

**LOW INCOME HOUSING  
TAX CREDIT  
QUALIFIED ALLOCATION PLAN**

**CALENDAR YEAR 2011**

**Public Comment Period Draft  
December 3, 2010**

**STATE OF ILLINOIS**

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**ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

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## **I) Executive Summary**

The Authority is pleased to announce the release of the 2011 QAP. The summary below contains information on notable modifications from the 2010 QAP.

### **A) Tax Credit Information**

- The Tax Credit Ceiling amount has been adjusted based on current census information.
- The maximum Tax Credit Reservation amount for a single Project will be 1,500,000. A Project is eligible for the 30% Boost and may request up to 1,950,000 if it is located in a Qualified Census Tract or an Affordable Housing Planning and Appeal Act (AHPAA) community, or meets the requirements under the Supportive Housing Projects Scoring Section in the 2011 QAP.

### **B) Set-Asides**

- All references and materials pertaining to Disaster Tax Credits and the Disaster Tax Credit Set-aside have been removed from the 2011 QAP.
- The Chicago Housing Authority set-aside has been incorporated into the City of Chicago set-aside.

### **C) Submission Process**

- Language has been modified to more clearly articulate the materials required for an Application to be considered complete.
- Owners will be required to submit two (2) paper copies and an electronic PDF version of all Application materials.
- The Application fee must be included with the Application submission, rather than being sent separately to the Authority lock box.
- Only the Tax Credit Application fee will be required as part of the Application submission. Application fees for all other IHDA sources will be due by a date determined by the Authority.
- The Preliminary Application referenced in the 2010 QAP is now referred to as the Preliminary Site and Market Assessment ("PSMA"). PSMA information and materials were extracted from the 2011 QAP and made available to the public in advance of the 2011 QAP. Due to the length of time between PSMA and Application submission, the Authority will allow some changes to a Project between PSMA and Application submission. The QAP includes discussion on permissible changes.

### **D) Mandatory Requirements**

- The text has been modified to more clearly articulate the mandatory requirements that all Projects must meet.
- The Certification of Consistency section of the 2011 QAP clarifies that Projects located in areas covered by a local Consolidated Plan must obtain certification directly from that city or county. The Authority will only provide certification for Projects located in areas not covered by a local Consolidated Plan.
- The Zoning section clarifies that all Projects require a zoning letter from the zoning administrator or highest ranking public official.

- The Authority will accept a Phase I report from an Authority-approved vendor completed within one (1) year of the Application submission, provided a reliance letter to the Authority is attached with the Phase I report.
- The Environmental Checklist must be completed by an Authority-approved vendor within six (6) months prior to Application submission.
- Based on numerous public comments, the Architectural Requirements no longer include a schematic site plan and all building side elevations. The aerial photo requirement has been clarified so that is not onerous or expensive to Owners. Architect certification has been combined into one certification which includes all mandatory design requirements.
- The Cost Certification form includes discussion of the wage standards used to estimate construction costs.
- The Affirmative Fair Housing Marketing Plan will be due at issuance of the Extended Use Agreement rather than at Application submission.
- The Authority acknowledges that Owner formation prior to an award of Tax Credits may be onerous and expensive. Therefore, Owner formation will no longer be required at Application, but must be formed prior to any Tax Credit Reservation.
- Requirements for IRS Form 8821 and business references have been eliminated.
- Public comments as well as internal analysis have prompted some revisions to the Financial Feasibility section. Overall, the Common Application has been updated and revised so that the formulas and line items match the 2011 QAP underwriting requirements.
- Language has been added clarifying that when applying for both HOME and Trust Fund from the Authority, HOME will take a superior lien position to Trust Fund.
- The developer fee calculation in 2010 had incompatible language with the Common Application. The 2011 QAP explicitly states that developer fee includes consultant fees, construction management fees, developer overhead fees, architectural and engineering fee in excess of the Authority's fee limits, and fees related to direct assistance provided to the Owner in conjunction with the completion of the Application or construction of the Project.
- Language has been clarified to allow subsidized rents to exceed 95% of area limits.
- The Readiness to Proceed category has been eliminated since information documenting the Project's readiness is provided throughout the Application.

## **E) Scoring**

- In the 2010 QAP the Authority prioritized certain policy goals through the Scoring categories. After scoring all Applications, the Authority analyzed whether the goals were achieved. Based on this analysis, some Scoring categories have been eliminated due to very few or no Projects receiving or applying for points in these categories. Additionally, scores achievable in some categories have been increased to further incentivize Projects meeting the Authority's policy goals. Finally, some categories were combined to reduce the number of scoring category sections.
- Clarification language on rounding and percentage calculations has been added.
- Projects will not be scored in any category they did not self score in.

- Deferred developer fee over 25% cannot be included in financial leveraging.
- Based on public comments and modification to some green guidelines, adjustments have been made to the points for green design.
- The policy goal of preservation has been assisted by increasing the timeframe of possible conversion to market rate from 3 years to 5 years.
- Points for preservation and supportive housing Projects have been boosted to further target these types of Projects.
- A new scoring category aimed at aiding the State of Illinois in achieving its Long Term Care Reform goals has been added.
- The Sustainable Communities and Tax Abatement categories have been eliminated.
- Employer direct assistance has been incorporated into rental assistance.
- The minimum percentage of Project Based Vouchers in a Project required in order to receive points has been reduced from 50% to 30%.
- Projects located in both a Qualified Census Tract (QCT) and a revitalization area will be considered in a tiebreaker instead of a point category.

#### **F) Reservation and post Reservation Procedures**

- These sections have been modified to better match Authority procedures. In addition, forms have been developed and will be available on the Authority's website for Owners to reference and utilize.

## **II) Introduction**

The mission of the Authority is to finance the creation and the preservation of affordable housing throughout the State of Illinois in order to increase the supply of decent and safe places for people of low or moderate means to live.

The Tax Credit program was created by the United States Congress in 1986 to promote the development of affordable housing for low income individuals and families. The IRS regulations for the Tax Credit program are found under Section 42 of the Code of 1986, as amended.

The Authority is an allocating agency for the Tax Credit program in the State of Illinois. Pursuant to Section 42 of the Code, the Authority is required to publish a QAP describing the criteria that the Authority will consider in evaluating Projects applying for an Allocation of Tax Credits. The Authority will administer the Tax Credit program as set forth herein.

Section 42(m) of the Code requires the Authority to include the following items in the annual QAP:

- Selection criteria for projects receiving Tax Credit Allocations
- Preference for projects serving the lowest income tenants
- Preference for projects serving qualified Low Income tenants for the longest period of time
- Preference for projects located in Qualified Census Tracts, the development of which will contribute to a concerted community revitalization plan

Additionally, Section 42(m) states that the selection criteria must take into consideration the following project, community, or development team attributes:

- Project location
- Housing need characteristics
- Project characteristics, including whether the project involves the use of existing housing as part of a community revitalization plan
- Sponsor characteristics
- Tenant populations with special housing needs
- Public housing waiting lists
- Projects intended for eventual tenant ownership
- Tenant populations of individuals with children
- The energy efficiency of the project
- The historic nature of the project

### **A) Authority Priorities**

Executive Order 2003-18, issued on September 16, 2003, established the first statewide comprehensive housing initiative and appointed the Housing Task Force to improve the planning and coordination of the State of Illinois' housing resources. Six underserved populations were identified in Executive Order 2003-18:

- Low-income households (with particular emphasis on households earning below 30% of area median income)
- Low-income seniors
- Low-income persons with disabilities
- Homeless persons and persons at-risk of homelessness
- Low- and moderate- income persons unable to afford housing near work or transportation
- Low-income persons residing in existing affordable housing that is in danger of being lost or becoming unaffordable

### **B) General Provisions**

#### **1) Amendments and/or Waivers to the QAP**

The Authority reserves the right to amend, modify, or withdraw provisions contained in the QAP, and/or update the QAP, including attachments, at any time and may waive the application of any or all requirements when changes are necessary to administer the Tax Credit program, subject to public notice requirements.

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

## **C) Application Disclosures**

### **1) Limitation of Acceptance of Submission**

The fact that a Preliminary Site and Market Assessment or an Application is accepted for processing or that a Project receives a Reservation or Allocation of Tax Credits shall not be construed to be a representation or warranty by the Authority as to the feasibility, viability, or lack thereof, of any Project.

### **2) Sharing of Information with Third Parties and Governmental Entities**

The Authority shall have the right at any time without any further consent from, or notice to, the Owner, or any other party, to discuss or communicate and disseminate any information concerning the Owner or the Project with any third party, including, without limitation, any general or limited partner, member, or shareholder of the Owner or any entity or individual comprising any part of Owner's ownership structure, any party providing any funds to or on behalf of the Owner or Project, the IRS, or any other governmental entity.

### **3) Disclosure of Information Pursuant to the Illinois Freedom of Information Act**

The Application is subject to the Illinois Freedom of Information Act (5 ILCS 140) and all or part of such submission may be open to public inspection or copying. Any claim that the information submitted is exempt from disclosure must (i) be made as part of the submission; (ii) identify the information alleged to be exempt; (iii) reference the specific statutory basis for the claimed exemption; and (iv) provide an explanation as to why the information meets the requirements of the exemption. The Authority will determine whether such exemption applies.

### **4) Notification of Elected Officials**

The Authority will send notification letters of its receipt of an Application, along with copies of the relevant sections of the Application and a copy of this QAP, 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 Application.

## **D) Owner Knowledge of Section 42 and Authority Limitation**

The Tax Credit program is a regulated and highly complex program. Final interpretations of certain rules and regulations governing various aspects of the program have not been issued by the U.S. Department of Treasury, especially as related to the provisions in the Housing and Economic Recovery Act of 2008 enacted on July 30, 2008, and the American Recovery and Reinvestment Act of 2009. As such, additional requirements or conditions applying to the Tax Credit program may be forthcoming. It is the responsibility of the Owner to be knowledgeable of Section 42 of the Code, regulations and administrative documents (rulings, notices, and procedures), and all relevant materials published by the IRS. It is strongly suggested that prospective Owners interested in the Tax Credit program contact their tax accountant and/or attorney prior to the development of Projects under the Tax Credit program. While the Authority will strive to assist those Owners applying for an Allocation of Tax Credits, the Authority will not provide tax or legal advice.

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. The Owner is responsible to ensure that the Project complies with all such laws and regulations.

### **III) Tax Credit Information**

#### **A) Amount of Authority Credit Ceiling in 2011**

As of the date on which this QAP becomes final, the Authority anticipates approximately 28 million in 2011 Tax Credits available for Allocation in Illinois. In accordance with Section 42 and Treasury Regulation 1.42 - 14, these Credits consist of:

- 21.7 million in per capita Tax Credits allocated to the Authority; and
- 6.3 million in per capita Tax Credits allocated directly to the City of Chicago.

The total amount of Tax Credits available for Allocation in 2011 is subject to change. Additional Tax Credits may become available if Projects that received Allocations in prior years return Tax Credits to the Authority or if the Authority receives an allocation of Tax Credits from the national pool.

#### **B) Maximum Tax Credit Reservation**

The maximum Reservation in calendar year 2011 for which any single Project may apply, including scattered-site Projects, is 1,500,000.

A Project may apply for a Reservation amount up to 1,950,000, **ONLY** if the Project meets the criteria under the Tax Credit Boost Section as listed below, specifically:

- located in a Qualified Census Tract,
- located in an Affordable Housing Planning and Appeal Act municipality, or
- meeting all requirements to request points under the Supportive Housing Project category within the Scoring Section of the QAP.

The Authority reserves the right to allocate Tax Credits to any Project in excess of the maximum Reservation amount.

The Authority reserves the right to limit the maximum Reservation for any one Owner with multiple Applications in a given year.

The Authority also reserves the right to limit Tax Credit Reservations in areas where the Authority has previously allocated resources.

#### **C) Tax Credit Calculation Method**

The applicable percentage is nine percent (9%) for any non-federally-subsidized building, as defined in Section 42, which is Placed in Service after July 30, 2008, and before December 31, 2013.

The applicable percentage for a federally-subsidized building, including those financed through the issuance of tax-exempt bonds, changes on a monthly basis as determined by the U.S. Treasury.

The Authority will determine the amount of Tax Credits that the Project is eligible to receive using both the qualified basis method (using 9% and 3.50% as the applicable percentage) and equity gap methods (using a market rate as the net cent raise).

The amount of Tax Credits that will be allocated will not exceed the amount necessary to make the project financially feasible, as determined by the Authority.

See Attachment 1 “Sample Calculation of Both Methods” for a sample calculation of both of these calculation methods.

## **D) Tax Credit Boost**

**ONLY** Projects meeting the specific criteria below are eligible **to apply** for a thirty percent (30%) boost (a “Boost”) to the eligible basis of the Project. The Authority reserves the right to provide a Boost to a Project at any time in order to make the Project financially feasible.

### **1) Qualified Census Tract**

Projects located in a Qualified Census Tract are eligible to apply for a Boost to the eligible basis of the Project. See Attachment 2 “Qualified Census Tracts” for a listing of the eligible areas.

### **2) Non Qualified Census Tract**

In addition, Projects located outside a Qualified Census Tract which meet **one** of the following two (2) criteria are eligible to apply for a Boost of up to thirty percent (30%) to the eligible basis. As with all Allocations, the amount of Tax Credits allocated due to a Boost under this section will not exceed the amount necessary to make the project financially feasible, as determined by the Authority. Therefore, a Tax Credit increase due to a Boost under this section may result in an amount less than the allowable thirty percent (30%) increase.

#### **(a) Affordable Housing Planning and Appeal Act (“AHPAA”)**

Projects located in municipalities which are subject to or at risk of being subject to AHPAA. A list of municipalities meeting this criterion can be found in Attachment 3 “AHPAA Municipalities”.

#### **(b) Supportive Housing Projects**

Projects that meet the requirements to request points under the Supportive Housing Projects category in the Supportive Housing Projects section within the Housing Policy Goals and Objectives section within the Scoring Categories section of the QAP.

## **IV) Set-Asides**

### **A) Overview**

On an annual basis, goals will be established for allocating Tax Credits based on a Project's geographic region as reflected in the following set-aside table. In addition, the Authority will reserve a portion of Tax Credits to allocate to Projects that are not awarded Tax Credits through the geographic regions.

These allocation goals are not absolute minimum or maximum amounts, but rather the anticipated approximate amount of Tax Credits to be awarded. Upon evaluating all Projects and determining the most effective use of available Tax Credits, the Authority may choose to modify any of these allocation goals.

Notwithstanding anything to the contrary, the Authority may limit the number of Projects or amount of Tax Credits allocated in any set-aside, regardless of the Project's score and how its score relates to all other Projects.

### **B) Geographic Tax Credit Set-Asides**

All Projects and Applications will be ranked and evaluated within the appropriate geographic set-aside based on Project location. Projects in each set-aside will be assigned a score through the competitive process. Tax Credits will be allocated to the highest ranking Projects within each set-aside as guided by the annual allocation goals.

In the event there are Tax Credits remaining in any of the geographic set-asides, those remaining Tax Credits will be allocated to the single next highest scoring project in the other geographic set-asides according to the following order of priority: Non-Metro, Other Metro, Chicago Metro (subject to or at risk of being subject to AHPAA), Chicago Metro (not subject to or at risk of being subject to AHPAA), and City of Chicago or to any Project that has been allocated Tax Credits.

For a list of municipalities subject to AHPAA see Attachment 3 "AHPAA Municipalities". For a list of Other Metro municipalities see Attachment 4 "Other Metro Municipalities".

