)

Include the most current population/household data (*typically from the Census)* for both the defined primary and secondary market areas. Provide the percentage increase or decrease from the previous Census and any future projections.

The following data should be included in this demographic analysis: general population, number of households, and population and households by age (for elderly projects).

IV. HOUSING MARKET CHARACTERISTICS

A. Comparable Analysis

1. Comparable Properties: Present a narrative description of each comparable in the rental market. Include information regarding the unit and development amenities offered, the condition of the property and occupancy information when available. A detailed summary of these developments in table format (*as shown in Exhibit 1*) should also be included.

2. Comparison of Market Area Rental Market: Provide a comparison summary of the proposed development and the competing market-area rental developments detailed above. The summary is to include rent, square footage and unit composition comparisons. If no comparable developments exist within the market area, the mean gross rent for the area and the census tract in which the site is located should be examined. A final statement of the proposed property's position in the rental market compared to the current rental market should be made. This statement should also indicate whether this position is acceptable andgive reasons for the proposed developments acceptability.

3. Proposed Project and Market Rate Property Data (For projects with deep subsidy only i.e. Section 8 or Section 515): Provide data pertaining to the proposed project's current contract rents by unit type. Additionally, provide both a narrative and table discussion of comparable market-rate properties in terms of location, development size, amenities, and current rent levels by unit type.

V. AFFORDABILITY/DEMAND (This section is not required for occupied projects with deep subsidies i.e. Section 8)

A. Affordable Rent Analysis

Calculate what percentage of a household's monthly income will be required for rent, utilizing maximum income limits and proposed rents. Provide a range of affordability, based on annual income by calculating the minimum monthly income a household can make and still afford the proposed rent. Please indicate the percentage of household income used to determine the minimum annual income affordability. Note: historically the Authority has considered 35% of monthly household income for family households and 45% of monthly income for elderly households as a reasonable threshold for affordability. This data should be presented in table format, using the following example.

	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Very Low Income Units				
(X% median income)				
1 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				
2 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				
Low Income Limits				
(X% median income)				
1 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				
2 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				

B. Housing Need (This section need only be performed for those projects that will serve a special needs population)

Discuss the demand/need for a project targeting the proposed special needs population. This should include, but not be limited to, information garnered from area service providers, which assist the proposed project's target population.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

Provide strengths and weakness of the proposed property in terms of the area's rental market and the income restricted population to be served. Assess the demand for housing based on the current absorption rates and vacancy figures of existing developments. In addition, provide an evaluation of how the proposed property is positioned in the marketplace taking into consideration unit mix, bedroom size, square footage and rents to the market average and to the most comparable existing development(s).

B. Recommendations

Based on the findings summarized in the conclusion, provide recommendation regarding whether to accept the property as proposed, accept the property with changes or to decline the property. If a change is recommended, state the reason for the change and provide an alternative that would fit the market. If the recommendation is to decline a property, provide justification for this conclusion.

(Generally, recommended changes involve a reconfiguration of the proposed amenities, unit mix, unit type, square footage or rents. Most recommendations to decline a property occur when the recommended changes are too numerous or the market conditions do not support the property).

VII. APPENDIX

Include both a site map and a map of the primary and secondary market areas denoting the subject property and comps. Also include: color photographs of the site and comparable developments; the market area comparable survey (*see Exhibit 1);* and other affordable housing list (*see Exhibit 2*).

EXHIBIT 1

Comparable Properties

Development Name/Address		Year Built	Total Units	Unit Type	Units By Type	Rent Range	Sq. Ft. Range	Rent/Sq. Ft. Range
Main Street Apts.		1999	99	1 BR	33	$693	650	$1.06
123 Main Street				2 BR	33	$836	857	$0.97
Your Town, IL				3 BR	33	$970	1,026	$0.95
Phone Number:	123-1234							
Occupancy:	100%							
Utilities:	Incl.							
Amenities:	Pool							
Comments:	Good Cond.							
Weighted Average Rent/Sq. Ft.:								

EXHIBIT 2

Sample format for the Summary of Market Area Affordable Housing

Development Name/Address City/Zip Code	County	Phone Number	Tenant Base	Bedroom Types	Affordable Housing Program	Total Number of Units
City Apartments	McClean	123-1234	Elderly	1	Section 8	100
Low Income Units	Development Condition	Overall Occupancy	Tenant Demographic	Comments		
100	Adequate	100%	50% of median	none		

ATTACHMENT 2

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Site and Market Study Format
For Supportive Living Facilities

I. PROPOSED DEVELOPMENT

G. Developer

Provide the name and address of developer or sponsor.

H. General Description

Describe the proposed project in terms of project type (*e.g. moderate rehabilitation or new construction*) and source of IHDA participation (*Low-Income Housing Tax Credit, Risk share, HOME, Affordable Housing Trust Fund*).

I. General Location

Provide the name of city or community in which the site is located, street address (*if available*), nearest major intersection, distance from downtown Chicago (*if site is located in the Chicago metropolitan area*) or distance from downtown of closest major city (*if other than Chicago*).

J. Site Description

Describe the site in terms of size (*square feet or number of acres*), topography and vegetation covering of site. Evaluate the proposed project's layout in relation to the site's physical attributes and the appropriateness of the site's location for the intended tenant base.

K. Description of Site Improvements

1. Buildings: Describe the number of buildings, stories and type (*high-rise, mid-rise, etc.*). Evaluate the appropriateness of the building design for the intended tenant base.

2. Development Amenities: Describe the development's amenities. Determine whether or not these are appropriate and sufficient for the intended tenant base.

3. Supportive Services: Describe the supportive services to be offered at the development. Determine whether these services are appropriate and sufficient for the intended tenant base.

L. Apartment Details

Describe the proposed project at the unit level including: unit types, number of units, square footage and proposed rents for both market rate and income restricted/affordable units.

II. FIELD OBSERVATIONS

A. Site

1. Access to Site: Note the street(s) which will provide access to the site and evaluate the accessibility of the site in terms of local public transportation, parking and major thoroughfares.

2. Site Marketability: Describe and evaluate the location of the site in terms of its visibility and marketability.

III. MARKET AREA CHARACTERISTICS:

A. Market Area

Define the primary and any secondary market area for the property. Include a description of how the market was determined (*ex. geographic boundaries, population surveys, etc.*).

B. Area Services

Describe and evaluate the availability of area services (particularly medical) as related to the intended tenant base.

C. Population/Demographic Characteristics

Include the most current demographic data (*typically from the Census)* for both the defined primary and secondary market areas for the intended tenant base (*typically those 75 years old or older*). Provide the percentage increase or decrease from the previous Census and any future projections.

The following data should be included in this demographic analysis: general population, number of households, population and households over age 75, and distribution of households by income. Indicate the source of the demographic data.

IV. HOUSING MARKET CHARACTERISTICS

A. Comparable Analysis

1. Comparable Properties: Present a narrative description of each supportive living facility in the market area. Include information regarding the unit and development amenities/services offered, the condition of the property and occupancy information when available. A detailed summary of these developments in table format should also be included.

2. Comparison of Market Area Rental Market: Provide a comparison summary of the proposed development and the competing market-area developments detailed above. The summary is to include rent, square footage and unit composition comparisons. If no comparable developments exist within the market area, the mean gross rent for the area should be examined. A final statement of the proposed property's position in the market compared to the current available options should be made. This statement should also indicate whether this position is acceptable and give reasons for the proposed development's acceptability.

V. POTENTIAL MARKET

A. Penetration Rate

Calculate the penetration rate for each income strata (*market rate, 80%, 60%, 50%, etc.*) proposed. Penetration rate is calculated as follows: divide the number of the proposed units, within each income strata, by the total number of income/age eligible (75+) households. The number of households should be based on those households at the minimum annual income as determined above, in Section A, up to the maximum income level for a given income strata. Also calculate an overall penetration rate for the property based on the total number of proposed units. Indicate if the penetration rates are at acceptable percentages and why. Note: historically the Authority has considered 5% – 7% penetration rate to be a reasonable maximum penetration rate for a given income strata/property.

In addition to IHDA's penetration rate analysis explained above, differing methodologies of penetration rate analysis may be utilized in the report and presented at this point. Please thoroughly explain the methodology used and any benchmark figures utilized.

C. Absorption Rate

Project the amount of time expected to achieve stabilized occupancy (95%) at the proposed development based on the average number of units leased per month at comparable supportive living properties. If this information is not available explain why the data was not available.

VI. IMPACT ON OTHER AFFORDABLE HOUSING AND MARKET RATE HOUSING

A. Impact on Other IHDA Independent Elderly or Supportive Living Properties

Evaluate the impact the proposed property will have on the occupancy of existing IHDA elderly or supportive living properties in the market area. Discuss whether or not the proposed property will significantly reduce the tenancy of established IHDA properties and provide attributing factors for your conclusion. **A list of all IHDA properties is available on 3 ½ inch floppy in both Lotus and EXCEL format. For a copy of the disk, email your request to lsomers@ihda.org or call (312) 836-5374. Similar data is also available on the IHDA web page @ www.ihda.org. To access this information choose Rental Info. on the home page.**

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

Provide strengths and weakness of the proposed property in terms of the area's market and the income restricted population to be served. Assess the demand for housing based on the current absorption rates and vacancy figures of existing developments. In addition, provide an evaluation of how the proposed property is positioned in the marketplace.