### **C) Statewide Tax Credit Set-Aside**

All Applications will be competitively evaluated within the applicable geographic set-aside. Owners cannot apply for or request an award of statewide Tax Credits (the "Statewide Set-Aside"). Rather, upon review of all Applications received, the Authority may choose to allocate Tax Credits under the Statewide Set-Aside to Projects that fulfill certain housing policy goals, as designated by the Authority, and which may change from year to year.

Projects receiving an award of Tax Credits under the Statewide Set-Aside may include Projects whose competitive score in the geographic set-aside is such that the Project would not otherwise be awarded Tax Credits.

In 2011, the Authority will reserve a portion of the Authority's Credit Ceiling to award separately from the geographic set-asides for Projects meeting one or more of the following housing policy goals:

- Regulated affordable housing developments that have been regulated for a minimum of ten (10) years prior to the current Tax Credit year that have physical deficiencies which cannot be remedied through a normal workout process and which pose a threat to the continued affordability of the Project.

- Projects located in a geographic set-aside where the total amount of Tax Credits available is less than the total amount of Tax Credits requested.

In the event there are Tax Credits remaining in the Statewide Set-Aside, those remaining Tax Credits will be combined with any remaining Tax Credits from the geographic set-asides and allocated to the single next highest scoring project in the other geographic set-asides according to the following order of priority: Non-Metro, Other Metro, Chicago Metro (subject to or at risk of being subject to AHPAA), Chicago Metro (not subject to nor at risk of being subject to AHPAA), and City of Chicago or to any Project that has been allocated Tax Credits.

## 2011 Tax-Credit Set-Asides

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<b><u>Set-Aside</u></b>	<b><u>Approximate Annual Allocation of IHDA Administered Tax Credits</u></b>
City of Chicago (IHDA) <sup>1</sup>	23%
Chicago Metro <sup>2</sup> (at risk or subject to AHPAA)	18%
Chicago Metro <sup>2</sup> (not at risk or subject to AHPAA)	10%
Other Metro <sup>3</sup>	16%
Non Metro <sup>4</sup>	28%
Statewide <sup>5</sup>	5%
<b>Authority Allocated Per-Capita 9% Tax Credits</b>	<b>100.0%</b>

<sup>1</sup> This total does not reflect the per-capita allocation that is awarded directly to the City of Chicago out of the State's total per capita Tax Credit allocation.

<sup>2</sup> Chicago Metro consists of: Lake, DuPage, Kane, McHenry, Will, and Cook County excluding the City of Chicago.

<sup>3</sup> See Other Metro municipalities chart

<sup>4</sup> Projects not included in Chicago, Chicago Metro, or the Other Metro set-aside

<sup>5</sup> Tax Credits targeted to Projects around the State meeting certain housing policy goals and objectives.

## V) Application Process

### A) Deadline

For the 2011 QAP, all Application deadlines are outlined in the "Application Schedule", available on the Authority's website ([www.ihda.org](http://www.ihda.org)). In order to effectively manage the Tax Credit program, the Authority may adjust the Application deadline and reserves the right to hold additional Application rounds.

In order for an Application to be accepted for review, it must be submitted no later than 5:00 P.M. to the following address:

Illinois Housing Development Authority  
401 N. Michigan Ave., Suite 700  
Chicago, IL 60611

Applications for 4% Tax Credits will be accepted at any time during calendar year 2011.

## **B) Materials**

Owners must submit the Application on original Authority forms or photocopies of such forms, and may not submit them by facsimile without the prior consent of the Authority. All submission materials are available on the Authority's website ([www.ihda.org](http://www.ihda.org)) or directly from the Authority, upon request.

The Application must comply with the format and content requirements of this QAP and present to the Authority a clear, unambiguous, and complete Application by the deadline date. The Authority may reject any Application that does not conform to the requirements of this QAP.

**TWO (2) copies** of **All** Application materials, including all applicable attachments and supporting materials, must be submitted.

**EACH** of the TWO (2) copies of the complete Application **MUST**

- Be placed in an adequately sized accordion file folder tabbed to correspond with the enumeration outlined in the "Application Checklist", available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- Include the "Application Checklist"
- Include **ALL** documentation requested in the QAP and outlined on the "Application Checklist" including all applicable attachments and supporting materials, including the non-refundable Application fee in the amount required on the "Multifamily Fee Payment Form" available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- Include an electronic version in Excel format on disk or flash drive of the "Common Application";
- Include an electronic version in PDF format on disk or flash drive of **ALL** Application materials, including all applicable attachments and supporting materials.

## **C) Evaluation of Applications**

Applications for an Allocation of Tax Credits in calendar year 2011 will be evaluated in the manner described below.

### **1) Preliminary Site and Market Assessment**

Owners must submit a Preliminary Site and Market Assessment (the "PSMA") by the submission deadline in order to be eligible for a 2010 Tax Credit Allocation. The "Preliminary Site and Market Assessment Form", is available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

If the PSMA is approved by the Authority, the Owner may submit an Application for 2011 9% Tax Credits. If the PSMA is not approved by the Authority, the Owner will not be eligible to submit an Application for 2011 9% Tax Credits.

Applications for 4% Tax Credits are not required to submit a Preliminary Site and Market Assessment.

## **2) Application**

If the PSMA is approved by the Authority, the Owner may submit an Application for 9% Tax Credits. The Application must be received by the Application deadline, be in the format described above, and must include all items outlined in the "Application Checklist," including all applicable attachments and supporting materials.

An Application for 4% Tax Credits must include all items required on the "Application Checklist" that pertain to the 4% Tax Credits. Please see the 4% Determination Letter Requests section for further information regarding 4% Tax Credit Projects.

## **3) Changes in Project**

The Authority expects that an Application be for a Project which is substantially similar to the Project for which a PSMA was approved. The Authority, though, does recognize that slight Project changes may be made after PSMA approval and prior to Application.

In no case, will a Project which has any changes in Project site, population served, or type of construction be considered as having an approved PSMA. However, an overall change in the Project of approximately 10% or less in the following areas will be acceptable:

- Increase or decrease of total units;
- Increase or decrease of affordable units;
- Increase or decrease of number of units of any bedroom size;
- Modification of income restrictions to increase the number of units targeting lower income households; and
- For new construction Projects, site plan modifications may be considered due to local requirements or further site assessment.

The Authority reserves the right to consider any other Project changes outside the approved PSMA.

## **4) Completeness Review**

All Applications will be reviewed for completeness. This will include, but will not be limited to, the following: submission of all required Application forms and supporting documentation; submission of all applicable fees; and inclusion of appropriate signatures on all necessary documents. If the Authority finds that the Application is not complete, the Authority reserves the right to reject the Application.

## **5) Mandatory Review**

If the Authority determines that the Application is complete, it will be reviewed to determine if the Project meets the mandatory requirements set forth in the Mandatory Requirements section. If the Authority determines that the Application fails to meet one or more of the mandatory requirements, the Owner will be notified in writing that the Application has failed the mandatory review. If the Application is for 9% Tax Credits and the Authority determines that the Application fails to meet one or more of the mandatory requirements, the Application will not be evaluated under the competitive scoring criteria.

## **6) Scoring Review**

If an Application has met all of the requirements described in the Mandatory Requirements section, the Application will be scored based on the categories set forth in Scoring Categories section. Applications that are scored will be ranked in descending order by total point score within each Set-Aside. Generally, Applications with the highest score in each Set-Aside will be allocated Tax Credits except as noted in the Set Asides section.

Applications for 4% Tax Credits will not be scored based on the categories set forth in the Scoring Categories section. Please see the 4% Determination Letter Requests section for further information regarding 4% Tax Credit Projects.

## **7) Clarifications**

For purposes of the mandatory and scoring reviews, the Authority will not accept the submission of additional documentation after the Application deadline. Projects will be reviewed solely on the basis of the materials contained in the Application submitted by the Application deadline.

The Authority may make an exception to this policy for clarification purposes. If the Authority, in its sole discretion, determines a need for clarification of information, the Authority may contact Owners after the application deadline to request clarification of certain materials contained in the Application. The clarification request will only be utilized for minor inconsistencies.



## VI) Mandatory Requirements

If the Preliminary Site and Market Assessment (PSMA) is approved by the Authority, the Project must meet **all** the following mandatory requirements at the time the Application is submitted. A Project that fails to meet **all** these requirements will be notified in writing that the Application has failed the mandatory review and will not be evaluated under the competitive scoring criteria.

An Application will fail the mandatory review if the correct forms or required information are not submitted, are not submitted at the correct tab, or if information available to the Authority negates information submitted in the Application.

All documentation submitted to fulfill mandatory Application requirements can be **no older than six (6) months prior to the Application deadline** unless specifically stated otherwise in the QAP.

### A) Evidence of Preliminary Site and Market Assessment

The Project must be approved through the Authority's PSMA process as evidenced by a letter of PSMA approval from the Authority.

### B) Project Narrative

**All** Applications **must** include a detailed Project narrative through submission of the "Project Narrative" form, completed by the Owner, and found on the Authority's website ([www.ihda.org](http://www.ihda.org)). Owners are encouraged to provide as much detail and background information about the Project as possible in order to assist the Authority in assessing the Project.

### C) Public Housing Waiting List Preference

**All** Applications **must** include the "PHA Preference Certification", available on the Authority's website ([www.ihda.org](http://www.ihda.org)), which provides a written certification the Project will:

- Give preferential treatment to persons on PHA waiting list(s); and
- Make on-going efforts to request that the PHA make referrals to the Project, or request that the PHA include relevant information about the Project on any listing the PHA makes available to persons on its waiting list(s).

### D) Certification of Consistency with Relevant Consolidated Plan

**All** Applications **must** be consistent with the applicable Consolidated Plan. For a list of jurisdictions covered by a Consolidated Plan see the Authority's website ([www.ihda.org](http://www.ihda.org)).

Projects located within a county with a Consolidated Plan must include a certification of consistency with the County Consolidated Plan unless the Project is also located within a municipality with a Consolidated Plan in which case the Application must include a certification of consistency with the municipality's Consolidated Plan.

If the Project is not located in a county or municipality covered by a Consolidated Plan, the Application must include a written request for the Authority to review the Project for consistency with the State Consolidated Plan.

### E) Local Support

**All** Applications **must** include a letter of support, addressed to the Authority and specifically endorsing the Project, from the chief elected official of all municipalities in which the Project is

located. For Projects located in the City of Chicago, a letter of support from the alderman of all wards in which the Project will be located is acceptable.

Any Application that does not include the required letter(s) of support specifically endorsing the Project from the chief elected municipal official(s) or local Chicago alderman(en) must include a description of the efforts to obtain the letter(s) of support, and if applicable, respond to any concerns raised by the chief elected municipal official(s) or local Chicago alderman(en).

The Authority will review the documentation, as well as any additional letters of support, and may waive the requirement for the letter of support from the chief elected official(s) or Chicago alderman(en).

All letters of support must be included in the Application. Letters of support received after the Application deadline, except as solicited by the Authority, will not be accepted.

## **F) Site Control**

**All** Applications **must** include site control for the Project that extends for a minimum of six (6) months beyond the Application deadline. Site control can **only** be demonstrated through one of the following:

- A fee simple interest in the subject property in the name of the Owner; or
- A fully executed, binding agreement, signed by both the Owner and the seller for the purchase or long term lease of the subject property; or
- When the subject property is owned by a governmental entity, a letter of intent to the Owner from the governmental entity to sell, donate, or enter into a long term lease of the subject property.

The site control documentation must include **all** of the following:

- The sale or lease price,
- Legal description of the property,
- Expiration date (for purchase options / agreements or letters of intent).

In the case of a lease agreement, the lease must have a minimum term of ninety-nine (99) years.

## **G) Zoning**

**All** Applications **must** include evidence that the Project site is currently zoned for its proposed use. For a scattered-site Project, the Application must include evidence that each parcel is currently zoned for its proposed use.

Evidence of appropriate zoning can **only** be demonstrated through one of the following:

- A valid building permit; or
- A letter of zoning certification from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Project and containing **all** of the following:
  - 1) The location of the Project site (e.g. address or street crossings); and
  - 2) The current zoning designation; and
  - 3) A description of the Project (including number of units, proposed use, and whether it is new construction, rehabilitation, or both); and

- 4) A statement that the current zoning is appropriate for the proposed Project and no zoning variation requests are pending that would alter this zoning.

In cases where the Project will be approved through a Planned Development or Planned Unit Development (“PUD”) process, the Authority may consider an exception to the requirement that the current zoning be appropriate for the proposed Project on a case-by-case basis. In order to be considered for such an exception, the Application must include a letter from the local zoning administrator (or chief elected official in localities without a zoning administrator) identifying the Project and containing **all** of the following:

- 1) The location of the Project site (e.g. address or street crossings); and
- 2) A description of the Project (including number of units, proposed use, and whether it is new construction, rehabilitation, or both); and
- 3) A written explanation of the PUD approval process; and
- 4) Evidence the PUD process has been initiated; and
- 5) Evidence of which stage in the PUD approval process the Project has reached; and
- 6) Evidence satisfactory to the Authority that the PUD will be reviewed in a timely manner.

Sufficient evidence of progress for PUD approval to satisfy the zoning requirement may include, but is not limited to, the local planning body’s recommendation of approval to the entity with authority to approve the PUD, such as the town council or board of trustees. The PUD must be approved before the Authority will present the Project for Board consideration.

## H) Site Physical Information

### 1) Floodplains / Floodways

**All** Applications **must** include a Federal Emergency Management Agency (“FEMA”) floodplain map for the Project area. The boundaries of the Project site must be delineated on the FEMA map. FEMA floodplain maps can be obtained from the FEMA website.

### 2) Projects Located in 100 Year Floodplain / Floodway

Generally, the Authority prefers Projects located outside the 100-year floodplain / floodway. **All** Applications for Projects within the 100 year floodplain / floodway **must** submit one or both of the following depending on the Project’s scope of work:

#### (a) Rehabilitation

- 1) The location of the existing buildings; and
- 2) The elevation of the lowest floor level in the existing buildings; and
- 3) The FEMA determined elevation of the existing floodplain / floodway;

Note: Projects involving the rehabilitation of existing buildings located in the 100-year floodplain / floodway, will meet mandatory criteria, **ONLY** if the lowest existing floor elevation of each building in the floodplain is at least six inches (6”) above the FEMA designated floodplain / floodway elevation.

(b) New Construction

- 4) A qualified environmental professional or engineer's opinion as to whether or not the Project will impact any floodplain or floodway;
- 5) A qualified environmental professional or engineer's documented mitigation efforts regarding impacts to existing floodplains / floodways planned for development, including consideration of alternative locations for the Project;
- 6) A FEMA Conditional Letter of Map Amendment ("CLOMA") or Conditional Letter of Map Revision ("CLOMR") for the Project site that shows the site is eligible for reclassification out of the floodplain / floodway area; and
- 7) Evidence that the property is eligible for flood insurance and that such insurance will be in place if awarded funding from the Authority until FEMA amends the flood plain map and the Authority determines the Project site is no longer in the floodplain / floodway.

**3) Wetlands**

**All** Applications **must** include a U.S. Fish and Wildlife Service ("USFWS") National Wetlands Inventory map for the area in which the site is located delineating the boundaries of the Project site. National Wetlands Inventory maps can be obtained from the USFWS website.

In cases where there are wetlands suspected on the Project site, or in the event the Project may impact wetlands, the Application **must** include the following:

- A wetlands delineation performed in accordance with all federal and state guidelines; and
- An official jurisdictional determination issued by the U.S. Army Corps of Engineers ("USACE") in the form of a USACE wetlands permit.

**4) Mining**

**All** Applications **must** include include documentation from the Illinois State Geological Survey ("ISGS") that clearly indicates whether the Project is located in or near an area that has been affected by mining. Information on mining activity in Illinois is available on the ISGS website.

If the Project is in or near an area the ISGS identifies as affected by mining, the following information **must** be submitted:

- The quadrangle study (if available) or the county mine map completed by the ISFS for the area in which the Project is located with the boundaries of the Project site delineated; and
- Information provided by a qualified geotechnical engineer indicating the depth of the mine, the type of mining that was performed, the year that mining ceased, and any other data that may impact the Project. In addition, the qualified geotechnical engineer must submit a letter of opinion as to whether or not the Project will be impacted by the mining.

Based on documentation submitted, the Authority may reject the Project or require mine subsidence insurance.

**I) Historic Preservation**

**All** Applications (regardless of the Project location or its historic nature) **must** include **all** of the documentation listed in the "Historic Preservation Checklist" found on the Authority's website ([www.ihda.org](http://www.ihda.org)).

**All** Projects must meet the requirements of the National Historic Preservation Act and the Illinois State Historic Resources Protection Act as determined by the Illinois Historic Preservation Agency (“IHPA”). Information about these requirements is available on the IHPA website.

## **J) Site Environmental Information**

**All** Applications **must** include the following environmental information:

### **1) Environmental Checklist**

The “Environmental Checklist” completed by an Authority approved environmental vendor within six (6) months prior to the Application submission addressing all properties in the Project. The Environmental Checklist and the Authority-approved environmental vendor list can be found on the Authority’s website ([www.ihda.org](http://www.ihda.org)).

### **2) Phase I Environmental Site Assessment**

A phase I environmental site assessment (“Phase I”) completed within one (1) year for all properties in the Project meeting the requirements of ASTM E1527-05 and including a letter of reliance addressed to the Authority.

The Phase I must be performed by a vendor approved by the Authority. For a listing of Phase I vendors approved by the Authority, please see the Authority’s website ([www.ihda.org](http://www.ihda.org)).

The Authority reserves the right to require additional environmental testing, including but not limited to a phase II environmental site assessment, and / or testing for radon, mold or any other environmental hazards.

Environmental concerns will be considered in the context of the housing to be provided. The Authority will weigh the benefits of the housing to the public against the costs to mitigate any environmental hazards, the potential health risks, and other financial and public policy implications.

## **K) Architectural Requirements**

### **1) Preliminary Architectural Plans and Specifications**

**All** Applications **must** include preliminary architectural plans and specifications on 11” x 17” paper that, at a minimum, include **all** of the following:

- Dimensioned typical unit plan(s) at a minimum scale of ¼ inch per 1 foot indicating square footage.
- Dimensioned floor plan(s) at a minimum scale of 1/8 inch per 1 foot.
- Elevations for all building types (photographs are acceptable for rehabilitation Projects). For single-family homes, an elevation for each of the typical construction styles in the Project will be acceptable.
- A site plan showing the placement and orientation of buildings, parking areas, sidewalks, landscaping, easements, trash dumpsters, buffers, required site amenities, significant natural features, etc.
- A current aerial photograph with the location of the site clearly marked and the surrounding uses clearly visible. Aerial photos are available for free on the internet from several of the online mapping services.

In addition, **all** Applications **must** include a certification signed by a licensed architect that all required architectural standards will be incorporated into the Project and the Project will be designed according to the Authority's Standards for Architectural Planning and Construction. Please see the "Architectural Certification" form found on the Authority's website ([www.ihda.org](http://www.ihda.org)).

## **2) Standards for Architectural Planning and Construction**

**All** Projects receiving an Allocation of Tax Credits **must** meet the requirements contained in the Authority's "Standards for Architectural Planning and Construction", as amended and found on the Authority's website ([www.ihda.org](http://www.ihda.org)).

Project Owners and architects should pay close attention to the following sections in the Standards for Architectural Planning and Construction:

- **Green Design Requirements**

All minimum green design requirements as specified in the Standards for Architectural Planning and Construction Section 18.00 – Green Criteria. These minimum requirements are based on one of the following: Enterprise Green Communities Criteria 2008; Enterprise Green Communities certification; U.S. Green Building Council's LEED certification; NAHB Model Green Home Building Guidelines certification.

Project Owner's should consult with a licensed architect to determine the minimum green design requirements for the Project.

- **Accessibility Requirements**

All Projects must comply with all applicable Federal and State accessibility laws and / or as specified in the Standards for Architectural Planning and Construction Section 14.00 – Accessibility Standards.

Depending on the Project scope of work and sources of financing the applicable laws include but may not be limited to the following: the Fair Housing Amendments Act of 1988; the Illinois Accessibility Code; the Americans with Disabilities Act of 1990, as amended; Section 504 of the 1973 Rehabilitation Act; and the Americans with Disabilities Act of 1990, as amended.

Project Owner's should consult with a licensed architect to determine which Federal and State accessibility laws may apply.

- **Required Project Amenities**

All Projects must provide minimal unit and project amenities as specified in the Standards for Architectural Planning and Construction Section 6.00 – Design and Planning.

For rehabilitation and scattered-site Projects, the Authority may allow the exemption or substitution of required Project amenities. A request for exemption or substitution of any amenity must be submitted with the Application along with a detailed explanation describing why the required Project amenity cannot be included in the Project design and a description of the substitution amenity, if applicable.

Additionally, Projects with a previously funded phase may be able to share some required Project amenities between phases. A request to share Project amenities between phases must be submitted with the Application along with a detailed explanation describing how the shared Project amenity with adequately serve both phases. The

Authority may require cross easements when granting approval to share Project amenities between phases.

Project Owner's should consult with a licensed architect to determine the minimal unit and project amenities required.

## **L) Cost Certification**

**All** Applications **must** include a construction cost certification, submitted on the form "Cost Certification", as found on the Authority's website ([www.ihda.org](http://www.ihda.org)) and prepared by a qualified contractor, architect, or construction cost consultant.

In cases where there is an Identity of Interest between the Owner and the general contractor, the Cost Certification form must be completed by a cost estimate vendor approved by the Authority. For a listing of approved cost estimator firms, please see the Authority's website ([www.ihda.org](http://www.ihda.org)).

The Authority will review the scope of work, type of construction, and construction costs to confirm the Project budget and ensure the Project will result in high quality housing.

For rehabilitation Projects, this scope of work will be evaluated along with the Physical Needs Assessment to ensure that all necessary items are being addressed. If the scope of work is insufficient, the Application will fail the mandatory review.

## **M) Market Analysis**

### **1) Market Study**

**All** Applications **must** include a market study conducted by an independent third party market analyst showing that there is adequate market demand for the Project. The market analyst must be chosen from a list of Authority-approved firms available on the Authority's web site ([www.ihda.org](http://www.ihda.org)). The market study must be prepared in accordance with the Authority's guidelines and must include, at a minimum, the criteria set forth in the documents "Market Study for Small or Rehab Occupied", "Market Study for SLF", or "Market Study Full", found on the Authority's website ([www.ihda.org](http://www.ihda.org)). Market studies must accurately reflect the rental structure and unit mix of the proposed Project. It is the Owner's responsibility to ensure that the market study is an accurate reflection of the Project and meets all of the Authority's requirements.

#### **(a) Evaluation of Market Study**

The Authority will take the results of the site and market study into consideration in evaluating the strength of the market for a Project. While the Authority will consider the conclusions of the analyst in evaluating a Project's marketability, the Authority will not be bound by the opinion or conclusions reached by the market analyst. Additionally, the Authority reserves the right to require additional information and / or an Authority-commissioned site and market study, which shall be conducted at the Owner's expense.

The Authority will review the market study and project data of similar housing located in the primary market area ("PMA") of the Project in determining whether the Project will be able to achieve the desired lease-up. The Authority will also carefully analyze existing Authority-financed developments located in the PMA of the Project to determine if selection of the Project will have an adverse financial impact on existing affordable housing inventory. If the Authority determines that the given market area cannot support the Project or if the Project will have a negative impact on existing Authority-financed developments, the Project will fail the mandatory review.

In evaluating the market, the Authority's analysis will include, but not be limited to, the following factors:

- **Development Attributes:** Items such as the level and appropriateness of the proposed unit and development amenities, the amount of proposed parking, the general acceptability and marketability of the site including surrounding land uses, and the site's overall public accessibility and proximity to area services and amenities.
- **PMA:** Items such as the appropriateness of the PMA and the demographic and economic trends for that area.
- **Existing Rental Market:** The competitiveness of the Project to existing comparable properties in various ways such as rents, unit size and amenities; also the occupancy of comparable properties in the PMA.
- **Demand:** Based upon such information as waiting lists at existing properties, penetration and capture rates, forecasted absorption potential for the Project and documented need for this type of housing in the PMA.
- **Impact:** The likelihood the Project will negatively impact similar existing Authority properties in the PMA, based on various issues including observations from Authority staff and the Authority's overall presence in the PMA.

The Authority will generally not fund two Projects during a twelve (12) month period which serve the same population and whose PMA's are significantly the same. In some cases, the Authority may select two Projects in the same PMA, provided there is a significant showing of demand.

In the event that multiple Applications serving the same population are submitted for a given PMA and meet all mandatory requirements, the Authority will decide whether any will be selected for funding based upon the Projects' overall score. If multiple Applications are submitted for a given PMA proposing to serve different populations, the Authority will analyze the Applications to ensure that no Project will be redundant or have adverse impact on the other Applications or existing Projects.

(b) Market Study Format Requirements:

The following format for site and market studies will be required based on the Project type:

<b>Project Type</b>	<b>Site &amp; Market Format</b>
Rehabilitation Projects with significant (80% or more) low-income occupancy at the time of Application, small Projects with 12 units or less	"Market Study for Small or Rehab Occupied"
Supportive Living Facilities (regardless of the number of units)	"Market Study for SLF"
All other Projects	"Market Study Full"



## **N) Appropriate Development Team**

### **1) Items for Submission**

**All** Applications **must** include the following for the Authority to evaluate the experience and capacity of the development team:

- 1) A full organizational flow chart reflecting all entities within the Owner down to individuals including percentages of ownership. Please see “Organizational Chart” on the Authority’s website ([www.ihda.org](http://www.ihda.org))
- 2) Completed “Development Experience Certifications” for each Participant except the syndicator, including all pending, under construction, or completed Projects in any state, including their present status and expected completion date. The “Development Experience Certification” forms are available on the Authority’s website ([www.ihda.org](http://www.ihda.org)).

### **2) Ownership Experience**

In order to meet the Authority’s mandatory development team standard for ownership experience, the following minimum requirement must be met:

The Owner(s) of the Project, general partner(s), and/or the managing member(s) of the Owner must demonstrate prior successful experience in at least one (1) Authority Tax Credit Project or one (1) other subsidized, low-income multifamily rental development that contains at least the number of housing units in the proposed Project. To be considered, the experience must extend for at least two (2) years and must include both the development as well as the operating of the project(s). In addition, the experienced team member described above must:

- Be identified in the Application, and
- Remain responsible for overseeing the operation of the Project for the entire Compliance Period.

Partnerships between inexperienced housing developers and those with the experience necessary to fulfill this requirement are encouraged.

### **3) Management Experience**

In order to meet the Authority’s mandatory development team standard for management experience, the following minimum requirement must be fulfilled:

- The proposed management agent must demonstrate prior experience in the management of at least one (1) Authority Tax Credit Project or one (1) other subsidized, low-income multifamily rental development with tenant income certifications and ongoing reporting requirements that contains at least the number of housing units in the proposed Project. If the management agent has no experience in the management of Tax Credit Projects, it must demonstrate that at least one (1) staff member assigned to the proposed Project has demonstrated prior experience meeting these requirements.
- To be considered, the management agent’s experience with a Project must extend for at least two (2) years and include Project lease up experience and stabilization (90% occupancy within one (1) year of placed in service date).

#### 4) Development Team Capacity

The Authority will evaluate the proposed Participants' capacity to successfully complete the Project based upon the following criteria:

- Past experience **developing** affordable housing using income and rent-restricted programs. Properties presently in service and those under construction will be considered, and the quality and success of previous developments will be taken into account. The Authority will also consider location and experience in the geographic areas to be served, experience with the type of housing product proposed, and the past working relationships of the proposed Project and ownership partners.
- Past experience **operating** affordable housing using income and rent-restricted programs and maintaining these developments in compliance with all program restrictions and standards. The Authority will consider location and experience in the geographic areas to be served, experience with the type of housing product proposed, and the past working relationships with ownership entities and compliance staff.
- Development capacity to complete construction of all current developments on time and within program requirements and application commitments, as well as the number of outstanding incomplete developments when determining capacity.
- Financial capacity to ensure that construction will be completed on time and that work will be guaranteed for completion.

#### 5) Unacceptable Practices

The Authority will conduct a comprehensive review of all Participants' experience based upon the information submitted in the "Development Team Experience Certifications" on the Authority's website ([www.ihda.org](http://www.ihda.org)). The review will not be limited to Participants' experience with Authority programs or resources. A Participant will not meet the Authority's mandatory requirement if any of the following apply to a Participant:

- A Participant is affiliated with existing developments which have been cited for material and/or continuing, but curable, noncompliance. Material noncompliance exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance in a timely manner.
- A Participant, (including any affiliates) has experienced any events of foreclosure or failed to perform under the terms of a workout agreement over the past three (3) years.
- A Participant, (including any affiliates) has declared bankruptcy over the past three (3) years.
- Any Participant, (including any affiliates) has a mortgage default or arrearage of three months or more within the last three (3) years.
- A Participant, (including any affiliates) has been involved in any development awarded Tax Credits where there has been a change in general partners or managing members during the last three (3) years that was not approved by the Authority.
- A Participant, (including any affiliates) that has been involved in a development determined to have uncorrected noncompliance more than three months from the date of notification in the past three (3) years.

- A Participant that has failed to pay any fee or expense due to the Authority or any other state allocating agency, including outstanding compliance monitoring fees in the past three (3) years.
- A Participant (including any affiliates) has been involved in any development awarded Tax Credits by the Authority or any other state allocating agency in 2007 or earlier for which either the permanent financing or equity investment has not closed.
- A Participant (including any affiliates) has been involved in any development awarded Tax Credits in 2006 or earlier for which all requirements for Authority issuance of 8609s, or any other state allocating agency issuance of 8609s, have not been met.
- Any liens or other claims exist against property owned by Owner (including any affiliates) for which the Owner has failed to resolve a public filing such as a lien or a judgment.
- The Owner (including any affiliates) has been debarred or received a limited denial of participation in the past three (3) years by any federal or state agency from participating in any development program.
- A Participant that has materially misrepresented facts on any request for Authority resources

In the event any of these unacceptable practices apply to any Participant, the Owner may include in the Application an explanation of the circumstances surrounding the unacceptable practice and the roles of Participants.

When evaluating unacceptable practices, the Authority will consider the role of Participants relative to the unacceptable practice and the proposed role of the Participant in the Project and may conclude the Participant's role has no relevance to the unacceptable practice.

## **O) Financial Feasibility**

**All** Applications **must** demonstrate financial feasibility. If the Project relies on unsound underwriting assumptions, including without limitation a failure to demonstrate compliance with the requirements of all Project sources, the Project will fail the mandatory review.

The following is a description of the areas, along with expected ranges and limits, which will be evaluated in order to determine financial feasibility.

### **1) Overall Limits**

#### **(a) General Contractor Fees:**

The general conditions, overhead, and profit in a general contractor's budget are limited to fourteen percent (14%) of trade payments & site work as calculated in the Common Application.