B. Recommendations

Based on the findings summarized in the conclusion, provide a recommendation regarding whether to accept the property as proposed, accept the property with changes or to decline the property. If a change is recommended, state the reason for the change and provide an alternative that would fit the market. If the recommendation is to decline a property, provide justification for this conclusion.

(Generally, recommended changes involve a reconfiguration of the proposed amenities, unit mix, unit type, square footage or rents. Most recommendations to decline a property occur when the recommended changes are too numerous or the market conditions do not support the property).

APPENDIX

Include a map of the primary and secondary market areas denoting the subject property and comps, a site map, color photographs of the site and comparable developments, the market area comparable survey.

EXHIBIT 1

Comparable Properties

Development Name/Address		Year Built	Total Units	Unit Type	Units By Type	Rent Range	Sq. Ft. Range	Rent/Sq. Ft. Range
Greenview SLF. 123 Main Street Your Town, IL		1999	100	1 BR 2 BR	95 5	\$ \$		
Phone Number:	123-1234							
Occupancy:	100%							
Services:	3 Meals							
Comments:	Good Cond.							
Weighted Average Rent/Sq. Ft.:								

EXHIBIT 2

Sample format for the Summary of Market Area Affordable Housing

Development Name/Address City/Zip Code	County	Phone Number	Tenant Base	Bedroom Types	Affordable Housing Program	Total Number of Units
City Apartments	McClean	123-1234	Elderly	1	Section 8	100
Low Income Units	Development Condition	Overall Occupancy	Tenant Demographic	Comments		
100	Adequate	100%	50% of median	none		

ATTACHMENT 3

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
Site and Market Study Format

I. PROPOSED DEVELOPMENT

A. Developer

Provide the name and address of developer or sponsor.

B. General Description

Describe the proposed project in terms of project type (*e.g. moderate rehabilitation or new construction; congregate, elderly, family*) and source of IHDA financing (*Low-Income Housing Tax Credit, Risk share, HOME, Affordable Housing Trust Fund*).

C. General Location

Provide the name of city or community in which the site is located, street address (*if available*), nearest major intersection, distance from downtown Chicago (*if site is located in the Chicago metropolitan area*) or distance from downtown of closest major city (*if other than Chicago*).

D. Site Description

Describe the site in terms of size (*square feet or number of acres*), topography and vegetation covering of site. Evaluate the proposed project's layout in relation to the site's physical attributes and the appropriateness of the site's location for the intended tenant base.

E. Description of Site Improvements

i. Buildings: Describe the number of buildings, stories and type (*high-rise with elevator, walk-up, town home, etc.*). Evaluate the appropriateness of the building design for the market and the intended tenant base.

ii. Development Amenities: Describe the development amenities proposed for the property. Determine whether or not the amenities are appropriate and sufficient for the market and the intended tenant base.

iii. Construction: Describe the construction type of the buildings (*e.g. brick, vinyl sided, concrete*). Note any problems the proposed construction type or facade may have with market acceptance.

iv. Parking: Provide the number and type of parking spaces proposed. Evaluate the parking-to-unit ratio and indicate whether the proposed parking will be sufficient for the property. If there is an additional fee to be charged to the tenants for parking, evaluate the charge in regards to the market.

v. Density: Provide the number of units per acre. Indicate whether the proposed density is appropriate for the market.

vi. Zoning: Present zoning of the site and any applicable restrictions.

vii. Other: Describe any other separate structures located at the development (*e.g., maintenance shed, separate clubhouse, etc.*).

F. Apartment Details

Describe the proposed project at the unit level including: unit types, number of units, square footage and proposed rents for both market rate and income restricted/affordable units. It should be noted if the proposed rents do or do not include tenant paid heating, cooling, cooking expenses. Describe the unit amenities. Evaluate the appropriateness of the proposed unit mix, unit size, rents and amenities for the market and the targeted tenant population.

II. FIELD OBSERVATIONS

A. Site

1. Access to Site: Note the street(s) which will provide access to the site and evaluate the accessibility of the site in terms of local public transportation, parking and major thoroughfares.

2. Site Marketability: Describe and evaluate the location of the site in terms of its visibility and marketability.

B. Adjacent Land

1. Adjacent Land Use: Detail the use of land located directly north, south, west and east of the site. Possible environmental problems and objectionable adjacent land use should be noted.

2. Neighborhood Description: Describe the neighborhood in which the development will be located and evaluate the appropriateness of the proposed project within that setting.

III. MARKET AREA CHARACTERISTICS:

A. Market Area

Define the primary and any secondary market area for the property. Include a description of how the market was determined (*ex. geographic boundaries, population surveys, etc.*).

B. Area Services

Describe and evaluate the availability of area services as related to the intended tenant base. Listed below are general categories that should be addressed. This list in not intended to be all-inclusive. Additional services may be applicable, while some of those listed may not.

1. Shopping and Related Services: Location and distance from the site of the nearest grocery, drugstore, convenience store, other essential services and retail shopping (*including neighborhood shopping malls and regional shopping centers*).

2. Transportation: Access and proximity to major roads and highways, bus service, commuter rail stations and airport(s).

3. Educational Facilities: (*For properties serving families with children*) Name, location and distance from the site to schools in the local school district. Availability of bus service provided by the school district. Number of students and percent of capacity filled for each school.

4. Recreation: A list (*including location and distance from the site*) of outdoor and indoor recreational facilities such as parks, forest preserves, golf courses and movie theaters in the area.

5. Health Care: Location and distance from the site to the nearest hospital(s).

6. Senior Services/Center: (*For properties intended to serve elderly tenants*) The location and distance from the site of the area's senior center. List the services available through the center or through various organizations in the area serving the senior population.

C. Population/Demographic Characteristics

Include the most current demographic data (*typically from the Census)* for both the defined primary and secondary market areas. Provide the percentage increase or decrease from the previous Census and any future projections.

The following data should be included in this demographic analysis: general population, number of households, population and households by age, households by size, and distribution of households by income. In addition the analysis should indicate the median age, median household size and median household income and show any trends. Indicate the source of demographic data.

D. Employment

Present information on the employment base and recent or predicted growth in the area. Note any local employment declines or losses of major area employers. Indicate the source of the above information.

IV. HOUSING MARKET CHARACTERISTICS

A. General Housing Characteristics

Provide the tenure (*owner vs. renter)* of the area housing stock. Include the age of the housing stock, the total number of year- round housing units, and the number and percent of occupied units. Indicate the source of this information.

Discuss the affordability of single family housing alternatives for the targeted population in the primary market area.

B. Housing Activity

Indicate the number of building permits issued from 1985 to the present for both single family and multifamily units. Indicate the source of this data.

C. Consolidated Plan

Determine whether the municipality has a local Consolidated Plan. If so, explain how the proposed project addresses the priorities stated in the local Consolidated Plan. Provide sources for the information presented.

D. Comparable Analysis

1. Comparable Properties: Present a narrative description of each comparable in the rental market. Include information regarding the unit and development amenities offered, the condition of the property and occupancy information when available. A detailed summary of these developments in table format (*as shown in Exhibit 1*) should also be included.

2. Comparison of Market Area Rental Market: Provide a comparison summary of the proposed development and the competing market-area rental developments detailed above. The summary is to include rent, square footage and unit composition comparisons. If no comparable developments exist within the market area, the mean gross rent for the area and the census tract in which the site is located should be examined. A final statement of the proposed property's position in the rental market compared to the current rental market should be made. This statement should also indicate whether this position is acceptable and give reasons for the proposed developments acceptability.

3. Project and Market Rate Property Data (For projects with deep subsidy only i.e. Section 8 or Section 515): Provide data pertaining to the proposed project's current contract rents by unit type. Additionally, provide both a narrative and table discussion of comparable market-rate properties in terms of location, development size, amenities, and current rent levels by unit type.

E. Other Affordable Housing Properties (*not listed as comps above)*

Provide a summary description of affordable housing in the primary market area. Include information on the condition of each property and the overall attitude in the market regarding these non-IHDA affordable housing options. Further detail on each property is provided in Exhibit 2.

AFFORDABILITY/DEMAND

A. Affordable Rent Analysis

Calculate what percentage of a household's monthly income will be required for rent, utilizing maximum income limits and proposed rents. Provide a range of affordability, based on annual income by calculating the minimum monthly income a household can make and still afford the proposed rent. Please indicate the percentage of household income used to determine the minimum annual income affordability. Note: historically the Authority has considered 35% of monthly household income for family households and 45% of monthly income for elderly households as a reasonable threshold for affordability. This data should be presented in table format, using the following example.