#### **(b) Architect and Civil Engineering Fees:**

Fees for architectural services and civil engineering are subject to the limits contained in the Authority's "Standards for Architectural Planning and Construction", as amended and found on the Authority's website ([www.ihda.org](http://www.ihda.org)).

#### **(c) Development Costs**

The following are the per-unit total hard construction cost limits. These cost limits exclude land acquisition, soft costs, and reserves for all Projects in all locations.

<b>Unit Bedrooms</b>	<b>Average Per Unit Development Cost Limit Excluding Land Acquisition</b>
0	\$139,177
1	\$159,994
2	\$193,772
3	\$249,391
4+	\$275,728

The Application must demonstrate that the Project's hard development costs are less than the sum of these average per-unit costs for each unit bedroom type. For example, a Project consisting of 25 two-bedroom units and 15 three-bedroom units will have a maximum hard construction cost of \$8,585,165 calculated as follows: 25 X \$193,772 + 15 X \$249,391 = \$8,585,165.

In the event a Project's hard construction costs exceeds these limits, the Authority will evaluate the costs for reasonableness taking into consideration the Project type, location, and scope of work based on the Authority's past experience with similar projects and similar locations. Project's whose hard costs are excessive will fail the mandatory review.

(d) Total Credit Allocation

The **maximum** Reservation for which any single Project may apply, including scattered-site Projects, is 1,500,000.

A Project may apply for a Reservation amount up to 1,950,000, **only** if the Project meets the criteria under section IIID Tax Credit Boost.

Projects requesting a Reservation in excess of these amounts will be denied as financially infeasible.

(e) Authority Loan Limits

The maximum limits for Authority funds are as follows:

- HOME: the lesser of \$2,000,000 or the maximum allowed per HUD's HOME per unit subsidy limits.
- Trust Fund: a Project total of \$1,500,000 when in a 1<sup>st</sup> mortgage lien position
- Trust Fund: a Project total of \$1,250,000 when in a subordinate lien position

Authority HOME loans must be in a superior lien position to Authority Trust Fund loans. A Project cannot request Trust Fund monies in both a 1<sup>st</sup> mortgage and subordinate lien position. Projects requesting Authority funds in excess of these limits will be determined to be financially infeasible and will fail the mandatory review.

(f) Developer Fee:

The Authority expects the developer fee line item in the Common Application to be inclusive of **all** of the following: consultant fees, construction management fees, architectural and civil engineering fees in excess of the Authority's fee limits, developer overhead fees, and any fees related to direct assistance provided to the Owner in conjunction with the completion of

the application or construction of the development. The developer fee expenses **cannot** appear on any other development budget line item.

Furthermore, the developer fee is limited to the product of 12% and the Project's "Developer Fee Basis" defined as the Project's total development cost net of the following: syndication costs, developer fee, reserves and interim costs ("Developer Fee Basis") as calculated in the Common Application except as follows:

- 1) In cases where there is an Identity of Interest between the buyer and the seller of any property reflected in the acquisition costs, the developer fee is limited to five percent (5%) of the Project's Developer Fee Basis attributable to property acquisition costs for which there is an Identity of Interest between the buyer and the seller.
- 2) In cases where there is an Identity of Interest between the general contractor and the Owner, the developer fee will be reduced by the greater of two percent (2%) of trade payments & site work or the amount of the general contractor's overhead.

**All** Applications **must** reflect a deferred developer fee as a financing source. At a minimum, the deferred fee must be the lesser of twenty-five percent (25%) of the sum of the developer and any consultant fees or seventy-five percent (75%) of cash flow after debt service in years 1 to 10.

## 2) Project Income

### (a) Unit Rents

The proposed gross residential unit rents for the Project, including any utility allowances, must be reasonable for the market area and must not be in excess of ninety-five percent (95%) of any rent limits imposed by any financing source, program, or other requirement. Rent and income limits can be found on the Authority's website ([www.ihda.org](http://www.ihda.org)).

### (b) Rental Assistance

Any Project that includes residential income generated as a result of a rental assistance contract must clearly identify the portion of the rent paid by the tenant.

All assumptions regarding the funding and renewal of rental assistance contracts must be clearly identified. The Authority will review and determine the suitability of all assumptions regarding the funding and renewal of rental assistance contracts on a case-by-case basis.

In the event a rental assistance contract pays a rent in excess of 95% of the gross unit rent limit, the Application must demonstrate how the Project will remain financially feasible throughout the compliance period in the event the rental assistance contract is terminated.

### (c) Additional Residential Income

Additional sources of residential rental income are limited to parking, laundry, and vending income. Applications reflecting income from these sources must describe all assumptions regarding the calculation of this income.

Projects that include the development of parking in Tax Credit eligible basis may be subject to restrictions regarding parking income under the Code.

### (d) Commercial Income

Applications that include any sources of commercial income must include a detailed description of any assumptions related to the commercial income and copies of any existing

leases or letters of intent to occupy commercial space. The Authority will review and determine the suitability of all assumptions regarding commercial income on a case-by-case basis. Projects that include the development of commercial space in Tax Credit eligible basis may be subject to restrictions regarding commercial income under the Code.

Commercial income will be underwritten at a fifty percent (50%) vacancy rate.

### 3) Debt Service Coverage Ratio

**All** Applications **must** demonstrate the Project can maintain a minimum debt service coverage ratio (the ratio of a Project's net operating income to its debt service) of 1.15 to 1.00 on all debt, excluding cash flow notes, for a minimum of fifteen (15) years.

Projects whose cash flow reflects debt service coverage ratios of less than 1.15 to 1.00 must capitalize operating or debt service reserves and detail how payouts from these reserves will maintain the minimum debt service coverage ratios through a cash flow statement reflecting annual payouts from the reserve.

### 4) Cash Flow after Debt Service

**All** Applications **must** demonstrate the Project can maintain annual cash flow after debt service in an amount not less than \$100 per unit for a minimum of fifteen (15) years.

### 5) Reserves

#### (a) Replacement Reserve

**All** Applications **must** budget adequate replacement reserves and the operating budget must have adequate cash flow to capitalize annual replacement reserves. In evaluating whether the Project has adequate replacement reserves, the Authority will consider the following as minimum, per unit, replacement reserves to be reflected in the development budget and, on an annual basis, in the operating budget:

- New Construction Elderly (including SLF's): \$300
- New Construction non-Elderly (all units  $\leq$  2 BR) : \$350
- New Construction non-Elderly (any units  $\geq$  3 BR) : \$400
- All rehabilitation and other Project types: \$400

**Any** Project with fewer than 30 units, regardless of the construction type or the population served, **must** reflect a replacement reserve in the amount of \$1,500 per unit in the development budget with annual, per unit replacement reserves as detailed above.

#### (b) Real Estate Tax Reserves

**All** Applications **must** budget adequate real estate tax reserves to pay real estate taxes during the construction period plus an amount equal to fifty-five percent (55%) of the estimated annual real estate taxes in the first year of Project operations. In addition, the operating budget must have adequate annual cash flow to capitalize an annual real estate tax reserve sufficient to pay the Project's real estate taxes in the following year.

**All** Applications **must** include evidence of how construction period real estate taxes and operations period real estate taxes were determined.

**All** Applications assuming a real estate tax abatements for any period of time **must** detail any assumptions associated with the abatement including **all** of the following:

- The calculation of real estate taxes before, during, and after the abatement, and
- The anticipated date the abatement becomes effective, and
- The length of the abatement.

(c) Insurance Reserves

**All** Applications **must** budget adequate insurance reserves to pay insurance during the construction period plus an amount equal to 105% of the estimated annual insurance expenses in the first year of Project operations. In addition, the operating budget must have adequate annual cash flow to capitalize an insurance reserve sufficient to pay the Project's insurance in the following year.

(d) Initial Rent-Up Reserves

**All** Applications **must** include an initial rent-up reserve sufficient to cover all operational costs including administrative, management, payroll, maintenance, utilities, taxes, insurance, and debt service payment for the period between the initial certificate of occupancy and stabilized occupancy.

The sizing of the initial rent-up reserve must be based on the absorption information contained in the market study. In addition, the Application must detail anticipated Project income and expense assumptions for the period between the initial certificate of occupancy and stabilized occupancy.

The Authority will evaluate the sufficiency of the initial rent-up reserve taking into consideration the rental market, target population, expected occupancy rates, and all income and expense assumptions.

(e) Other Reserves

The Authority will review all other Project reserves including, but not limited to, debt service, operating, and furniture, fixtures and equipment, in order to evaluate their sufficiency and reasonableness. **All** Applications including additional reserves **must** include a description with **all** of the following:

- How the Project will benefit from the reserves, and
- Why the reserves are necessary, and
- Who (if anyone) is requiring them, and
- Who will hold them, and
- What is the process for releasing the reserves, and
- Is there a requirement the reserves be replenished, and
- If there is a requirement the reserves be replenished, what is the source of funds for replenishment.

## 6) Operating Expenses

Annual per unit operating expenses must be adequate and reasonable for the Project type, location, and population served. Per unit annual operating expenses, excluding taxes, reserves, resident services, and debt service are expected to fall within the following ranges for each of the geographic set-asides:

### (a) Projects in the City of Chicago

- Elderly: \$3,600 - \$6,000
- Non-Elderly: \$3,800 - \$6,500
- SLF: \$18,000 - \$20,000
- Supportive Housing Projects (50% or more units): \$3,700 - \$6,200

### (b) Projects in the Chicago Metro Region (excluding the City of Chicago)

- Elderly: \$2,600 - \$4,400
- Non-Elderly: \$3,300 - \$5,500
- SLF: \$18,000 - \$20,000
- Supportive Housing Projects (50% or more units): \$3,500 - \$6,000

### (c) Projects in Other Metro Areas

- Elderly: \$2,300 - \$3,800
- Non-Elderly: \$2,600 - \$4,500
- SLF: \$16,000 - \$18,000
- Supportive Housing Projects (50% or more units): \$2,800 - \$4,800

### (d) Projects in Non Metro Areas

- Elderly: \$2,000 - \$3,500
- Non-Elderly: \$2,200 - \$3,800
- SLF: \$15,000 - \$17,000
- Supportive Housing Projects (50% or more units): \$2,500 - \$4,500

In order to substantiate a deviation from the expected ranges the Application **must** include supplemental documentation such as historic operating expenses and additional detail about specific expenses. The Authority will review and determine the suitability of operating expenses outside the expected ranges on a case-by-case basis.

## 7) Trending Factors

The Project must demonstrate it remains financially feasible for a minimum of fifteen (15) years utilizing the following cash flow trending factors:

- Annual Increase in real estate taxes: 5%,



- Annual Increase in operating expenses: 3%,
- Annual Increase in income: 2%,

In order to substantiate a deviation from the listed trending factors, the Application **must** include supplemental documentation such as evidence of real estate tax levies for the ten (10) years prior to application and audited operating expense and income information for the five (5) years prior to Application will be considered. The Authority will review and determine the suitability of trending factors outside the expected ranges on a case-by-case basis.

### **8) Vacancy Rates**

The Project must demonstrate it remains financially feasible for a minimum of fifteen (15) years utilizing the following annual economic vacancy rates:

- Elderly: 6%
- Non-Elderly: 8%
- SLF: 10%
- Supportive Housing Projects (50% or more units) including SRO's: 10%

In order to substantiate a deviation from the listed vacancy rates, the Application **must** include supplemental documentation such as audited operating expense and income information for the five (5) years prior to Application will be considered. The Authority will review and determine the suitability of any other vacancy rates on a case-by-case basis.

### **9) Utility Allowances**

**All** Applications that reflect tenant paid utilities **must** submit current documentation fully detailing the expected per unit utility expenses incurred by utility type on a monthly basis. The utility allowance must be appropriate for the unit size, utilities covered, and Project location.

Projects that include gas or electric heat **must** differentiate heating expenses from other gas and electric expenses.

Current utility allowance information **must** be provided by the governing public housing authority for the county where the Project is located or through the submission of a utility survey covering one (1) full year that is representative of each unit type within the Project.

In any case where the Project's expected utility allowances are less than reflected in the public housing authority utility allowance schedule or utility survey, a detailed description for the difference **must** be included and will be evaluated on a case by case basis.

Non-essential utilities including telephone, cable television, internet access, etc., are excluded from the utility allowance.

### **10) Evidence of Project Financing**

**All** Applications **must** reflect adequate sources of construction and permanent financing in order to complete the Project. Any Application that does not reflect adequate sources will fail the mandatory review.

**All** Applications **must** evidence all Project financing sources including debt, grants, and Tax Credit equity through executed acknowledgment letter(s) from all lender(s) and/or grantor(s)

and/or syndicator(s). Each acknowledgment letter must contain evidence that, as of the Application deadline date, the Application is either still under consideration or has been approved.

If, during the Authority's review of the Application, the Applicant is notified that a Project financing source has been denied, the Applicant will be allowed seven (7) business days from the date of the denial notice to provide a revised financing plan. If not provided, the Application will be determined to be financially infeasible and will fail the mandatory review.

**All** Applications **must** demonstrate that Project underwriting is in compliance with the requirements associated with all Project financing sources including but not limited to income limits associated with Authority sources. For additional information regarding Authority resources please see "IHDA Multifamily Underwriting Guidelines", available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

(a) Debt Sources

For any debt source (excluding Authority debt), including any assumptions of debt, the executed acknowledgment letter(s) **must** contain **all** of the following terms:

- The amount of the loan,
- The length of the loan term, which must be at least fifteen (15) years (if there is more than one component to the loan, and these components have different terms, the terms of the longest component must be fifteen (15) years),
- The amortization period of the loan,
- The interest rate (and any terms and conditions regarding adjustments),
- The expected monthly or annual debt service payment, and
- Any financing fees associated with the debt source.

If debt financing is to be obtained through a mortgage broker or banker, the executed acknowledgment letter must be from the actual lender.

In the case of HUD-insured Projects, such as HUD's Section 221(d)(3), Section 221(d)(4), and Multifamily Accelerated Processing programs, the Owner must submit an acknowledgment letter from HUD, in addition to the letter from the lender, setting forth the terms of the proposed financing.

Financing fees for any debt source may not exceed 300 basis points, plus the customary costs associated with Federal Housing Administration (FHA) financing, if applicable.

(b) Authority Debt Sources

Applications for Authority debt financing must be evidenced in the Application. In addition, the Application **must** include a written request for the Authority debt financing with **all** of the following:

- The amount of the loan,
- The length of the loan term, which must be at least fifteen (15) years (if there is more than one component to the loan, and these components have different terms, the terms of the longest component must be fifteen (15) years),
- The amortization period of the loan,

- The interest rate (and any terms and conditions regarding adjustments), and
- The expected monthly or annual debt service payment.

Note that Authority debt sources may require additional information, documentation and restrictions including but not limited to further environmental review, contractor wage rates and standards, and income and occupancy restrictions.

(c) Grant Sources

For any grant source, the executed acknowledgment letter(s) **must** contain **all** of the following terms:

- The amount of the grant,
- When the grant will be available as a source to the Project, and
- Any outstanding requirements to be met prior to grant availability.

(d) Tax Credit Equity Sources

For any Tax Credit equity source, the executed acknowledgment letter(s) **must** contain **all** of the following terms:

- The amount of Tax Credit equity available to the Project,
- The proposed net cent rate per Tax Credit dollar, and
- The proposed equity pay-in schedule

**11) Construction Contingency**

**All** Applications **must** reflect hard cost construction contingencies to cover unforeseen construction cost increases. The contingency **must** be sized as a percentage of the construction contact, as calculated in the Common Application, according to the following:

- New-Construction: 5%
- Rehabilitation: 10%

No more than Fifty percent (50%) of construction contingency may be included in a Project's calculation of Tax Credit eligible basis.

**P) Projects Involving Rehabilitation**

**All** Projects involving any rehabilitation of existing structures **must** comply with the following requirements.

**1) Physical Needs Assessment**

The Application **must** include a Physical Needs Assessment ("PNA"). This PNA must be performed by a vendor approved by the Authority, and must be in the format prescribed in the "PNA Scope", found on the Authority's website ([www.ihda.org](http://www.ihda.org)).

For a listing of PNA vendors approved by the Authority, please see the Authority's website ([www.ihda.org](http://www.ihda.org)).

The vendor that completes the PNA cannot be the Project's architect of record.

## 2) Minimum Rehabilitation Standards

At minimum, the proposed rehabilitation work **must** address all items identified as “Critical” or “Immediate” in the PNA.

The Owner may also choose to complete items identified in the PNA as five (5) to seven (7) year needs in current rehabilitation work, or may budget adequate reserves to ensure these items will be completed within timeframes identified in the PNA.

Applications proposing the rehabilitation of a substandard property will fail the mandatory review if the rehabilitation will not result in safe, sanitary and decent long-term housing; the proposed rehabilitation does not meet Authority standards; or if new construction would be more appropriate.

## Q) Relocation

If **any** building acquired as part of a Project, whether for rehabilitation or for demolition, is occupied as of the date of Application, the Owner must minimize temporary and permanent involuntary displacement of Low Income tenants currently living in the building. When deciding whether tenant relocation is necessary, the Owner must take into consideration the scope and nature of the proposed Project and its affect on existing tenants.

**All** Projects involving the acquisition of an occupied building **must** submit **all** of the following:

- The current tenant profile including household size and income;
- The current rent and unit schedule; and
- In any cases where the Project’s proposed rents exceed the current rents, a detailed explanation of how existing tenants will be able to afford the proposed higher rents.
- In addition, any Project requiring tenant relocation, whether temporarily or permanently must also include a detailed description of the relocation process through documentation of the following:
  - 3) Where tenants will be relocated,
  - 4) How long tenants will be relocated,
  - 5) What benefits and services will be available to relocated tenants,
  - 6) How relocated tenants will be returned to the Project,
  - 7) In cases where any tenants will be permanently displaced, the Owner must include an explanation of why tenants are being permanently displaced, as well as any relocation benefits entitled to the tenants, and
  - 8) A relocation budget detailing all expected relocation costs.

## **VII) Scoring Categories**

The Authority will evaluate Projects based upon the criteria described in this section. Points will be awarded based solely on the information submitted in the Application. The Authority will verify information submitted in the Application.

All Owners must submit the applicable documentation for each scoring section tabbed to correspond with the enumeration in a completed self-scoring form. See Attachment 5 "Self Scoring Checklist".

An Application must include a factual basis and documentation for all points claimed. The Authority may deny a claim for points if the correct forms or required information for each scoring category are not submitted, are not submitted at the correct tab, or if information available to the Authority negates a claim for points. Owners must correctly apply the rounding requirements in each category. If an Owner does not claim points in a scoring category on the Self Scoring Checklist, the Authority will not award any points to the Project in that category.

The Owner's commitment to certain scoring criteria shall be binding for the duration of the Extended Use Period and shall be incorporated into the Extended Use Agreement.

### **A) Architectural Design and Project Amenities**

#### **1) Development Amenities**

All Projects must incorporate a variety of architectural features and development amenities into the overall Project design.

In order to qualify for points in this category, Owners must choose at least two (2) items from each amenity list below as their minimum threshold amenities.

Projects will be awarded three (3) points for each item they choose from the amenity list in addition to the minimum threshold amenities. Up to twelve (12) points will be awarded in this category.

Owners may substitute up to two (2) Project amenities that are not on the following amenity list. Owners must request Authority approval for substituted Project amenities in the Application by providing a description of the substituted amenity and a justification of the appropriateness of the amenity for the Project.

Owners seeking points in this category must submit a certification signed by a licensed architect that the amenities will be incorporated into the Project. See the "Scoring - Project Amenities Certification" on the Authority's website ([www.ihda.org](http://www.ihda.org)).

Amenity List:

EXTERIOR	INTERIOR
Secured bicycle parking (minimum of 8 slots per 25 units)	Exercise / Fitness Center with at least 3 pieces of equipment per 50 units
Full size brick, masonry, pre-cast insulated decorative wall panels, cement board, or a combination thereof, on a minimum of 50% of the exterior	Energy Star-rated ceiling fan with switched light fixture in every living room and bedroom
Upgraded, architectural style roof shingles with a minimum warranty of 30 years	Energy Star-rated microwave oven in every unit
Full perimeter fencing for multifamily developments or backyard fencing for single family homes	Computer room equipped with one computer for every 10 units
Screen doors for every unit	Day care center
Two picnic tables and one grill for every 25 units	Hair salon
Covered pavilion / gazebo	Health and wellness center
Swimming pool	Library / Reading room
Walking trails with sitting areas	On-site management office
An equipped sports court (volleyball, tennis, basketball, etc.) for every 100 units	Trash disposal chutes
Garden plots / designated community garden area with a minimum of 15 square feet per unit	Residential units are 15% larger than the minimum requirement
Upgraded landscaping, including one tree planted on site for every ten units	Porch / patio / balcony for each unit
100% native landscaping	Storage space is 25% greater than the minimum requirement
Covered driveway at main building entrance	Energy Star-rated dishwasher in every unit
	On-site convenience store

## 2) Green Initiatives

Points will be awarded to Projects that fulfill either of the following green initiatives. Points are not cumulative in this category.

### Acquisition/Rehab Projects (any population served):

- a. **6 Points:** Comply with all MANDATORY criteria described in Section 7: Healthy Living Environment of the Enterprise Green Communities Criteria 2008, with the exception of Item 7.3.
- b. **8 Points:** Commit to obtaining a sustainable building certification from one of the following entities:
- Enterprise Green Communities certification
  - U.S. Green Building Council's LEED certification
  - ICC 700-2008 National Green Building Standard certification at Emerald Level

### New Construction Projects (any population served):

- c. **4 Points:** Comply with all MANDATORY criteria described in Section 7: Healthy Living Environment of the Enterprise Green Communities Criteria 2008, with the exception of Item 7.3.
- d. **8 Points:** Commit to obtaining a sustainable building certification from one of the following entities:
- Enterprise Green Communities certification
  - U.S. Green Building Council's LEED certification
  - ICC 700-2008 National Green Building Standard certification at Emerald Level

Owners must submit the "Scoring - Green Initiatives Certification" signed by a licensed architect indicating how the Project will comply with the above criteria.

Failure to receive the certification may result in an Owner being penalized in future Applications in the "Unacceptable Practices" scoring category and may lead to failure to meet the Authority's mandatory appropriate development team requirements.

## 3) Enhanced Accessibility

Projects will be awarded eight (8) points for complying with BOTH of the following requirements:

- a. At least ten percent (10%) of the total units in the Project are designed for persons with mobility impairments, as defined in ICC/ANSI 117.1-2003

**AND**

- b. At least two percent (2%) of the total units in the Project are designed for persons with sensory impairments (not less than one unit), as defined in ICC/ANSI 117.1-2003

The units designed for persons with sensory impairments must be exclusive of the units designed for persons with mobility impairments.

In calculating the number of accessible units that must be made available, Owners must **ALWAYS** round up to the next unit (i.e.  $51 \times 10\% = 5.1$ , round up to 6 accessible units).

Owners seeking points in this category must submit a certification signed by a licensed architect that the project will comply with the requirements listed above. Please see the “Scoring – Enhanced Accessibility Certification” on the Authority’s website ([www.ihda.org](http://www.ihda.org)).

Failure to provide the accessible units may result in an Owner being penalized in future Applications in the “Unacceptable Practices” scoring category and may lead to failure to meet the Authority’s mandatory appropriate development team requirements.

#### 4) Unit Mix

The Authority values developments that incorporate a unit mix that will accommodate the changing needs of diverse household and family types throughout the life of the Project. Points are not cumulative in this category. Points will be awarded to Projects in the following manner:

##### **New Construction Projects (Non-Elderly only)**

- a. **4 Points:** Project contains two unit types, with each unit type making up at least twenty percent (20%) of total units
- b. **6 Points:** Project contains three or more unit types, with each unit type making up at least ten percent (10%) of total units

##### **All Other Projects (including Supportive Housing Projects)**

- a. **6 Points:** Project contains two unit types, with each unit type making up at least twenty percent (20%) of total units

In calculating the number of units that must be made available, Owners must **ALWAYS** round up to the next unit (i.e.  $5.1 \times 10\% = 5.1$ , round up to 6 units).

#### 5) Large Units

Up to twelve (12) points will be awarded if the Project contains income-restricted units with three or more bedrooms:

<b>POINTS</b>	<b>% of Total Units with 3 or More BR</b>
12	31% - 50%
10	20% - 30%
8	10% - 19%

Projects proposing rehabilitation in which more than 30% of the units contain three bedrooms may qualify for the full twelve (12) points if the site and market study confirms the need for this type of unit.

In a mixed income Project, market rate three or more bedroom units shall not count toward the minimum percentages set forth above.



In calculating the number of units that must be made available, Owners must **ALWAYS** round up to the next unit (i.e.  $51 \times 10\% = 5.1$ , round up to 6 units).

## **B) Site Suitability and Marketability**

### **1) Market Study Evaluation**

The Authority will award up to twelve (12) points under this section. In determining how many points to award a Project, the Authority will review the submitted site and market study, as required under the mandatory requirements.

While the Authority will consider the conclusions of the market analyst in determining the marketability of the Project, the Authority is not bound by the opinion, recommendations, or conclusions reached by the market analyst. The Authority reserves the right to independently evaluate the demand for additional affordable rental housing in the geographic/market area.

An Application that includes a market study that does not confirm the viability of the Project or the need for additional affordable rental units in the designated market area will, in all likelihood, not score favorably in this section.

Owners of SLFs, Supportive Housing Projects, or Projects with existing tenants should ensure that the market study clearly addresses the unique aspects of their Project. The market study for SLFs or Supportive Housing Projects must address the anticipated demand for the Project and the reasons why the Project will be attractive to the particular target population(s).

Market studies for Projects which are occupied at the time of Application, must i) explain the reasons for any vacancies, i.e., (if the vacancies are market driven), and ii) provide an evaluation of the current tenants indicating the extent to which any or all may be displaced due to the planned Project.

In determining how many points to award a Project under this section, the Authority may take into account such factors, including but not limited to, the following:

#### (a) Development Attributes

Items such as the level and appropriateness of the proposed unit and development amenities; the amount of proposed parking; the general acceptability and marketability of the Project site including surrounding land uses; and the site's overall public accessibility and proximity to area services and amenities.

#### (b) Primary Market Area

Items such as the appropriateness of the Primary Market Area ("PMA") and the demographic and economic trends for that area.

#### (c) Existing Rental Market

The competitiveness of the proposed Project to existing comparable properties in various ways such as rents, unit size and amenities, and the occupancy of comparable properties in the PMA.

(d) Demand

Items such as the waiting lists at existing properties, penetration and capture rates, forecasted absorption potential for the proposed Project, and documented need for this type of housing in the PMA.

**2) Neighborhood Characteristics and Amenities**

A maximum of ten (10) points will be awarded in this section based on the proximity of desirable and undesirable activities and characteristics.

One (1) point will be awarded for each desirable activity/characteristic in the vicinity of the Project, and one (1) point will be deducted from the total desirable activities score for each undesirable activity/characteristic in the vicinity of the Project.

The total points awarded will be determined by calculating the sum of the total desirable activity points less the total undesirable activity points. A negative total in this category will be awarded zero (0) points.

Owners must submit a map indicating the specific location of all desirable and undesirable activities or characteristics in the vicinity of the Project. At a minimum, the map must include the following:

- Project site location including area roadways; and
- Indication of distances in 1/4 mile increments;

In addition, the Application must include a table referencing each desirable and undesirable activity identified on the map and stating the type of activity or characteristic identified and the address.

Please include color photographs of the desirable and undesirable activities/characteristics.

For scattered site Projects, the perimeter of the noncontiguous parcels shall serve as the boundary of the proposed Project site from which the distance for determining the location of the desirable and undesirable activities and characteristics shall be measured.

(a) Desirable Activities

In order for a Project to receive desirable activity/characteristic points, the following criteria must be met:

- 9) Only activities and/or characteristics which are located within one (1) mile of the proposed site will be considered.
- 10) Owners must score one (1) point in five (5) different categories before they can receive multiple points in any category.
- 11) Each activity/characteristic will be assigned to only one category.
- 12) For desirable characteristics that are under construction, consideration will be given and points may be awarded to active construction sites where the new structures are above ground at the time of Application.

Desirable activities/characteristics may include, but are not limited to, the following categories:

- Retail stores (includes clothing stores, department stores, etc.)

- Federally insured banking institutions (ATMs are not eligible for points)
- Recreational facilities / public parks / civic centers
- Grocery stores (only full service grocery stores are eligible for points)
- Day care services (must be licensed, non-elderly developments only)
- School(s) (non-elderly developments only)
- Libraries (no school libraries accepted)
- Restaurants
- Hospital / Health clinic
- Doctor's office (general practitioners or specialists appropriate for population served)
- Pharmacy
- Religious institutions
- Governmental service office, including fire, police, city hall or post office

(b) Undesirable Activities

Points will be deducted for undesirable activities/characteristics according to the following:

- 13) Undesirable activities and/or characteristics are located within one quarter (1/4) mile of the proposed Project
- 14) Each activity/characteristic will be assigned to only one category.
- 15) For undesirable characteristics that are under construction, consideration will be given and points may be deducted for active construction sites where the new structures are above ground at the time of Application.

Undesirable activities/characteristics may include but are not limited to the following:

- Sites where existing wetlands, natural or man-made attributes could have a substantially negative effect on the development (e.g. 100 year flood plain, streams, ravines, drainage, waterways, etc.). New wetlands constructed as part of storm water mitigation or other site restoration efforts are exempt;
- Sites where the Authority determines the slope/terrain is not acceptable for development;
- Junkyard, salvage yard, active recycling facility, trash heap, or dump pile;
- Hazardous, chemical or heavy manufacturing activities, industrial development;
- Runway or runway clear zone, or accident clear zone of a military airfield;
- Treatment, storage, or disposal facility for hazardous wastes, a sewage treatment plant, an active or inactive solid waste disposal facility and/or solid waste transfer facility;
- Areas where noise (regardless of mitigation) is seventy (70) decibels or more at the time of Application; Projects that receive points under the Transit-Oriented Development category will be exempt from this criterion if the source of noise is public transportation;

- New construction sites where any portion contains or permits any easements for overhead electric power lines, regardless of voltage, and/or such electric power lines encumber the proposed site with the exception of the outside perimeter of the site for the distribution of electric service for other unrelated properties. A development proposing to bury all power lines will be exempt if documentation is provided from the utility provider stating that all power lines will be underground;
- Any prison or correctional facility;
- Sources of noxious odor; and
- Sources of excessive glare from lighting on adjacent properties.

Mitigating circumstances will be taken into consideration by Authority staff. Owner must include a detailed explanation in the Application regarding the specified characteristic/activity and why it should not be considered undesirable by the Authority.

### **3) Community Impact**

The following categories will be awarded points under this section.

#### **(a) Local Revitalization or Redevelopment Plan**

Four (4) points will be awarded to Projects whose Application demonstrates that the Project is located within the boundaries of the area targeted by a local revitalization or redevelopment plan that includes housing policy goals such as the use of existing housing.