	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Very Low Income Units				
(X% median income)				
1 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				
2 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				
Low Income Limits				
(X% median income)				
1 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				
2 BR Units				
Maximum Income Limit for Household Size				
Proposed Monthly Rent Plus Utilities				
Rent as % of Maximum Monthly Income				
Minimum Income Needed for Affordability (Based on X % of Monthly Income)				

B. Penetration Rate

Calculate the penetration rate for each income strata (*market rate, 80%, 60%, 50%, etc.*) proposed. Penetration rate is calculated as follows: divide the number of the proposed units, within each income strata, by the total number of income/age eligible households. The number of households should be based on those households at the minimum annual income as determined above, in Section A, up to the maximum income level for a given income strata. Also calculate an overall penetration rate for the property based on the total number of proposed units. Indicate if the penetration rates are at acceptable percentages and why. Note: historically the Authority has considered 5% – 7% penetration rate to be a reasonable maximum penetration rate for a given income strata/property.
In addition to IHDA's penetration rate analysis explained above, differing

methodologies of penetration rate analysis may be utilized in the report and presented at this point. Please thoroughly explain the methodology used and any benchmark figures utilized.

C. Absorption Rate

Project the amount of time expected to achieve stabilized occupancy (95%) at the proposed development based on the average number of units leased per month at comparable new construction or substantially rehabilitated properties. If this information is not available explain why the data was not available.

D. Housing Need

Determine the need for additional affordable housing units by analyzing, at a minimum, the following data:

1. Compare the number of other affordable housing units in the area to the number of income/age eligible households in the market area.

2. Discuss how vacancy rates, type of housing provided and quality of the affordable housing stock impact the existing supply of affordable housing.

3. Look at the cost of homeownership and estimate the number of renters versus homeowners within the income/age eligible household population.

4. Compare the household sizes of income/age eligible families to the unit sizes provided in the affordable housing stock and the proposed property.

VI. IMPACT ON OTHER AFFORDABLE HOUSING AND MARKET RATE HOUSING

A. Impact on Other IHDA Properties

Evaluate the impact the proposed property will have on the occupancy of existing IHDA properties in the market area. Discuss whether or not the proposed property will significantly reduce the tenancy of established IHDA properties and provide attributing factors for your conclusion. **A list of all IHDA properties is available on 3 ½ inch floppy in both Lotus and EXCEL format. For a copy of the disk, email your request to lsomers@ihda.org or call (312) 836-5374. Similar data is also available on the IHDA web page @ www.ihda.org. To access this information choose Rental Info. on the home page.**

B. Impact on Other Assisted/Affordable Housing (non-IHDA properties)

Evaluate the impact the proposed property will have on the occupancy of other affordable housing properties in the market area. Discuss whether or not the proposed property will significantly reduce the tenancy of established affordable housing properties and provide the attributing factors for your conclusion.

C. Impact on Market Rate Housing

If the rents of the proposed property are comparable to market rate units, evaluate the impact the proposed property will have on the occupancy level of existing market rate properties in the area. Discuss whether or not the proposed property will significantly reduce the tenancy of established market rate properties and provide attributing factors for your conclusion.

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

Provide strengths and weakness of the proposed property in terms of the area's rental market and the income restricted population to be served. Assess the demand for housing based on the current absorption rates and vacancy figures of existing developments. In addition, provide an evaluation of how the proposed property is positioned in the marketplace taking into consideration unit mix, bedroom size, square footage and rents to the market average and to the most comparable existing development(s).

B. Recommendations

Based on the findings summarized in the conclusion, provide a recommendation regarding whether to accept the property as proposed, accept the property with changes or to decline the property. If a change is recommended, state the reason for the change and provide an alternative that would fit the market. If the recommendation is to decline a property, provide justification for this conclusion.

(Generally, recommended changes involve a reconfiguration of the proposed amenities, unit mix, unit type, square footage or rents. Most recommendations to decline a property occur when the recommended changes are too numerous or the market conditions do not support the property).

APPENDIX

Include a map of the primary and secondary market areas denoting the subject property and comps, a site map, color photographs of the site and comparable developments, the market area comparable survey (*see Exhibit 1)*, population and housing characteristics (*if not provided in the body of the study)*, building permit data (*if not provided in the body of the study)*, and the affordable housing data as described below (*illustrated in Exhibit 2)*.

A. Affordable Housing Table (*non-IHDA properties)*

Using the table format shown in Exhibit 2, provide data on affordable housing developments within the primary Market Area. This data is to include:

- The type of affordable housing - public housing, HOME, Tax Credits, etc.
- Tenant type - family, elderly, mixed (*family and elderly)*
- Development condition - poor, adequate, good, excellent
- Tenant demographics - general income levels, single parents, etc. (*information garnered from Management)*
- Other general characteristics - total number of units, number of income restricted units, occupancy rate, etc.

B. Affordable Housing Map

Include in the Appendix, a separate map denoting the subject property and each of the affordable housing developments. This map should present as much detail as possible.

EXHIBIT 1

Comparable Properties

Development Name/Address		Year Built	Total Units	Unit Type	Units By Type	Rent Range	Sq. Ft. Range	Rent/Sq. Ft. Range
Main Street Apts.		1999	99	1 BR	33	$693	650	$1.06
123 Main Street				2 BR	33	$836	857	$0.97
Your Town, IL				3 BR	33	$970	1,026	$0.95
Phone Number:	123-1234							
Occupancy:	100%							
Utilities:	Incl.							
Amenities:	Pool							
Comments:	Good Cond.							
Weighted Average Rent/Sq. Ft.:								

EXHIBIT 2

Sample format for the Summary of Market Area Affordable Housing

EXHIBIT 2

Sample format for the Summary of Market Area Affordable Housing

Development Name/Address City/Zip Code	County	Phone Number	Tenant Base	Bedroom Types	Affordable Housing Program	Total Number of Units
City Apartments	McClean	123-1234	Elderly	1	Section 8	100
Low Income Units	Development Condition	Overall Occupancy	Tenant Demographic	Comments		
100	Adequate	100%	50% of median	none		

Attachment 4

FANNIE MAE

PHYSICAL NEEDS ASSESSMENT

GUIDANCE TO THE PROPERTY EVALUATOR

Specific Guidance
to the
Property Evaluator

Purpose

The purpose of the Physical Needs Assessment is to identify and provide cost estimates for the following key items:

- Immediate Physical Needs - repairs, replacements and significant maintenance items which should be done immediately
- Physical Needs Over the Term - repairs, replacements and significant maintenance items which will be needed over the term of the mortgage and two years beyond.

As part of the process, instances of deferred maintenance are also identified.

The assessment is based on the evaluator's judgment of the actual condition of the improvements and the expected useful life of those improvements. It is understood that the conclusions presented are based upon the evaluator's professional judgment and that the actual performance of individual components may vary from a reasonably expected standard and will be affected by circumstances which occur after the date of the evaluation.

This package explains how to use the set of forms provided by Fannie Mae. It is important to recognize that the forms are intended to help the evaluator conduct a comprehensive and accurate assessment. They also present the results of that assessment in a relatively standard format which will be useful to the lender in making underwriting decisions. However, the forms should not constrain the evaluator from fully presenting his or her concerns and findings. The forms should be used and supplemented in ways which facilitate the preparation and presentation of information useful to the lender regarding the physical needs of the property.

The Systems and Conditions forms may be altered and/or computerized to serve the evaluators' needs so long as information is provided on the condition and Effective Remaining Life of all components and the Effective Remaining Life is compared to the standard Expected Useful Life (EUL). The Summary forms may also be extended or computerized so long as the basic format is maintained.

Terms of Reference Form

The lender completes this form for the evaluator. It serves as a reference point for the assessment and provides the evaluator with basic information about the property and the term of the loan. Four additional topics are covered:

- *Sampling Expectations* - The lender's expectations about the number and/or percentage of dwelling units, buildings and specialized systems to evaluate may be stated. If there is no stated expectation, the evaluator should inspect sufficient units, buildings, and numbers of specialized systems to state *with confidence* the present and probable future condition of each system at the property. The evaluator should provide a separate statement indicating the sampling systems used to ensure a determination of conditions and costs with acceptable accuracy. If a Sampling Expectation is provided by the lender which is not adequate to achieve the requisite level of confidence, the evaluator should so advise the lender.

  Considerations in determining an adequate sample size are age and number of buildings (especially if the property was developed in phases), total number of units, and variations in size, type and occupancy of units. Effective sampling is based on observing a sufficient number of each significant category. Using the above criteria, categories could include *buildings by age of each building* (e.g. inspect buildings in the 8 year old phase and in the 11 year old phase), *buildings by type* (e.g. row house, L-shaped row house, walkup, elevator) and/or *buildings by construction materials* (e.g. inspect the garden/flat roof/brick walls section and the garden/pitched roof/clapboard walls section). Dwelling units are separate categories from buildings. At a minimum, sampling is by unit size (0/1/2/3/4 bedrooms). There may be further categories if units are differently configured or equipped, or have different occupants (especially family or elderly). Generally, we would expect the percentage of units inspected to decrease as the total number of units increases. Systems which are not unit specific, such as boilers, compactors, elevators and roofs, will often have a 100% sample.

  The overriding objective: SEE ENOUGH OF EACH UNIT TYPE AND SYSTEM TO BE ABLE TO STATE WITH CONFIDENCE THE PRESENT AND PROBABLE FUTURE CONDITON.