Acceptable revitalization or redevelopment plans include empowerment zones, tax increment financing districts, enterprise communities, or other locally designated and approved plans.

Projects located in areas covered exclusively by consolidated plans and planned unit development designations will not receive any points in this scoring category.

The Application must include all of the following to receive points in this section:

- A currently effective binding resolution evidencing formal adoption of the revitalization or redevelopment plan prior to December 31, 2010;
- A copy of the Project area's revitalization or redevelopment plan;
- A map clearly delineating the Project site within the boundaries of the revitalization or redevelopment plan;
- A letter from the chief elected municipal official or local Chicago alderman affirming that the Project will contribute to the goals outlined in the revitalization or redevelopment plan;
- A detailed description of how the Project supports at least one goal of the revitalization or redevelopment plan; and
- If available, any development agreement regarding the Project and the revitalization or redevelopment plan.

#### **(b) Areas targeted by the Governor's Team Illinois Program**

Projects located in the following Governor's Team Illinois Program targeted areas will receive four (4) points:

- Alexander County

- Eastern portion of City of Aurora (as served by TEAM Illinois)
- Englewood (as defined by the City of Chicago Englewood community area map)
- Pembroke Township (in Kankakee County)
- Savanna (in Carroll County)
- Venice (in Madison County)

## **C) Income Targeting**

### **1) Deeper Targeting for Supportive Housing Populations**

The Authority will points to Projects whose Owners commit to set aside ten percent (10%) or more of the units for Extremely Low Income (at or below 30% of Area Median Income) Supportive Housing Populations, defined herein as households headed by persons with disabilities and households that are homeless or at-risk of homelessness, who require access to supportive services in order to maintain housing. Preference for these “Targeted Units” will be given to referrals made via an assigned Lead Referral Agency (as defined below).

The Lead Referral Agency shall be an agency that coordinates a range of local disability and homeless services agencies to develop a collective process for referring and making their services available to qualified tenants. A Lead Referral Agency acts as the point of contact with property management over the life of a Project, and represents the local services system in dealings with management of the property. A Lead Referral Agency coordinates with a household’s original referral source to ensure that the original referral source 1) assists the household(s) during the application for tenancy process, including requesting and negotiating reasonable accommodations, if necessary, and 2) makes supportive services available to the household(s) and/or acts as referral agent for other community services needed.

The Lead Referral Agency will submit a standard letter of referral to property management, which will then process the referred household’s application for tenancy using the same screening criteria that is applied to all other tenants in the Project. The Project property management will use the Lead Referral Agency as their main point of contact to ensure that community supports are made available to tenants in the Targeted Units; however, tenancy will not be contingent upon participation in services.

In calculating the number of Targeted Units that must be made available, Owners must ALWAYS round up to the next unit (i.e.  $51 \times 10\% = 5.1$ , round up to 6 Targeted Units). Projects that receive a conditional approval of the award of Tax Credits must submit and receive Authority approval of a “Referral and Support Agreement” within six (6) months of the date conditional approval. The “Referral and Support Agreement” outlines the required responsibilities of the Owner, property manager and Lead Referral Agency in regard to the Targeted Units. Owners seeking points in this category must submit a draft “Referral and Support Agreement” available on the Authority’s website ([www.ihda.org](http://www.ihda.org)).

Owners are encouraged to contact Sam Mordka ([smordka@ihda.org](mailto:smordka@ihda.org)) in the Authority’s Office of Housing Coordination Services prior to the development of the required “Referral and Support Agreement”, in order to be connected with the Project’s assigned Lead Referral Agency.

Points will be awarded in the following manner:

<b>POINTS</b>	<b>% of Total Units at 30% AMI for Supportive Housing Populations</b>
15	10% - 20%
25	20.1% - 25%

## **2) Deeper Targeting for Supportive Living Facilities**

Due to the requirements of the Supportive Living Facility program, SLF Projects cannot serve Supportive Housing Populations as defined by the Authority. SLF Projects will receive ten (10) points in this category if Owners commit to set aside ten percent (10%) or more of the units for Extremely Low Income (at or below 30% of Area Median Income) households.

Owners seeking points in this category must submit a letter of SLF approval from the Illinois Department of Healthcare and Family Services.

<b>POINTS</b>	<b>% of Total Units at 30% AMI</b>
10	10% or Greater

## **3) Illinois Long Term Care Reform Goals**

Projects that are awarded points under C(1) Deeper Targeting for Supportive Housing Populations OR C(2) Deeper Targeting for Supportive Living Facilities that also commit to accept referrals under the Illinois Long Term Care rebalancing effort will be awarded an additional ten (10) points in this category.

A Project that receives points in this category and is awarded Tax Credits may be required to provide additional documentation regarding Illinois Long Term Care Reform goals.

## **4) Unrestricted Units**

The Authority will award points to Applications which include units which are neither income nor rent restricted by any funding source. Points will be awarded in this category only if the site and market study presented by the Owner supports the proposed mix of restricted and unrestricted units. A Project is eligible for points as follows, based on the percentage of the unrestricted units:

<b>POINTS</b>	<b>% of Total Units Unrestricted</b>
4	10% or Greater

## D) Development Team Characteristics

### 1) Minority-, Female-, or Persons with Disabilities-Owned Business Participation in Project

Projects will be awarded points if a Participant is a qualified minority-, female-, or persons with disabilities-owned business. In order to qualify, the Participant must comply with the following requirements:

For-profit Business: The Participant must be currently certified under Illinois Business Enterprise Program for Minorities, Females, and Persons with Disabilities (“MAFBE”) or equivalent state program if based outside of Illinois.

Non-profit Corporation: The Participant qualifies as minority-, female-, or persons with disabilities-owned if a minimum of fifty-one percent (51%) of the members of the Board of Directors of the Participant are minorities, females, or persons with disabilities.

Participants must provide the full scope of services to the project. Points will be awarded to projects in the following manner:

- a. **6 Points:** If a qualified minority-, female-, or persons with disabilities-owned business acts as the GENERAL CONTRACTOR, OWNER, OR PROPERTY MANAGER

**OR**

- b. **4 Points:** If a qualified minority-, female-, or persons with disabilities-owned business acts as the ARCHITECT, CONSULTANT, OR SYNDICATOR

Owners seeking points in this category must submit the MAFBE certification for the relevant Participant or evidence demonstrating that fifty-one percent (51%) of the members of the Board of Directors of the relevant Participant are minorities, females, or persons with disabilities. See the “Scoring - Minority-, Female-, or Persons with Disabilities-Owned Business Participation Certification” on the Authority’s website ([www.ihda.org](http://www.ihda.org)).

### 2) Non-profit Corporation Participation

Points will be awarded in the following manner:

- a. **15 Points:** To qualify for points in this category, a qualified non-profit corporation must have an ownership interest of twenty-six percent (26%) or greater in the general partner or member of the Owner that includes a commensurate distribution of financial benefits as evidenced in the operating agreement. The non-profit corporation must remain in the Project throughout the Extended Use Period. A qualified non-profit corporation, as defined in Section 42, is a corporation which is not affiliated with or controlled by a for-profit corporation, 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).

**OR**

- b. **5 Points** To qualify for points in this category, a qualified non-profit corporation must have an ownership interest of fifteen to twenty-five percent (15% - 25%) in the general partner or member of the Owner that includes a commensurate distribution of financial benefits as evidenced in the operating agreement. The non-profit corporation must remain in the Project throughout the Extended Use Period. A qualified non-profit corporation, as defined in Section 42, is a corporation which is not

affiliated with or controlled by a for-profit corporation, 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).

**OR**

- c. 2 Points** Points will be awarded to Projects where a qualified non-profit corporation, as defined in Section 42, has a Material Participation in the development and operating of the Project throughout the Extended Use Period. The Application must include a written narrative detailing Material Participation including the number of hours and corresponding activities the qualified non-profit corporation will undertake on a quarterly basis.

Owners seeking points in this category must provide evidence the participating non-profit is a qualified non-profit corporation as defined in Section 42 of the Code. This must include the non-profit corporation's IRS 501(c)3 determination letter and Articles of Incorporation.

Additionally, if the ownership entity is comprised of a joint venture, the Owner must submit an executed operating agreement or memorandum of understanding evidencing the relationship between the entities and the distribution of financial benefits.

### **3) Illinois-Based Organizations**

Projects will be awarded points if a Participant is a qualified Illinois-based organization. In order to qualify, the Participant must be an Illinois-based organization whose place of business has been located in the State of Illinois for a minimum of two (2) years. Participants must provide the full scope of services to the project.

Points will be awarded to projects in the following manner:

- a. 6 Points:** If a qualified Illinois-based organization acts as the GENERAL CONTRACTOR, OWNER, OR PROPERTY MANAGER
- OR**
- b. 4 Points:** If a qualified Illinois-based organization acts as the ARCHITECT, CONSULTANT, OR SYNDICATOR

Owners seeking points in this category must submit a copy of the Secretary of State's Certificate of Valid Existence for the relevant Participant.

### **4) Unacceptable Practices**

All Projects begin with twelve (12) points in this scoring category. The Authority may deduct points if any Participant has failed to demonstrate proficiency with the Tax Credit program or other government-sponsored housing programs collectively, ("Program") over the past THREE (3) years as evidenced by the following:

- Record of unsatisfactory prior performance in any Program
- Negative results on any physical inspection performed by a Program administrator
- Failure to provide and maintain amenities as represented in a Program application



- Failure to provide and maintain services as represented in a Program application
- Failure to construct or rehabilitate a development according to the governing architectural and construction guidelines
- Failure to comply with any representations made in any application to participate in a Program
- Failure to make satisfactory progress on a development in a Program
- Involuntarily termination of a Tax Credit reservation
- Participation in a development that has been monitored and determined to have uncorrected noncompliance
- Participation in a development where an 8823 has been filed
- Failure to pay any fee or expense

In the event any of these unacceptable practices apply to any Participant, the Owner may include in the Application an explanation of the circumstances surrounding the unacceptable practice and the roles of Participants.

When evaluating unacceptable practices, the Authority will consider the role of Participants relative to the unacceptable practice and the proposed role of the Participant in the Project and may conclude the Participant's role has no relevance to the unacceptable practice.

## **E) Financial Characteristics**

### **1) Rental Assistance**

Projects that provide project-based rental assistance will be awarded points based on the number of units assisted and the length of committed assistance. Rental assistance will be considered project-based if it is tied to the units rather than to the tenants.

Points will only be awarded if the rental assistance ensures tenants pay no more than thirty (30%) of their income towards rent and utility expenses combined.

Owners seeking points in this category must submit documentation evidencing a current rental assistance contract or a commitment to provide rental assistance.

Projects with a current rental assistance contract must submit a copy of the fully executed contract in the Application.

Projects with a rental assistance commitment must provide a commitment letter in the Application that includes all of the following: a) the maximum household income; b) the total number of units assisted; and c) the length of the rental assistance contract.

When HUD is providing the rental assistance, the commitment letter must be from HUD. USDA rental assistance commitment letters must be from the USDA housing director, and Project Based Housing Choice Voucher Conversion and Public Housing Authority Annual Contribution Contracts must be from the executive director of the relevant public housing authority.

Rental assistance provided by a local employer will also be considered under this category. The employer must be located within the vicinity of the Project and commit to provide \$100 in direct assistance per month for each subsidized unit. The assistance must be evidenced by a commitment letter as described above.

The Authority will evaluate any rental assistance contracts or commitments from sources other than HUD, USDA, or a public housing authority, taking into consideration the viability and stability of the source and will determine whether the Project will receive points for rental assistance based on the likelihood the rental assistance will be available over the committed term.

For Projects where the term of the Rental Assistance contract is three (3) years or greater, points will be awarded as follows:

<b>POINTS</b>	<b>% of Units Assisted</b>
8	10% - 15%
10	15.1% - 30%
12	Greater than 30%

## **2) Financial Leveraging**

Projects that leverage scarce Authority resources will be awarded points based on the percentage of resources in the development budget that come from other sources.

Scarce Authority resources include but are not limited to Authority administered HOME funds, Affordable Housing Trust Funds, the equity generated from the sale of Authority-allocated Tax Credits pursuant to this QAP, the equity generated from the sale of Authority allocated Illinois Affordable Housing Tax Credits (also known as state donation tax credits), and any other scarce resource, as determined by the Authority, that the Authority may administer from time to time.

A mortgage loan with a market rate of interest provided by the Authority from a non-scarce source will be considered financial leveraging under this category. A non-scarce Authority administered source includes, but is not limited to, a loan under the Authority's Risk Sharing program or another market rate financing product the Authority may administer from time to time.

In Projects where the acquisition is financed in whole or in part through a seller's note, the amount of the seller's financing will not be considered a resource for financial leveraging. Additionally, no deferred developer fee will be considered a resource for financial leveraging.

Financial leveraging sources must be reflected in the Project budget. Only sources allocated to uses that fall within the Projects' boundaries will be considered for financial leveraging.

Projects will be awarded points based on the following criteria:

<b>POINTS</b>	<b>Non Authority Sources as % of Total Project Sources</b>
6	10% - 20%
8	Greater than 20.1%

## **3) Low Soft Costs**

Projects will be awarded points based on minimizing soft costs as a percentage of the total development budget.

For purposes of this calculation soft costs will be determined as follows: The total development budget less acquisition costs, construction costs, construction contingency, reserves, construction period interest, consultant fee, and developer fee.

<b>POINTS</b>	<b>Soft Costs as % of Total Development Budget</b>
6	10.1% - 14%
8	10% or Less

## **F) Housing Policy Goals and Objectives**

### **1) Supportive Housing Projects**

Projects that target fifty percent (50%) or more of the total units for Supportive Housing Projects, excluding SLFs, will receive twenty-five (25) points.

The Application must include a “Supportive Housing Plan”, see the “Supportive Housing Plan Template” ([www.ihda.org](http://www.ihda.org)), which includes provision by a local human services agency of at least one (1) on-site support coordinator whose hours must be proportional to the number of units in the Project that will serve Supportive Housing Populations to assist residents in (i) the application process; (ii) in implementing the tenants’ plan for success in permanent housing; (iii) and in continuing linkage to supportive services as needed.

In calculating the minimum number of Supportive Housing Units that must be made available to receive points in this category, Owners must ALWAYS round up to the next unit. For example, fifty-one (51) total units x 50% = 25.5, round up to a minimum of twenty-six (26) Supportive Housing units.

### **2) Veterans’ Housing**

Projects that will be marketed to veterans will receive five (5) points.

In order to receive points in the category, Owners must obtain a letter of support for the Project from a local veterans’ services agency. Owners must also commit to make on-going efforts to market the Project to veterans and describe their methods to do so.

A Project that receives points in this category and is awarded Tax Credits may be required to provide additional documentation regarding marketing to veterans.

### **3) Rehabilitation or Adaptive Re-Use**

Projects that involve the rehabilitation or adaptive re-use of a building not currently occupied by residential tenants will receive five (5) points.

In order to receive points in this category, Owners must document that at least fifty percent (50%) of the total Project construction costs will be attributable to the rehabilitation or adaptive re-use of an existing building or buildings.

### **4) Preservation**

Projects that involve the rehabilitation of currently occupied low income housing developments whose conversion to market rate housing is likely to occur within FIVE (5) years will be awarded up to twenty-five (25) points in this category.

The Application must include evidence of the financing program that is currently in place and a detailed description of the likely conversion to market rate housing in the event the Project does not receive an Allocation of Tax Credits.

In determining whether a Project qualifies as preservation, the Authority will evaluate the source and terms of the existing financing, rental assistance program, current unit rents, and the extent to which the rent levels will remain affordable.