- *Market Issues* - In certain instances, market conditions may necessitate action on certain systems. Examples are early appliance replacement or recarpeting, new entry paving, special plantings, and redecorated lobbies. If the owner or lender has identified such an action, the evaluator should include a cost estimation for such action and indicate what, if any, other costs would be eliminated by such action.

- *Work In Progress* - In some instances, work may be underway (which can be observed) or under contract. When known by the lender, this will be noted. For purposes of the report, such work should be assumed to be complete, unless observed to be unacceptable in quality or scope.

- *Management-Reported Replacements* - In some instances, the property ownership or management will provide the lender with information about prior repairs or replacements which have been completed in recent years. The lender may provide this information to the evaluator to assist in the assessment of these components. The evaluator should include enough units, buildings, or systems in the sample to reasonably verify the reported repairs or replacements.

Systems and Conditions Forms

It is the responsibility of the evaluator to assess the condition of every system which is present at a property. All conditions, except as noted below, requiring action during the life of the loan must be addressed regardless of whether the action anticipated is a capital or operating expense.

To assist evaluators in reviewing all systems at a property, four Systems and Conditions Forms are provided. Each lists a group of systems typically related by trade and/or location. The four forms are Site, Architectural, Mechanical and Electrical, and Dwelling Units. While the forms have several columns in which information may be recorded, *in many instances only the first three columns will be completed.* If the condition of a system is acceptable, the Effective Remaining Life exceeds the term of the mortgage by two years, and no action is required, no other columns need to be completed.

The report is not expected to identify minor, inexpensive repairs or other maintenance items which are clearly part of the property owner's current operating pattern and budget so long as these items appear to be taken care of on a regular basis. Examples of such minor operating items are occasional window glazing replacement and/or caulking, modest plumbing repairs, and annual boiler servicing. However, the evaluator *should* comment on such items in the report if they do not appear to be routinely addressed or are in need of immediate repair.

The report is expected to address infrequently occurring "big ticket" maintenance items, such as exterior painting, all deferred maintenance of any kind, and repairs or replacements which normally involve significant expense or outside contracting. While the evaluator should note any environmental hazards seen in the course of the inspection, environment-related actions, such as removal of lead-based paint, will be addressed in a separate report prepared by an environmental consultant.

Using the Systems and Conditions Forms

Purpose

The forms can be used both to record actual observations at a specific location and for an overall summary. For example, the Architectural form can be used for a specific building (or group or identical buildings) as well as for summarizing all information for buildings at a property. The same is true for the Dwelling Unit form. An unlabeled form is included which can be used as a second page for any of the Systems and Conditions Forms.

In some instances, the evaluator will note components which, while they may continue to be functional, may reduce marketability of the property. For example, single-door refrigerators or appliances in outmoded colors may have such an impact in some properties. The evaluator should note these items, discuss them with the lender, and provide separate estimates of the cost to replace such items if requested.

Items (EUL)

Each of the four forms has a number of frequently-occurring systems and components listed. This list represents only the most frequently observed and is not meant to be all inclusive. *Every system present at the property must be observed and recorded.* Any system not listed on the form may be included in the spaces labeled Other. Note that the assessment includes the systems and components in both residential and non-residential structures. Thus, garages, community buildings, management and maintenance offices, cabanas, pools, commercial space, and other non-residential buildings and areas are included.

The Expected Useful Life (EUL) figure which appears in parentheses after the Item is taken from the Expected Useful Life Table provided. This table provides standard useful lives of many components typically found in apartment complexes. Where the parentheses do not contain a number, it is because there are various types of similar components with differing economic lives. The evaluator should turn to the Expected Useful Life Table and select, and insert, the appropriate Expected Useful Life (EUL) number. If the Expected Useful Life (EUL) will, without question, far exceed the term of the mortgage plus two years, the Expected Useful Life (EUL) number need not be inserted.

Note: It is recognized that the Expected Useful Life Tables represents only one possible judgment of the expected life of the various components. If we receive substantial material to the effect that one or more of the estimates are inappropriate, we will make adjustments. Until such changes are made, the Tables provide a useful and consistent standard for all evaluators to use. They avoid debate on what the appropriate expected life is and permit focus on the evaluator's judgment of the effective remaining life of the actual component in place, as discussed below.

Age

The evaluator should insert the actual Age of the component or may insert "OR" for original. If the actual age is unknown, an estimate is acceptable. If there is a range in Age (for example, components replaced over time), the evaluator may note the range (i.e., 5-7 years) or may use several lines for the same system, putting a different Age of that system on each line.

Condition

This space is provided to indicate the Condition of the component, generally excellent, good, fair, or poor, or a similar and *consistent* qualitative evaluation.

Effective Remaining Life

This space is provided for the evaluator to indicate the remaining life of the component as is. For standard components with standard maintenance, the Expected Useful Life Table provided by the Lender could be used to determine Effective Remaining Life by deducting the Age from Expected Useful Life (EUL). However, this should not be done automatically. A component with unusually good original quality or exceptional maintenance could have a longer life. On the other hand, if the component has been poorly maintained or was of below standard original quality, the useful life could be shorter that expected. *The evaluator applies his or her professional judgment in making a determination of the* Effective Remaining Life.

If the Effective Remaining Life *is longer than the term of the loan plus two years, no deferred maintenance exists, and no action needs to be taken during the life of the loan, no other columns need to be filled out.* The only exception may be Diff? (Difference), as discussed below. This should be noted when the evaluator's estimate of the Effective Remaining Life varies by more than two years from the standard estimate.

Diff? (Difference)

The Age of the component should be deducted from the Expected Useful Life (EUL) in parentheses and the answer compared to the Effective Remaining Life estimated by the evaluator. Where there is a difference of over two years, the evaluator should insert a footnote number in the DIFF? (Difference) column and supply, in an attached list of footnotes, a brief statement of why, in his or her judgment, the Effective Remaining Life of the component varies from the standard estimate. This approach provides consistency among evaluators while making best of the evaluators' professional judgment.

Action

If any Action is required - immediately, over the life of the loan, or within two years thereafter - the Action should be recorded as *repair, replace, or maintain*. Repair is used when only a part of an item requires action, such as the hydraulics and/or controls of a compactor. Replace is used when the entire item is replaced. Maintain is used where special, non-routine maintenance is required, such as the sandblasting of a swimming pool. In cases where a repair or maintenance may be needed now, and replacement or further maintenance may be needed later, separate lines may be used to identify the separate actions and timing.

Now?

If the item involves a threat to the immediate health and safety of the residents, clearly affects curb appeal, will result in more serious problems if not corrected, or should otherwise be accomplished as part of an immediate repair, maintenance or replacement program, this space should be checked. Replacements which may be needed in year one, but do not require immediate attention, need not be checked.

DM (Deferred Maintenance)

The DM (Deferred Maintenance) space is marked in any instances where current management practice is clearly inadequate and the owner's attention should be called to the item, even if no major expenditure or significant labor may be required.

Quantity

For items requiring action, the evaluator should note the Quantity of the system, with the applicable unit of measure entered (each, unit, square feet, square yards, linear feet, lump sum, etc.).

Field Notes

This space, as well as attachments may be used to record the type of component (16cf, fros. free, Hotpoint), the problem (valves leaking) or other information (consider replacement for marketing purposes, replace 30% per year, work in progress, etc.) that the evaluator will need to complete the Evaluator's Summary.

Sample Form

The following example from the Dwelling Unit Systems and Conditions form illustrates how this form is properly used. The example presumes an 11 story building containing 1 and 2 bedroom units. There are 100 units. The age of the building is 9 years. The term of the proposed loan is 7 years.

ITEM (EUL)	AGE	COND	ERL	DIFF?	ACTION	NOW?	DM?	QUANTITY	NOTES
Countertop /Sink (10)	9	EX	10+	1	-	-	-	- ea.	Corian Stainless Steel
Refrigerator (15)	9	Good	6	-	REPL	-	-	100ea	Hot point 16cf. ff 20%/yr @ YR 5
Disposal (5)	0-9	Good	0-5	-	REPL	-		100ea	20%/yr. @ YR. 1 OPTE
Bath Fixtures (20)	9	Good	11+	-	-	-	-	-	Dated Looking Repair - Now
Ceiling (04) stack	9	Hater Damage	-	-	Repair	Yes	-	10ea	Plumbing Leak

Countertop/sinks are 9 years old. (The entry could also be "OR"). Condition is excellent, with an Effective Remaining Life of 10 years. This is significantly different from the anticipated Effective Remaining Life of 1 (an EUL of 10 years minus an Age of 9 years). Therefore, there is a footnote entry “1” in the Diff? (Difference) column. The footnote will indicate that this item is made of an exceptionally durable material (Corian), along with a top quality stainless steel sink. The evaluator’s estimate of an Effective Remaining Life of 10 years + is beyond the term of +2. No capital need would be reported.

Refrigerators are also original, reported as 16 cf frost free Hotpoints. Replacement is expected around the Effective Remaining Life, noted as 20% annually and beginning in the 5th year of the loan when the refrigerators are 14 years old.

Disposals range from new to original (Age = 0-9). 20% per year replacements will be needed starting in year 1. The evaluator notes that disposals appear to be replaced as part of the project’s normal operations.

Bath fixtures are original, and in good condition. No replacement is expected to be required during the term +2 years. The note indicates that they are “dated looking,” which may prompt a market consideration for replacement.

Ceiling is a special entry. The “04” stack of units has experienced water damage to ceiling from major plumbing leak. This is noted for repair NOW. As this apparently occurs in all 10 units in this stack and therefore is likely to have more than a modest cost, this action would be reported on the Immediate Physical Needs summary form.

Evaluator’s Summary Forms

Two separate forms are used to summarize the evaluator’s conclusions from the Systems and Conditions Forms. One summarizes Immediate Physical Needs and the other summarizes the Physical Needs Over The Term +2 years.

Evaluator's Summary: Immediate Physical Needs

All of the items for which Now? is checked are transferred to this form. This form provides for the listing of Items, Quantity, Unit Cost and Total Cost of each. The Item and Quantity are transferred directly from the Systems and Conditions Form.

Unit Cost - This is the cost per unit (sf, ea, lf, etc.) in current dollars to implement the required action. The source of the cost estimate should be listed in a separate attachment. The sources may include a third-party estimation service (e.g., R.S. Means: *Repair and Remodeling Cost Data*), actual bid or contract prices for the property, estimates from contractors or vendors, the evaluator's own cost files, or published supplier sources.

Total Cost - This is the result of multiplying the quantity times the unit cost. It is expressed in current year dollars.

DM (Deferred Maintenance) - If the item evidences deferred maintenance, this column is checked.

Comments - the comments column, or an attachment, should clearly provide information on the location and the nature of problem being addressed for each item. The information should be adequate for the owner to begin to implement the action.

Evaluator's Summary: Physical Needs Over the Term

Those items not listed on the Immediate Physical Needs form, but for which action is anticipated during the term of the loan plus two years, are listed on the form. The item and Quantity are transferred directly from the Systems and Conditions Form. The Unit Cost is calculated in the same manner as on the Immediate Physical Needs Form. An attachment should be provided which gives any necessary information on the location of action items and the problem being addressed for each item. The information should be adequate for the owner to begin to implement the action.

Cost by Year - the result of multiplying the quantity times the unit cost, in current dollars, is inserted in the column for the year in which the action is expected to take place. Generally, the Effective Remaining Life estimate provided by the evaluator on the Systems and Conditions will indicate the action year. For example, if the evaluator has indicated that the Effective Remaining Life of the parking lot paving is 4 years, the cost, in current dollars, is inserted in Year 4. If the items are likely to be done over a number of years, the costs, in current dollars should be spread over the appropriate period. For example, if the Effective Remaining Life of the Refrigerators is estimated to be 4 years, or 3 -5 years, one third of the cost of replacing the refrigerators may appear in each of Years 3, 4, and 5.

Total Uninflated - After inserting all of the appropriate action items, the evaluator should total the items for each year.

Total Inflated - The evaluator should multiply the Total Uninflated times the factor provided to produce the Total Inflated.

Total Inflated All Pages - On the last sheet, the evaluator should include the Total Inflated Dollars for that page and all prior pages.

Cumulative Total All Pages - On the last sheet, the evaluator should insert the Total Inflated Dollars of that year and all prior years.

Special Repair and Replacement Requirements

While performing a property inspection, the evaluator must be aware that certain building materials and construction practices may cause properties to experience (or to develop in a short time period) problems that can be corrected only with major repairs or replacements. The following identifies some specific construction related problems; however, the evaluator must be aware that other construction related problems may be found in any property and should be identified. If any of the following requirements are not met or if the evaluator determines that the following conditions (or others) are present, *the evaluator must contact the lender immediately to discuss the timing as well as the cost of the repairs or replacements.* The evaluator should ensure that any of these conditions are thoroughly addressed in the Physical Needs Assessment.

Minimum Electrical Capacity - Each apartment unit must have sufficient electrical capacity (amperage) to handle the number of electrical circuits and their use within an apartment. Therefore, the evaluator must determine, based on referencing the National Electric Code as well as local building codes, what is the minimum electrical service needed. In any event, that service must not be less than 60 amperes.

Electrical Circuit Overload Protection - All apartment unit circuits, as well as electrical circuits elsewhere in an apartment complex, must have circuit breakers as opposed to fuses as circuit overload protection.

Aluminum Wiring - In all cases, where aluminum wiring runs from the panel to the outlets of a unit, the evaluator's inspection should ascertain that the aluminum wiring connections (outlets, switches, appliances, etc.) are made to receptacles rated to accept aluminum wiring or that corrective repairs can be done immediately by the owner.

Fire Retardant Treated Plywood - While performing the roof inspection, the evaluator should investigate whether there is any indication that fire-retardant treated plywood was used in the construction of the roof (primarily roof sheathing). This inspection should focus on sections of the roof that are subjected to the greatest amount of heat (e.g., areas that are not shaded or that are poorly ventilated) and, if possible, to inspect the attic for signs of deteriorating fire-retardant treated plywood or plywood that is stamped with a fire rating.

Our concern is that certain types of fire-retardant treated plywood rapidly deteriorate when exposed to excessive heat and humidity or may cause nails or other metal fasteners to corrode. Common signs of this condition include a darkening of the wood and the presence of a powder-like substance, warping of the roof and the curling of the shingles. Fire-retardant treated plywood is most likely to be in townhouse properties or other properties with pitched, shingled roofs that were constructed after 1981 and that are located in states east of the Mississippi River and some southwestern states.

Narrative Conclusion and Attachments

A complete narrative summary of the property and its components is not required. However, the evaluator should supply a concise summary of the conclusions reached concerning the overall condition of the property, its future prospects, and the quality of the current maintenance programs. *Any items affecting the health and safety of residents should be clearly flagged.*

The summary should include a discussion of the sampling approach used, discussed above, and any market issues which the evaluator believes it may be appropriate to address or which were noted by the lender.

The narrative, the forms use and the attachments (footnotes explaining Differences, information regarding sources of costs, and, if necessary, information needed to identify the location and type of problem addressed in the Evaluator's Summary: Physical Needs Over the Term) should be supplied.

EXPECTED USEFUL LIFE TABLES

Forms and Expected Useful Life Tables developed for Fannie Mae
by On-Site Insight of Needham, MA

EXPECTED USEFUL LIFE TABLE	Family Development	Elderly Development	Action
SITE SYSTEMS **NOTE: 50+ "long-lived" systems: EUL based on location and use specific conditions**			"Action" equals replace unless other wise noted
Basketball Courts	15	25	
Built Improvements (playgrounds/site furniture)	20	20	
Catch Basin	40	40	
Cold Water Lines	40	40	
Compactors	15	15	
DHW/Supply/Return	30	30	
Dumpsters	10	10	
Dumpster Enclosure	10	10	Fence Only
Earthwork	50+	50+	
Electrical Distribution Center	40	40	
Emergency Generator	15	15	
Fencing			
Chain Link	40	40	
Wrought Iron	50+	50+	
Stockade/Basinweave	12	12	
Post and Rail	25	25	
Gas Lines	40	40	
Heating Supply/Return	40	40	
Incinerators	50+	50+	
Irrigation System	30	30	
Lift Station	50	50	
Mail Facilities	10	10	
Landscaping	50+	50+	
Parking			
Asphalt	25	25	Resurface
Gravel	15	15	Resurface
Pedestrian Paving	15	15	Resurface
Bimminors	15	15	
Concrete	30	30	
Retaining Walls			
Concrete	20	20	Fill Cracks/Repoint
Masonry	15	15	Fill Cracks/Repoint
Wood	15	15	Replace
Stone	15	15	Fill Cracks/Repoint
Roadways			
Asphalt (Sealing)	5	5	Seal
Asphalt	25	25	Resurface
Gravel	15	15	Resurface (grade and gravel)
Sanitary Treatment	40	40	
Site Electrical Main	40	40	
Site Gas Main	40	40	
Site Lighting	25	25	
Site Power Distribution	40	40	
Site Sanitary Lines	50+	50+	
Site Sewer Main	50+	50+	
Site Water Main	40	40	
Storm Drain Lines	50+	50+	
Swimming Pool - Deck	15	15	Resurface Deck
Mechanical Equipment (filter/pump/etc.)	10	10	
Tennis Courts	15	15	Resurface
Transformer	30	30	
Water Tower	50+	50+	