Points will be awarded in the following manner:

- a. 25 Points:** Points will be awarded if the proposed Project was financed under or assisted by the following:
- Section 8 of the United States Housing Act of 1937, as amended, that will be renewed as part of the redevelopment process;
  - Section 202 or 811 of the National Housing Act;
  - Public housing projects that provide for a one to one (1:1) replacement of public housing units and receive assistance through an annual contribution contract.
- OR**
- b. 10 Points:** Points will be awarded if the proposed Project was financed under or assisted by the following:
- Programs under Section 514 or 515 of the Housing Act of 1949
- OR**
- c. 5 Points:** Points will be awarded if the proposed Project was financed under or assisted by the following:
- Section 236 of the National Housing Act;
  - Section 42 of the Internal Revenue Code;
  - The Authority will also consider as preservation a Project that is currently occupied, has no rent or income restrictions, and whose unit rents do not exceed 60% of the Area Median Income as determined by HUD for the Project's location.

### **5) Historic Preservation**

Projects involving buildings of a historic nature will be awarded points in this category. Five (5) points will be awarded if building(s) on the Project site are listed individually in the National Register of Historic Places or if the Project has an IHPA nomination/approval letter stating that a building on the site is considered historically significant. The buildings must be preserved in accordance with IHPA requirements.

The Application must contain evidence of the building's historic nature as evidenced through documentation provided by the National Register of Historic Places and the IHPA.

### **6) Affordable Housing Planning and Appeals Act ("AHPAA") Projects**

Projects in AHPAA Municipalities will be awarded points based on the following criteria. Points are not cumulative in this category.

- a. 4 Points:** Points will be awarded if the proposed Project is **not** eligible for the Chicago Metro AHPAA set-aside, but is located in an AHPAA community or a community at risk of being subject to AHPAA, and will be serving elderly populations.

**OR**

- b. 8 Points:** Points will be awarded if the proposed Project is located in an AHPAA community or a community at-risk of being subject to AHPAA (including Projects in the Chicago Metro AHPAA set-aside) and will be serving non-elderly populations.

See Attachment 3 "AHPAA Municipalities" for a listing of communities.

**7) Live Near Work**

Projects will be awarded points for live near work if the following criteria are met:

- a. 6 Points:** Points will be awarded if employment data for the County where the Project is located shows a sufficient number of jobs within various low-wage occupations. In order to receive points, these low-wage jobs will be evaluated, compared, and scored based upon a comparison to the overall jobs in the County, as well as to the number of units in the proposed Project. For Elderly Projects, points will be awarded if activities and services for seniors are located in the Project's primary market area. Points will not be awarded for services provided on-site by the Owner. Information regarding employment and services must be included in the market study submitted with the Application.

**8) Transit-Oriented Development**

Projects will be awarded points for transit oriented development if the following criteria are met:

- a. 6 Points:** Points will be awarded if the proposed Project is located in close proximity to fixed-route public transportation, excluding inter-city transportation. "Close proximity" for this category will vary by set-aside and will be defined in the following manner: Chicago (6 blocks); Chicago Metro (1 mile); Other Metro (1.5 miles); Non-Metro (2 miles). Transportation routes and distance to Project site must be identified in the market study submitted with the Application.

**9) Extended Term of Affordability**

The Authority will award up to eight (8) points to Projects that commit to an Extended Use Period in excess of the minimum mandatory 30 years.

Two (2) points will be awarded for each five (5) year extension to the Extended Use Period.

In order to receive points in this category, the application must include a commitment stating the total number of years the Project will be subject to the Extended Use Period. The longer Extended Use Period will be recorded in the Extended Use Agreement.

## **G) Tiebreaker Criteria**

In the event that two or more Projects have an equal number of points, the following will be used to determine selection:

### **1) First Tiebreaker: Fewest Credits per Unit**

The Project requesting the least amount of Tax Credits per Tax Credit eligible unit. If a tie still remains;

### **2) Second Tiebreaker: Tenants with Children**

Projects that serve tenant populations with children. Projects will qualify for this designation if they are non-Elderly and at least twenty-five percent (25%) of the units are three or four bedrooms. This tiebreaker will only apply where the market study shows a clear demand for this population (as determined by the Authority). If a tie still remains;

### **3) Third Tiebreaker: Local Revitalization or Redevelopment Plan and QCT**

Projects that demonstrate all of the requirements under Scoring Category B(3)(a) Local Revitalization or Redevelopment Plan **AND** are located in a Qualified Census Tract as listed in Attachment 2 "Qualified Census Tracts".

### **4) Fourth Tiebreaker: Tenant Ownership**

Projects that are intended for eventual tenant ownership, utilize an appropriate site plan and building design, and have a tenant homeownership plan describing how the Project will convert to tenant ownership at the end of the Compliance Period. Please see the "Homeownership Plan" available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

## **VIII) Reservations of Authority Credit Ceiling**

### **A) Limit on Reservations**

It is anticipated that all of the Authority's Credit Ceiling will be used in its entirety for Reservations during the Application round.

The Credit Ceiling may be increased if Projects that received Allocations in prior years return Tax Credits to the Authority or if the Authority receives an allocation of Tax Credits from the national pool. In the event the Authority's Credit Ceiling is increased, the additional Tax Credits will be used for (i) Tax Credit increases prior to Reservations; (ii) a Forward Reservation of Tax Credits; or (iii) the Authority may carry the additional Credit Ceiling forward to the next calendar year.

### **B) Priority Reservation**

In keeping with the State's Comprehensive Housing Planning Act (P.A. 94-965), the Authority may issue a Reservation to a Project(s) selected by the Authority in response to a Notice of Funding Availability (NOFA) issued by the Interagency Subcommittee of the Illinois Housing Task Force. The amount reserved will not exceed 10% of the total Authority Credit Ceiling. Any Project recommended by the Interagency Subcommittee must meet the requirements of this QAP, excluding the Scoring Categories section.

### **C) Forward Reservations**

The Authority may make Reservations from the 2012/2013 Authority Credit Ceiling ("Forward Reservations") in an amount not to exceed 15% of the per capita portion of the 2011/2012 Authority 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 2012/2013 Tax Credits must meet all Carryover Allocation requirements for calendar year 2011.

### **D) Partial Reservations**

If a Project is recommended for a Reservation by the Board and there is an insufficient amount of Authority Credit Ceiling for the full amount of the recommended Reservation, the Authority may make a Reservation for that Project partially from the 2011 and 2012 Authority Credit Ceiling.

### **E) Projects Not Receiving Credits**

Projects that do not receive a Reservation of Tax Credits may be considered for a Reservation at a later date if either (i) a Reservation is returned to the Authority, or (ii) the Authority Credit Ceiling is increased from the national pool of unused Tax Credit Allocation authority.

## IX) Project Modification Policies

### A) Project Modifications

The Allocation of Tax Credits is based upon information provided in the Application. **All** Project changes, from conditional approval of the Application through the term of the Extended Use Agreement, will require written request to and written approval by the Authority.

Project changes include, but are not limited to, a change in any of the following:

- The individuals or entities in the ownership structure of the Project;
- The unit mix or unit sizes;
- The Project design;
- The Project site;
- The construction scope;
- The financing terms, including but not limited to a loss of financing; or
- Any criteria on which scoring decisions were made.

Any written request for a change in a Project must include a detailed explanation of the reason for the modification. Owners must also submit a non-refundable modification fee in the amount listed on the "Multifamily Fee Payment Form" available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

All requests will be reviewed by the Authority and must conform to the requirements of Section 42 and the QAP.

Any request for a change in a Project will result in the reevaluation of the original Application. The results of the reevaluation may include the following: (i) a change in the Project's score or ranking; (ii) a new Application fee and public notification letters; (iii) and/or a reduction or revocation of the Tax Credit Reservation or Allocation. In addition, a Board approval of the revised Project may be required.

### B) Changes or Transfer of Ownership

Evaluation of the Owner is an integral part of the Application review. The long term viability of the Project is dependent on the Owner who makes decisions in developing and operating the Project for the long term.

Therefore, changes of ownership are not encouraged; and the Authority strongly discourages the transfer of ownership in Projects. Changes include but are not limited to the addition or removal of any entities or individuals in the ownership, regardless of their percent of ownership.

**No** change of ownership will be permitted at any time after conditional approval of a Project's Tax Credits and before the issuance of IRS Form(s) 8609 to the Project.

Owners wishing to change or transfer ownership after the issuance of IRS Form(s) 8609 must submit the following:

- A completed and executed "Notice of Intent to Transfer Ownership" available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- A letter from the Owner's legal counsel that explains the need for change;



- A non-refundable transfer of ownership fee. See the “Multifamily Fee Payment Form” available on the Authority’s website ([www.ihda.org](http://www.ihda.org)); and
- All applicable organizational documents.

Any requested change of ownership will be reviewed on a case-by-case basis and must be presented to and approved by the Board. The Authority reserves the right to request additional documentation as needed.

### **C) Unapproved Changes**

Project changes at any time, made without submitting a written request to the Authority and receiving a written approval from the Authority, may cause the Application to be rejected or trigger a revocation of a proportional amount of Tax Credits up to the full amount of the Reservation.

Any unapproved Project change, from submission of the Application through the term of the Extended Use Agreement, will affect all Project Participants. Affected Participants may be penalized in the “Unacceptable Practices” scoring category in future Applications and may fail to meet the Authority’s mandatory appropriate development team requirements.

In addition, if the Authority becomes aware of a transfer of ownership without proper notification and approval by the Authority, the Authority reserves the right to determine that all parties involved in the transfer will not be eligible for participation in the Authority’s Tax Credit program.

## **X) Reservation Procedures**

### **A) Board Approval**

If an Application is selected by Authority staff to receive an allocation of Tax Credits, it will be considered a conditional approval.

After receiving a conditional approval, Owners must submit organizational documents for all entities of which the ownership entity is comprised and documentation demonstrating that these entities and the ownership entity are duly formed and validly existing. Please see the “Ownership Structure and Organizational Documents Checklist” on the Authority’s website ([www.ihda.org](http://www.ihda.org)) for a list of necessary documents.

Once the Owner submits the required documents and fulfills any additional requirements as determined by the Authority, the Project may be recommended to the Board for approval of a Reservation of Tax Credits.

### **B) Reservation Letter**

Upon Board approval of a Reservation of Tax Credits for a Project, the Authority will issue a Reservation Letter to the Owner stating the following:

- The amount of the Reservation;
- The amount of the Reservation fee;
- The date by which the executed Reservation Letter and Reservation fee must be submitted to the Authority;
- Any conditions that must be satisfied in connection with the Reservation; and
- The date by which all conditions must be met.

Failure to return the Reservation fee and the executed Reservation Letter by the stated date may result in a revocation of the Reservation of Tax Credits for the Project.

### **C) Reservation Fee**

The Authority will charge a non-refundable Reservation fee in an amount equal to 1% of the 10 year credit amount for the Project.

### **D) Extensions**

The Authority may extend the time for meeting the conditions set forth in the Reservation Letter. The Owner must submit a written request for an extension of time explaining the necessity of such extension to the Authority. The Authority will require a processing fee in connection with the extension review, as described in the "Multifamily Fee Payment Form" ([www.ihda.org](http://www.ihda.org)).

### **E) Revocation of Reservation**

Prior to issuing IRS Form(s) 8609, the Authority may revoke a Reservation of Tax Credits for a Project under the conditions set forth below or under such other conditions as may be set forth in the Reservation Letter, the Carryover Allocation Letter, or other appropriate documents.

If a Reservation is revoked, the Authority will retain **ALL** fees paid to the Authority in conjunction with the Application, the Reservation, the Carryover Allocation or modification of the Project.

The following activities may cause a revocation:

- The Owner modifies the Project in **ANY** way without prior written 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 any scoring decisions were made.
- 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.
- The Authority determines that the project will fail to be Placed in Service by the time set forth in the Carryover Allocation Letter.
- The Owner fails to provide the Authority with all items required for issuance of 8609s in as described within the Issuance of 8609s section within six (6) months of Placed in Service.
- The Owner or a Related Party of such Owner is not in compliance with Section 42 in connection with any Project.
- The Owner or a Related Party of such Owner has outstanding compliance violations in connection with any Project that have not been resolved to the Authority's satisfaction.
- The Owner or a Related Party of such Owner is delinquent under any loan or grant made by the Authority, is not in good standing under a workout agreement with the Authority, or has not satisfied any other requirements of the Authority in connection with a delinquency or workout agreement.

- The Owner or a Related Party of such Owner has an outstanding expense owed to the Authority in connection with any Authority program.
- 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.
- The Owner is bankrupt or in a financial situation that jeopardizes the Project's completion and/or continued operation.
- The Authority determines that the Project is unable to proceed.
- Any other action determined by the Authority, at the Authority's sole discretion, that violates any other conditions as may be set forth in the Reservation Letter, the Carryover Allocation Letter or other documents in connection with the Reservation or Allocation of Tax Credits.

## **XI) Carryover Allocation and 10% Test**

### **A) Carryover Allocation**

A Carryover Allocation is required for all Projects that will not be Placed in Service during the year in which a Reservation Letter is issued. Projects are expected to be Placed in Service no later than the end of the second year following the year in which the Reservation Letter is issued.

#### **1) Carryover Allocation Letter**

Projects that will not be Placed in Service during the year in which a Reservation Letter is issued will receive an Authority prepared Carryover Allocation Letter. The Carryover Allocation Letter will be forwarded to each Owner near the end of the year in which the Project has received a Tax Credit Reservation.

The Carryover Allocation Letter will contain all conditions and documentation required to make the Carryover Allocation. If all conditions and documentation of the Carryover Allocation Letter are not met, the Authority reserves the right to reevaluate the Project and revoke the Tax Credit Reservation.

The Carryover Allocation Letter will provide a date by which all required documentation must be submitted. In general, this deadline will be no later than the December Board meeting.

#### **2) Outstanding Fees**

The Authority will not issue a Carryover Allocation Letter until ALL outstanding fees and payments owed to the Authority have been paid. These fees and payments include any fees owed to the Authority in connection with any Authority program, and any outstanding debt service payments owed to the Authority.

#### **3) Request for Extension**

If an Owner is unable to meet the Authority deadline, a written request for an extension of the deadline indicating the reason for the extension must be submitted to the Authority. The Authority will review extension requests, and reserves the right to approve or deny a request for extension.

#### **4) Carryover Allocation Late Fee**

Owners that do not submit Carryover Allocation documentation by the Authority deadline must pay a late fee. In addition, Owners must pay a supplementary fee for each business day from that date, through the date on which the Authority receives all required Carryover Allocation documentation. The fee is listed on the "Multifamily Fee Payment Form", available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

### **B) 10% Test**

#### **1) Documentation**

Each Owner issued a Carryover Allocation Letter must provide evidence to the satisfaction of the Authority that the Project will meet the 10% Test no later than December 1, 2012. The Authority reserves the right to modify this deadline.

The Authority will notify each Owner of all the conditions and submissions required to meet the 10% Test. Documentation of Project costs incurred to meet the 10% Test must be certified by an independent, third-party, certified public accountant or attorney, must contain all information required by the Authority, and must meet all applicable Section 42 conditions and requirements.

If an Owner does not meet all conditions and submissions required for the 10% Test, the Authority reserves the right to reevaluate the Project and revoke the Tax Credit Reservation.

## **2) Status Report**

Prior to meeting the 10% Test, Owners issued a Carryover Allocation Letter must provide a status report to the Authority of their expected Tax Credit basis and percentage to be expended by a specified date. The status report shall be in a format prescribed by the Authority and must include documentation related to site control and an estimate of reasonably expected basis.