EXPECTED USEFUL LIFE TABLE	Family Development	Elderly Development	Action
BUILDING ARCHITECTURE NOTE: 50+ = "long-lived" systems: EUL based on location and use-specific conditions			
Appurtenant Structures			
Porches	50	50	Paint at 5 years
Wood Decks	20	20	Paint at 5 years
Storage Sheds	30	30	Paint at 5 years
Greenhouses	50	50	
Carports	40	40	
Garages	50+	50+	
Basement Stairs	50+	50+	
Building Mounted Exterior Lighting	6	10	
Building Mounted HID Lighting	6	20	
Bulkheads	30	30	
Canopies			
Wood/Metal	40	40	Replace
Concrete	20	20	Re-roof
Ceilings, Exterior or Open	5	5	Paint
Chimney	25	25	Point
Common Area Doors (fire/hall/closet/etc.)	50+	50+	
Common Area Floors			
Ceramic/Quarry Tile/Terrazzo	50+	50+	Replace
Wood (strip or parquet)	30	30	Replace Portion/Sand and Finish
Resilient Flooring (tile or sheet)	15	15	Replace
Carpet	7	7	Replace
Concrete	50+	50+	Replace
Common Area Railings	50+	50+	
Common Area Ceilings			
Concrete/Drywall/Plaster	50+	50+	Replace (paint 5-8 years)
Acoustic Tile	20	20	Replace
Common Area Countertop & Sink	20	20	
Common Area Dishwasher	15	15	
Common Area Disposal	5	5	
Common Area Walls	50+	50+	Replace (paint 5-8 years)
Exterior Common Doors			
Aluminum and Glass	30	30	Door only
Solid Core (wood or metal)	25	25	Door only
Amo	15	30	Door and mechanism
Exterior Stairs			
Wood	30	30	Replace
Filled Metal Pan	20	20	Replace
Concrete	50+	50+	Replace
Exterior Unit Doors	25	25	
Exterior Walls			
Aluminum Siding	15	15	Prep and Paint
Brick or Block	40	40	Repoint
Brownstone/Stone Veneer	20	20	Waterproof and Caulk
Glass Block	15	15	Recaulk
Granite Block	40	40	Repoint
Metal/Glass Curtain Wall	10	10	Recaulk
Pre-cast Concrete Panel	15	15	Recaulk
Vinyl Siding	30	30	Replace
Wood shingle, Clapboard, Plywood, Stucco	5	5	Prep and Paint/Stain
Fire Escapes	40	40	Resecure
Foundations	50+	50+	

EXPECTED USEFUL LIFE TABLE	Family Development	Elderly Development	Action
Hatches/Skylights			
Access Hatch	30	30	
Smoke Hatch or Skylight	50+	50+	
Insulation/Wall	50+	50+	
Interior Lighting	25	25	
Interior Railings	50+	50+	
Kitchen Cabinets	20	20	
Local HVAC			
Electrical Fan Coil	20	20	
Electric Heat/Electrical AC	15	15	
Gas Furnace With Split DX AC	20	20	
Heat Pump w/ Supplementary Electrical	15	15	
Heat Pump, Water Source	20	20	
Hydronic Fan Coil	30	30	
Hydronic Heat/Electrical AC	20	20	
Mail Facilities	10	30	
Parapet Wall	50+	50+	
Penthouse	25	25	New Door and Pointing
Public Bathroom Accessories	7	7	
Public Bathroom Fixtures	15	15	
Radiation			
Hydronic (baseboard or freestanding)	50	50	
Electric Baseboard	25	25	
Electric Panel	20	20	
Railings Roof	10	10	Paint
Refrigerator, Common Area	15	15	
Residential Glass Doors			
Sliding	15	15	
Atrium/French	30	30	
Roof Covering			
Aluminum Shingles	40	40	
Asphalt Shingles	20	20	
Built-up (BUR)	20	20	
Membrane	20	20	
Metal (pre-formed)	40	40	
Slate, Tile, Clay, or Concrete Shingles	50+	50+	
Wood Shingles	20	20	
Roof Drainage Exterior (gutter and fascia)	25	25	New Gutters
Roof drainage Interior (Drain Covers)	50+	50+	
Roof Structure	50+	50+	
Slab	50+	50+	
Service Doors	25	25	
Soffits			
Wood / Stucco / Concrete	5	5	Paint
Aluminum or Vinyl	25	25	Replace
Stair Structure	50+	50+	
Storm/Screen Doors	7	15	
Storm/Screen Windows	20	20	
Waterproofing Foundation	50+	50+	
Window Security	40	40	
Windows (Frames and Glazing)	30	30	
Wood Floor Frame	50+	50+	

EXPECTED USEFUL LIFE TABLE	Family Development	Elderly Development	Action
DWELLING UNITS **NOTE: 50+ = “long-lived” systems: EUL based on location and use-specific conditions**			
Bath Accessories	10	15	
Bath Fixtures (Sink, toilet, tub)	20	20	
Closet Doors	10	20	
Countertop and Sink	10	20	
Dishwasher	10	15	
Disposal	5	8	
Electric Fixtures	20	20	
Hallway Door	30	50	Door Only
Heat Detectors	20	20	
Interior Door	30	50	Door Only
Interior Stairs	50+	50+	
Kitchen Cabinets	20	25	
Living Area Ceilings			
Concrete/Drywall/Plaster	50+	50+	Replace (Paint at 5-8 years)
Acoustic Tiles	20	20	
Living Area Floors			
Ceramic/Quarry Tile/Terrazzo	50+	50+	Replace
Wood (strip or parquet)	30	30	Replace Portion/Sand and Finish
Resilient Flooring (tile or sheet)	15	20	Replace
Carpet	7	10	Replace
Concrete	50+	50+	Replace
Living Area Walls	50+	50+	Replace (Paint at 5-8 years)
Local HVAC			
Electric Fan Coil	20	20	
Electric Heat/Electric AC	15	15	
Evaporative Condenser (“swamp cooler”)	20	20	
Gas furnace With Split DX AC	20	20	
Heat Pump w/ Supplementary Electric	15	15	
Heat Pump, Water Source	20	20	
Hydronic Fan Coil	30	30	
Hydronic Heat/Electric AC	20	20	
Range	15	20	
Rangehood	15	15	
Refrigerator	15	15	
Smoke/Fire Detectors	10	10	
Unit Air Conditioning (Window)	15	15	
Unit Electric Panel	50+	50+	
Unit Level Boiler	25	25	
Unit Buzzer/Intercom	20	30	
Unit Level DHW	10	10	
Unit Level Hot Air Furnace	25	25	
Unit Radiation			
Hydronic or Steam (baseboard or freestanding)	50	50	
Electric Baseboard	25	25	
Unit Vent/Exhaust	15	15	
Unit Wiring	99	99	
Vanities	20	20	
Window Covering	3-20	3-25	Material/User Specific

EXPECTED USEFUL LIFE TABLE	Family Dev.	Elderly Dev.	Action
MECHANICAL/ELECTRICAL NOTE: 50+ = "long-lived" systems: EUL based on location and use-specific conditions			
Central Unit Exhaust, Roof Mounted	15	15	
Chilled Water Distribution	50+	50+	
Chilling Plant	15	25	
Compactor	15	15	
Cooling Tower	25	25	
Electrical Switchgear	50+	50+	
Electrical Wiring	50+	50+	
Elevator, Controller/Dispatcher	15	20	
Elevator, Cab	15	20	Rebuild Interior
Elevator, Machinery	30	30	
Elevator, Shaftway Doors	20	30	Replace Gibs and Rollers
Elevator, Shaftways			
Hoist Rails, Cables, Traveling Equipment	25	25	
Hydraulic Piston and Leveling Equipment	25	25	Re-sleeve Piston
Emergency Call Alarm System, Station	15	15	
Emergency Generator	35	35	
Emergency Lights	10	10	Battery operated
Evaporative Cooler	15	15	
Fire Pumps	20	20	Pump Motor
Fire Suppression	50+	50+	Piping
Gas Distribution	50+	50+	Piping
Heat Sensors	15	15	
Heating Risers and Distribution	50+	50+	
Heating Water Controller	15	15	
Hot and Cold Water Distribution	50	50	
HVAC			
Cooling Only	15	15	
Heat Only	15	15	
Heating and Cooling	15	15	
Master TV System	15	15	
Outdoor Temperature Sensor	10	10	
Sanitary Waste and Vent System	50+	50+	
Sewage Ejectors	50	50	
Buzzer/Intercom Central Panel	15	15	
Smoke & Fire Detection System, Central Panel	15	15	
Sump Pump			
Residential	7	7	Replace
Commercial	15	15	Replace Motor
Water Softening and Filtration	15	15	
Water Tower	50+	50+	
Boiler Room Equipment			
Blowdown and Water Treatment	25	25	
Boiler Room Pipe Insulation	With Boiler	With Boiler	
Boiler Room Piping	With Boiler	With Boiler	
Boiler Room Valves	15	15	Repack Valves
Boiler Temperature Controls	With boiler	With boiler	
Boilers			
Oil-fired Sectional	22	22	
Gas or Dual-fuel-fired Sectional	25	25	
Oil Gas or Dual-fuel-fired Package, Low MBH	30	30	

EXPECTED USEFUL LIFE TABLE	Family Development	Elderly Development	Action
MECHANICAL/ELECTRICAL (continued)			
Oil Gas or Dual-fuel-fired Package, High MBH	40	40	
Gas-fired Atmospheric	25	25	
Electric	20	20	
Bottled Gas Storage	20	20	
Building Heating Water Temperature Controls			
Residential	12	12	
Commercial	15	15	
Combustion Air			
Duct with Fixed Louvers	50+	50+	Replace
Motorized Louver and Duct	25	25	Replace Motor
Make-up Air	25	25	Replace Fan/Preheater
Compressors	15	15	
Condensate and Feedwater			
Feedwater Only (Hydronic)	10	10	
Condensate and Feedwater (Steam)	With Boiler	With Boiler	
DHW Circulating Pumps	By Size	By Size	
DHW Generation			
Tank Only, Dedicated Fuel	10	10	
Exchanger in Storage Tank	15	15	
Exchanger in Boiler	15	15	
External Tankless	15	15	
Instantaneous	10	10	
DHW Storage Tanks			
Small (up to 150 gallons)	12	12	Replace
Large (over 150 gallons)	7	7	Point Tank Lining
Domestic Cold Water Pumps	15	15	
Fire Suppression	50+	50+	
Flue Exhaust	With Boiler	With Boiler	
Free Standing Chimney	50+	50+	
Fuel Oil Storage	25	25	
Fuel Transfer System	25	25	
Heat Exchanger	35	35	
Heating Water Circulating Pumps	By size	By size	
Line Dryers	15	15	
Motorized Valves	12	12	
Outdoor Temp Sensor	10	10	
Pneumatic Lines & Controls	30	30	
Purchased Steam Supply Station	50+	50+	
Solar Hot Water	20	20	Replace Collector Panels

ARCHITECTURAL BARRIERS

Code of Federal Regulations Number	Act/Section Application	Uniform Federal Accessibility Standards Apply (USFAS)*	Accessibility Requirements
42 USC 4151-4157	Certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped. Projects financed with Federal funds including: • Section 202/811 capital advances • All newly constructed low-income public housing projects or; • Public housing projects undergoing rehabilitation financed by Comprehensive Improvement Assistance Program (CIAP) funds.	Yes	

Code of Federal Regulations Number	Act/Section Application	Uniform Federal Accessibility Standards Apply (USFAS)*	Accessibility Requirements
24 CFR Part 8	Projects receiving Federal financial assistance including: • Section 202/811 capital advances • Section 8 project based assistance • Newly constructed public housing projects or; • Public housing projects undergoing rehabilitation financed by Comprehensive Improvement Assistance Program (CIAP) funds.	Yes	New Construction (24 CFR 8.22 (6)): • 5% or a minimum of one dwelling unit (DU) must meet mobility impairment regulations • An additional 2% or a minimum of one DU must meet hearing and visual impairment regulations Substantial Alteration (24 CFR 8.32(a)): • Buildings undergoing substantial alteration are only affected if they contain 15 or more DU and the cost of the alterations is 75% or more of the replacement cost. Other Alterations / Clarifications (25 CFR 8.23(b)): • Regulation states that alterations "shall to the maximum extent feasible, be made to be readily accessible to and usable by individuals with handicaps. NOTE: This also applies to alterations to common parts of facilities that affect accessibility of existing housing facilities. • Alterations to DUs or common areas that affect accessibility of existing housing facilities must be completed to allow access for all persons. • Owners and sponsors are not required to make the prescribed alterations if doing so would impose an undue financial or administrative burden on the operation of the multifamily housing project. • If alterations, when considered together, to single elements or spaces of a DU, amount to an alteration of a DU, the entire unit must be made readily accessible. • If 5% of DU are readily accessible to the mobility impaired, no further alterations are necessary. This section is silent on visual/hearing impairments. However, additional requirements to include these may be prescribed by the field office. (24CFR 8.23(b)(2))

FAIR HOUSING AMENDMENTS ACT OF 1988

Code of Federal Regulations Number	Act/Section Application	Uniform Federal Accessibility Standards Apply (USFAS)*	Accessibility Requirements
	24 CFR Part 100	No	• At least one unit must be on an accessible route unless impractical due to terrain. (24 CFR 100.205(a)) • All public and common use areas must be accessible. (24 CFR 100.205(c)(1)) • All external and internal doors must be wide enough to accommodate wheel chair access. (24 CFR 100.205 (c)(21)) • All dwelling units must contain the following features of adaptable design: ◊ Accessible route into and through the DU (24 CFR 100.205 (C)(3)(i)) ◊ Light switches in accessible locations (24 CFR 100.205 (C)(3)(ii)) ◊ Reinforcements in bathroom walls for grab bars and; (24 CFR 100.205 (C)(3)(iii)) • Usable kitchens and bathrooms for persons in wheelchairs (24 CFR 100.205 (C)(3)(iv))

ATTACHMENT 5

2003 SCHEDULE OF FEES*

1.	Application Fee	**$500** for Projects with 25 or fewer units. **$1,100** for Projects with more than 25 units. **$1,100** for Projects with tax-exempt financing. **$500** for Projects competing under the Nonprofit Set- Aside, regardless of the size of the Project. No additional fee is required if submitted a round one Application and resubmitting for round two.
2.	Reservation Fee/ Determination Fee	**6.5%** of annual Tax Credit amount stated in the Reservation Letter for Projects competing under the Authority Housing Credit Ceiling. **6.5%** of the annual Tax Credit amount identified in the Determination Letter for Projects financed with tax-exempt bonds. Minimum: $500 One-Time
3.	Modification Fee**	**$250** for changes in the ownership structure or changes in the name of the ownership entity; or for requests for extensions for meeting special conditions set forth in the Reservation Letter. **$500** for changes to the characteristics of the Project, such as unit type, distribution, or targeting, or for changes to scoring criteria. **$1,000** for issuance of amended IRS Form(s) 8609 due to an error in the submission of final Allocation documentation. **$1,000** for an amended Carryover Allocation resulting from a change in building identification numbers or other modification which requires the preparation of an amended IRS Form 8610.

4. Monitoring Fee

# Low-Income Units in Project	Annual Fee
1 - 10	$ 75
11 - 19	$150
20 or more	$ 22 per unit

5. Subsidy Layering Fee **$500**

* All fees must be sent directly to the Illinois Housing Development Authority's lockbox at IHDA, P.O. Box 93397, Chicago IL 60673. A copy of the check must be sent directly to the Authority.

** Any requests for modifications to the original Application subsequent to issuance of the Reservation Letter must be in writing, and must be accompanied by the appropriate processing fee.

ATTACHMENT 6 **QUALIFIED CENSUS TRACTS**

IRS SECTION 42(d)(5)(C)(ii) (Effective September 11, 2001)

County	Tract	Tract	Tract	Tract	Tract	Tract
Adams	0004	0007	0008			
Alexander	9577	9578	9579			
Champaign	0001	0002	0003	0004	0014	0051
	0052	0059	0060			
Christian	9589					
Coles	0004	0007	0008			
Cook	SEE ATTACHED LIST					
DeKalb	0010	0011	0012			
Franklin	0404	0407	0409	0410		
Hamilton	9731					
Hardin	9709					
Henry	0308					
Jackson	0107	0108	0109	0111	0112	0113
	0114	0115				
Jefferson	0509	0510	0511			
Kane	8512	8515	8529.4	8536	8537	8546.98
Kankakee	0110	0114	0115	0116	0123	
Knox	0008	0011				
Lake	8623	8628				
LaSalle	9633					
Macon	0001	0002	0003	0598	0006	0007
	0008	0009				
Madison	4005	4006	4007	4021	4024	4025
	4026	4031				
Marion	9525	9527				
McLean	0101	0002	0004	0501	1302	0015
	0016					
McDonough	0104	0105	0106	0108		
Morgan	9520					
Peoria	0001	0002	0003	0005	0006	0007
	0008	0009	0011	0012	0013	0014
	0015	0017	0018	0019		
Perry	0304					
Pike	9528					
Pope	9712					
Pulaski	9710	9711				
Richland	9780					
Rock	0206	0210	0223	0224	0226	0227
Island	0234	0235	0236	0237	0244	
St. Clair	5004	5005	5006	5009	5010	5011
	5012	5013	5014	5021	5022	5024.01
	5024.04	5025	5027	5028	5029	5030
	5041	5042.01	5044			
Sangamon	0008	0009	0014	0015	0016	0017
	0023	0024				
Saline	9555	9559				
Stephenson	0007					
Tazewell	0202	0209				
Vermillion	0001	0002	0004	006		
White	9580					
Whiteside	0017					
Will	8812	8813	8819	8820	8825	
Williamson	0201					
Winnebago	0010	0011	0012	0021	0024	0025
	0026	0027	0028	0029		

***NOTE*: THERE ARE NO DIFFICULT DEVELOPMENT AREAS (IRS Section 42 (d)(5)(C)(iii)) IN ILLINOIS.**

ATTACHMENT 6 - CONTINUED

QUALIFIED CENSUS TRACTS
IRS SECTION 42(d)(5)(C)(ii)
Effective September 11, 2001

COOK COUNTY

0101	0105	0303	0311	0312	0315	0316	0317	0320	0321	0514	0605
0607	0707	0708	0804	0805	0808	0809	0818	0819	1304	1401	1402
1406	2005	2108	2109	2205	2207	2208	2209	2210	2211	2212	2213
2214	2215	2217	2223	2224	2225	2226	2227	2228	2229	2301	2302
2303	2304	2305	2306	2307	2309	2310	2311	2312	2315	2316	2317
2318	2401	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414
2415	2416	2417	2418	2420	2421	2422	2423	2425	2426	2427	2429
2431	2432	2433	2434	2436	2501	2506	2509	2510	2511	2514	2515
2516	2517	2518	2519	2520	2521	2522	2523	2601	2602	2603	2604
2605	2606	2607	2608	2609	2610	2701	2702	2703	2704	2705	2706
2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718
2719	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811
2812	2813	2814	2815	2816	2817	2818	2826	2827	2828	2831	2832
2833	2836	2837	2838	2839	2840	2841	2842	2843	2902	2903	2904
2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916
2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	3001	3002
3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014
3015	3016	3017	3018	3101	3102	3105	3106	3107	3108	3109	3110
3111	3112	3113	3114	3204	3301	3302	3303	3304	3305	3402	3404
3405	3406	3502	3504	3506	3507	3511	3512	3513	3514	3515	3601
3602	3603	3604	3605	3701	3702	3703	3704	3801	3802	3803	3804
3805	3806	3807	3808	3809	3810	3811	3812	3813	3814	3815	3816
3817	3818	3819	3820	3901	3902	3903	3904	4001	4002	4003	4004
4005	4006	4007	4008	4102	4106	4201	4202	4203	4204	4205	4206
4207	4208	4209	4210	4211	4212	4301	4302	4303	4304	4305	4306
4308	4310	4313	4401	4501	4601	4602	4603	4606	4607	4608	4609
4610	4901	4902	4910	4913	4914	5002	5105	5201	5202	5301	5302
5401	5602	5901	6003	6007	6008	6009	6013	6101	6102	6103	6104
6106	6108	6110	6111	6112	6113	6114	6115	6116	6117	6118	6119
6120	6121	6122	6301	6306	6601	6602	6603	6606	6609	6701	6702
6703	6704	6705	6706	6707	6708	6709	6710	6711	6712	6713	6715
6716	6717	6801	6802	6803	6804	6805	6806	6807	6808	6809	6810
6811	6812	6813	6814	6901	6902	6903	6904	6906	6907	6908	6909
6911	6915	7101	7102	7103	7107	7109	7609	8030.4	8087.2	8093	8133
8175	8215	8236.3	8243	8260	8269.1	8269.2	8273	8274	8290	8291	8294.1
8297											

*	8236.03	**	8269.01

ATTACHMENT 7 **2003 NON-RURAL** MUNICIPALITIES

ALL MUNICIPALITIES IN COOK, DUPAGE, AND LAKE COUNTIES will **NOT** receive points as rural areas in the project location scoring category. The following cities, towns and villages will also **NOT** receive points as rural areas in the project location scoring category.

County	Municipality
Adams	Quincy
Boone	Belvidere
Champaign	Champaign, Urbana, Savoy
DeKalb	DeKalb, Sycamore
Grundy	Minooka
Jackson	Carbondale
Kane	Aurora, Batavia, Carpentersville, East Dundee, Elgin, Geneva, St. Charles, South Elgin West Dundee,
Kankakee	Bradley, Bourbonnais, Kankakee
Kendall	Oswego
Knox	Galesburg
Macon	Decatur
Madison	Alton, Bethalto, Collinsville, East Alton, Edwardsville, Granite City
McHenry	Algonquin, Cary, Crystal Lake, Huntley, Lake in the Hills, McHenry, Woodstock
McLean	Bloomington, Normal
Peoria	Peoria, Peoria Heights
Rock Island	East Moline, Moline, Rock Island
St. Clair	Belleville, Cahokia, East St. Louis, Fairview Heights, O'Fallon

County	Municipality
Sangamon	Springfield
Stephenson	Freeport
Tazewell	Creve Coeur, East Peoria, Morton, Pekin Washington
Vermilion	Danville, Tilton
Will	Bolingbrook, Crest Hill, Crete, Elwood Frankfort, Joliet, Mokena, Monee, New Lenox, Plainfield, Shorewood, Romeoville, Tinley Park, University Pk.
Winnebago	Cherry Valley, Loves Park, Machesney Pk Rockford, Rockton, Roscoe, South Beloit

ATTACHMENT 8

2003 PER UNIT COST LIMITATIONS

Area Name & Counties	Bedrooms	Limit
Champaign	0 BR	78,765
Champaign, Clark, Clay, Coles, Crawford, Cumberland, De Witt, Douglas, Edgar, Edwards, Effingham, Ford, Gallatin, Hamilton, Hardin, Iroquois, Jasper, Lawrence, Livingston, Macon, McLean, Moultrie, Platt, Pope, Richland, Saline, Shelby, Vermillion, Wabash, Wayne, and White	1 BR	90,288
	2 BR	109,790
	3 BR	142,031
	4 + BR	155,906
Chicago	0 BR	92,482
Cook, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry and Will	1 BR	106,012
	2 BR	128,911
	3 BR	166,766
	4 + BR	183,057
East St. Louis	0 BR	81,862
Madison and St. Clair	1 BR	93,838
	2 BR	114,107
	3 BR	147,616
	4 + BR	162,037
Peoria	0 BR	78,765
Bureau, Fulton, Henderson, Henry, Knox, LaSalle, Marshall, McDonough, Mercer, Peoria, Putnam, Stark, Tazewell, Warren, and Woodford.	1 BR	90,288
	2 BR	109,790
	3 BR	142,031
	4 + BR	155,906
Quincy	0 BR	77,880
Adams, Brown, Calhoun, Hancock, Pike, and Schuyler.	1 BR	89,273
	2 BR	108,556
	3 BR	140,435
	4 + BR	154,153

2003 Per Unit Cost Limitations

Area Name & Counties	Bedrooms	Limit
Rockford	0 BR	77,437
Boone, DeKalb, Stephenson, and Winnebago.	1 BR	88,766
	2 BR	107,940
	3 BR	139,637
	4 + BR	153,278
Rock Island	0 BR	76,552
Rock Island	1 BR	87,752
	2 BR	106,706
	3 BR	138,041
	4 + BR	151,526
Springfield	0 BR	78,322
Alexander, Bond, Cass, Christian, Clinton, Fayette, Franklin, Greene, Jackson, Jefferson, Jersey, Johnson, Logan, Macoupin, Marion, Mason, Massac, Menard, Monroe, Montgomery, Morgan, Randolph, Perry, Pulaski, Sangamon, Scott, Washington, Williamson, and Union	1 BR	89,781
	2 BR	109,173
	3 BR	141,232
	4 + BR	155,030
Sterling	0 BR	78,765
Carroll, Jo Daviess, Lee, Ogle, and Whiteside.	1 BR	90,288
	2 BR	109,790
	3 BR	142,031
	4 + BR	155,906

1. Establish the maximum allowable total project cost for your project using the limits provided here.

2. Compare the proposed total project cost for your project with the calculated maximum from #1. If your proposed total cost exceeds the maximum allowable total project cost, you must request a waiver to the per unit cost limits and provide a written explanation for such a request.

ATTACHMENT 9

SAMPLE CALCULATION OF ANNUAL TAX CREDIT AMOUNT

Qualified Basis Method:

	Total Costs**
-	Non-Depreciable Costs
=	Total Depreciable Costs
-	Grants
-	Historic Tax Credits
=	Total Eligible Basis
x	1.30 if in a Qualified Census Tract
=	Total Eligible Basis
x	% Low Income Units (or Floor Space)
=	Total Qualified Basis
x	3.75% or 8.5%
=	Annual Tax Credit Amount

Equity Gap Method:

	Total Costs**
-	Total Financing
=	Equity Required
/	TC Value Factor***
=	Annual Tax Credit Amount

Annual Tax Credit Amount Reserved = Lesser of Qualified Basis or Equity Gap Method

*The 3.75% rate is used for acquisition costs and for total qualified basis for tax-exempt Projects, while 8.5% is used for rehabilitation or new construction costs. The source of financing affects the percentage. If the source of financing is federal with a below market (AFR) interest rate, then the 3.75% level is used for the entire Project, even for the rehabilitation and new construction costs. The exceptions to this rule, where the 8.5% level still applies, are as follows: (1) CDBG loans; and (2) HOME loans where 40% of the units are set aside for persons with incomes at or below 50% of median family income (the project is ineligible for the 30% increase for qualified census tracts under this scenario).

**Only those costs up to the maximum fee levels for developer's fee and overhead, contractor profit and overhead, and general requirements are included in total costs for purposes of these calculations.

***The TC Value Factor is an estimate of the gross value of the tax credits (inclusive of bridge loan interest and fees). It is calculated as follows: First an estimate of the value of the credits is established. This estimate is then multiplied by 10 (the number of years the credit can be claimed). For example, the estimated value of tax credits currently used is 70 cents on the dollar. This 70 cents, or .70 is multiplied by 10 to get a TC Value Factor of 7.0. The Equity Required under this example would be divided by the TC Value Factor of 7.0 to obtain the annual tax credit amount. The TC Value Factor is subject to change depending upon the current market value of Tax Credits.