## **3) Outstanding Fees**

The Authority will not issue a 10% Test determination until **ALL** outstanding fees and payments owed to the Authority have been paid. These fees and payments include any fees owed to the Authority in connection with any Authority program, and any outstanding debt service payments owed to the Authority.

## **4) Request for Extension**

If an Owner is unable to meet the Authority deadline for a 10% Test submission, a written request for an extension of the deadlines indicating the reason for the extension must be submitted to the Authority. The Authority will review extension requests, and reserves the right to approve or deny a request for extension.

## **5) Carryover Allocation Late Fee**

Owners that do not submit a 10% Test documentation by the Authority deadlines must pay a late fee. In addition, Owners must pay a supplementary fee for each business day from that date, through the date on which the Authority receives all required 10% Test documentation. The fee is listed on the "Multifamily Fee Payment Form", available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

## **XII) Extended Use Agreement**

### **A) Overview**

An Owner must enter into an Extended Use Agreement (“EUA”) with the Authority at the initial financial closing for the Project. The EUA shall be binding upon the Owner and all successors to the Owner. The EUA shall set forth, among other things, a Project’s income and occupancy restrictions, and any special conditions under scoring categories as set forth in the Application.

The EUA **must** be recorded by the Owner **prior to all other documents** evidencing or securing the financing provided in connection with the Project. Recording of the EUA must occur 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.

### **B) EUA Checklist**

The following is the list of all documents which must be submitted and approved by the Authority prior to the issuance of the EUA. The Authority reserves the right to require other documents as may be required by the Code, the Illinois Housing Development Act, the Authority’s administrative rules, the Authority, or its counsel.

- 1) Board Approval of award of Tax Credits
- 2) Authority Approval of Final Plans and Specifications
- 3) Approval of Building Permit
- 4) Certification of No Changes to Plans and Specifications (Authority form)
- 5) Approval from Illinois Historic Preservation Agency
- 6) Form Tenant Lease
- 7) Property Management Agreement
- 8) Certification of Consistency with Consolidated Plan (if Authority issued)
- 9) Referral and Support Agreement (if applicable)(Authority form)
- 10) Relocation Plan (if applicable)
- 11) Tenant Selection Plan (Authority form)
- 12) Affirmative Fair Housing Marketing Plan (Authority form)
- 13) Phase II Environmental Review (if applicable)
- 14) Appraisal (if applicable)
- 15) Subsidy Layering Review (if applicable and not done by the Authority)
- 16) Subsidy Layering Review Fee (if applicable)
- 17) Owner’s Sworn Statement
- 18) Contractor’s Sworn Statement
- 19) Owner/Contractor, and Subcontractor Agreements, including wage standard used

- 20) Architect's Certificate (Authority form)
- 21) Fair Housing Certificate (Authority form)
- 22) Compliance Monitoring Agreement
- 23) Final Financing Form (Authority form)
- 24) Executed Copies of Other Lender Financing Documents
- 25) Copy of Owner's Title Insurance Commitment and Final Policy
- 26) Copy of Recorded Title Exceptions
- 27) Copy of Recorded Deed
- 28) Ownership Structure Certificate(Authority form)
- 29) Organizational Documents as appropriate as listed on Ownership Structure and Organizational Documents Checklist (Authority form)
- 30) Documentation that Project has been listed on Illinois Housing Locator
- 31) Carryover Allocation Letter (if applicable)
- 32) Owner's Attorney Opinion of Eligibility for Acquisition Tax Credits (if applicable)
- 33) IRS Form 990 (if applicable)
- 34) Tenant Ownership Plan (if applicable) Issuance of 8609s

### **C) Requirements**

The Authority will issue IRS Form(s) 8609 ("8609") to all Projects which are Placed in Service within the time period required under the Code, contingent upon receipt and approval of the documents and fee listed below. In general, the Authority will not issue 8609(s) for Projects with multiple buildings until all of the buildings in the Project have been Placed in Service.

The Authority will not issue 8609(s) until the final draw request has been submitted and approved by the Authority. The Authority also will not issue 8609(s) unless **ALL** fees and payments due to the Authority in connection with any Authority program have been paid.

All documentation must be submitted in an **unbound package** with original signatures in blue ink, as appropriate.

The Authority will review all submitted documentation and conduct a final financial analysis based on such documentation. When the review and analysis are complete, the Authority will send the 8609(s) to the Owner, per IRS guidelines. The Authority will notify the IRS once a year of 8609(s) issued by both the Authority and the City of Chicago by filing a form 8610. .

- 1) "8609 Issuance Checklist Form" and all requested documentation on that form. The form is available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- 2) 8609 Issuance Fee as outlined on the "Multifamily Fee Payment Form" available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- 3) Completed "8609 Owner Certification Form" available on the Authority's website ([www.ihda.org](http://www.ihda.org));

- 4) Cost certification prepared by an independent third-party certified public accountant in a format acceptable to the Authority, based on such accountant's audit of the Project that certifies to the total Project costs, total eligible basis, and all sources of financing used for the Project;
- 5) Completed "Final Financing Form" available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- 6) Financing documents verifying each source listed on the "Final Financing Form";
- 7) Certificate(s) of Occupancy from local municipality (one for each building) for new construction Projects;
- 8) Copy of fully-executed Reservation Letter;
- 9) Copy of fully executed Carryover Letter, including Exhibits I, II, and III;
- 10) Copy of 10% Test documentation;
- 11) Executed original Extended Use Agreement that has been properly recorded with the recorder of deeds in the county in which the project is located;
- 12) Copy of Owner's title policy evidencing the recording order of the Extended Use Agreement;
- 13) Copy of recorded deed or comparable recorded site control in the name of the entity receiving the Tax Credits. The legal description contained in the deed must be identical to the one used with the resolution and reservation letter;
- 14) Appropriate organizational documents for ownership entity AND general partner as required on "8609 Issuance Checklist Form" with appropriate original signatures.
- 15) Color photograph(s) of each building of the completed Project identified with correct street address(es) and Building Identification Number ("BIN");
- 16) Documentation that Project has been listed on Illinois Housing Locator;
- 17) Subsidy Layering Review and Fee (if applicable);
- 18) Certification of 50% test for tax-exempt bond Projects;
- 19) Written attorney's opinion for tax-exempt bond Projects involving acquisition Tax Credits;
- 20) Documentation satisfactory to the Authority that all criteria required under the Green Design Requirements in the Mandatory Section of the QAP has been met;
- 21) Documentation satisfactory to the Authority demonstrating the Project's conformance with any Scoring Sections of the QAP where points were received;
- 22) Any documentation the Authority may require to determine the amount of Tax Credits to be allocated to the Project or to demonstrate the Project's conformance with the requirements of Section 42;

## **D) Deadlines**

Owners receiving a Reservation of Tax Credits during 2011 that will be Placed in Service during the 2011 calendar year must submit all required documentation to the Authority no later than November 1, 2011.



Owners receiving a Reservation during 2011 that have been issued a Carryover Allocation Letter must submit all required documentation to the Authority no later than June 30 of the year following the deadline to be Placed in Service.

## **E) Penalties**

### 1) Late Fee

Owners that do not meet the Authority deadlines must pay a late fee. In addition, Owners must pay a supplementary fee for each month from the deadline date through the date on which the Authority receives all required documentation. The fee is listed on the “Multifamily Fee Payment Form”, available on the Authority’s website ([www.ihda.org](http://www.ihda.org)).

### 2) Filing of Non-Agency Approved 8609 with the IRS

If the Authority becomes aware that an Owner has filed any 8609(s) with the IRS in advance of the Owner’s receipt of the Authority signed version of the approved 8609(s), or if the Owner files any 8609(s) with the IRS which does not accurately reflect the information contained on the Authority signed version of the approved 8609(s), the Authority will file an 8823 Notice of Non-Compliance with the IRS. This applies to Tax Credits issued by the Authority, suballocators, and in conjunction with tax-exempt bonds. In addition, Owners may also be penalized in future Application rounds in the “Unacceptable Practices” scoring category and may fail to meet the Authority’s mandatory development team requirements.

## **F) Cannot Meet Placed in Service Deadline**

Prior to issuance of any 8609(s), all Projects must be Placed in Service within the time period required under the Code.

If an Owner believes that a Project may not meet this requirement, the Owner must submit written documentation to the Authority demonstrating all of the following:

- Clear and convincing evidence of all efforts to meet the Placed in Service deadline;
- The specific circumstances causing the delay; and
- All attempted remedial measures taken by the Owner in order to mitigate the delay.

The Authority may, based upon 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.

If the Authority makes such a determination, the Authority may revoke the Reservation without penalty to the Owner. In turn, the Project may also be given first priority for either a Reservation in the current year or a Forward Reservation for an Allocation in the following calendar year. Any such priority will be conditioned on a determination by the Authority that the Project continues to be desirable in terms of meeting the affordable housing needs of Illinois, and such other terms and conditions as the Authority determines appropriate under the circumstances. Any Reservation or Forward Reservation will be subject to all conditions described in the Reservation section, including reservation fee.

The Authority anticipates that Reservations and Forward Reservations under this subsection will be rare.

## **XIII) Increase Requests**

### **A) Overview**

The Authority will review requests for an increase of a Project's Tax Credit Allocation on a case-by-case basis. The Authority will grant an increase only when such an increase is necessary to make a Project financially 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 the costs of the Project. If a request for an increase calls into question the accuracy of the Owner's original Application and documentation, or any related documentation subsequently 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 of Tax Credits, the Authority will closely examine the revised Project budget to ensure that additional Tax Credits are not used to cover increases in the developer fee. An Owner must defer a substantial portion of the Project's developer fee prior to requesting an increase. Except for unusual circumstances, the portion of the developer fee deferred at the time of the Board's initial approval of a Reservation will not be reduced, but may be increased.

If the Reservation Letter for the Project contains conditions, the Authority will not grant an increase until those conditions have been met to the Authority's satisfaction. Furthermore, the Authority will approve only one (1) Tax Credit increase per Project.

### **B) Timing**

The Authority will accept a request for an increase in Tax Credits at any time after the Authority 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 for any building in a Project that has been Placed in Service during a previous calendar year.

### **C) Required Submissions**

For increase requests, the Owner must submit all of the following:

- 1) An updated Application;
- 2) A narrative detailing the reasons for the request and specifically identifying any unforeseeable increases in Project costs;
- 3) A letter from an independent, third-party certified public accountant stating that he/she has reviewed the revised Project budget, which provides the amounts of the revised total eligible basis and total Project cost;
- 4) Both the initial and the most recent owner's and general contractor's sworn statements; and
- 5) An increase request fee as outlined in the "Multifamily Fee Payment Form", available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

The Authority will review all submitted documentation and conduct a final financial analysis. The Authority reserves the right to request additional documentation as needed.

## XIV) 4% Determination Letter Requests

Pursuant to Section 42 (h)(4), Projects to be financed with the proceeds of tax-exempt bonds are not required to receive a Reservation from the Authority Credit Ceiling. Rather, Owners of such Projects may apply to the Authority for a Determination Letter. The Application for a Determination Letter is exclusive of a request for an allocation of the Authority's volume cap.

### A) Application Process and Fee

The Authority will accept Applications for a Determination Letter for Projects to be financed with the proceeds of tax-exempt bonds, whether or not the Authority is the issuer of such bonds, at any time during calendar year 2011.

Owners requesting a Determination Letter from the Authority must submit to the Authority the applicable Application fee as listed on "Multifamily Fee Payment Form", available on the Authority's website ([www.ihda.org](http://www.ihda.org)).

### B) Application Documentation

Any Application for a Determination Letter must be in compliance with both Section 42 and **ALL** sections of this QAP, **with the exception of:**

- Preliminary Site and Market Assessment,
- Scoring Categories,
- Reservation Procedures, and
- Carryover.

Owners must submit the Application on original Authority forms or photocopies of such forms, and may not submit them by facsimile without the prior consent of the Authority. All submission materials are available on the Authority's website ([www.ihda.org](http://www.ihda.org)) or directly from the Authority, upon request. The Application must comply with the format and content requirements of this QAP and present to the Authority a clear, unambiguous, and complete Application by the deadline date. The Authority may reject any Application that does not conform to the requirements of this QAP. The Authority will not begin processing any requests for a Determination Letter prior to the submission of all the Application materials listed below.

**TWO (2) copies** of **All** Application materials, including all applicable attachments and supporting materials, must be submitted.

**EACH** of the TWO (2) copies of the complete Application **MUST**

- Be placed in an adequately sized accordion file folder tabbed to correspond with the enumeration outlined in the "Application Checklist", available on the Authority's website ([www.ihda.org](http://www.ihda.org));
- Include the "Application Checklist"
- Include ALL documentation requested in the QAP and outlined on the "Application Checklist" including all applicable attachments and supporting materials, including the non-refundable Application fee in the amount required on the "Multifamily Fee Payment Form" available on the Authority's website ([www.ihda.org](http://www.ihda.org));

- Include an electronic version in Excel format on disk or flash drive of the “Common Application”;
- Include an electronic version in PDF format on disk or flash drive of **ALL** Application materials, including all applicable attachments and supporting materials.

### **C) Determination Letter and Fee**

If the Authority determines the Project conforms to all the applicable sections of the QAP, the Authority will notify the Owner in a draft Determination Letter. The draft Determination Letter will outline the conditions that must be satisfied prior to execution of the Determination Letter including payment of the non-refundable determination fee of 1% of the estimated ten year Tax Credit amount. The non-refundable determination fee will be due within six (6) months of the draft Determination Letter and must be paid in full prior to the Authority’s execution of a Determination Letter.

An executed Determination Letter will expire one (1) year from the date of issuance.

If based on the final cost certification, a Project qualifies for additional Tax Credits above the amount in the Determination Letter, the Owner must pay to the Authority an increase request fee and additional Determination Letter Fees, as applicable.

### **D) Issuance of 8609**

The Authority will issue form(s) 8609 for Projects that qualify under Section 42(h)(4) of the Code once all of the conditions set forth in the Determination Letter and the Issuance of 8609s section have been met to the satisfaction of the Authority.

## **XV) Compliance Monitoring Procedures**

### **A) Overview**

The monitoring and reporting requirements referenced in this section apply to all Projects, regardless of the Allocation date of Tax Credits. The Authority's specific monitoring and reporting requirements are subject to change. Therefore, Owners are encouraged to contact the Authority regarding monitoring and reporting requirements when an Allocation is made.

Section 42 requires that the Authority establish procedures for monitoring Projects for noncompliance with the provisions of Section 42 and report to the IRS any noncompliance found by the Authority. The Authority's obligation to monitor Projects for compliance within 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:

- Review of the Owner's annual certification regarding compliance with Section 42 requirements;
- Review of the Owner's tenant certification/recertification forms, accompanied by supporting documentation; and
- Periodic review of the physical condition of the Project

### **B) Compliance Reference Guide**

The Authority's monitoring procedures and reporting requirements are set forth in greater detail in the "Low Income Housing Tax Credit Compliance Reference Guide," available on the Authority web site ([www.ihda.org](http://www.ihda.org)), and upon request. Please direct requests to: Technical Services Department, Illinois Housing Development Authority, 401 North Michigan Ave., Suite 700, Chicago, Illinois 60611, Phone 312.836.5239.

### **C) Compliance with the Fair Housing Act**

Owners are advised that compliance with the Section 42 general public use requirement for Projects requires compliance with the Fair Housing Act. An Owner's failure to comply with the Fair Housing Act will constitute noncompliance with the Section 42 general public use requirement and the Authority will report such noncompliance to the IRS.

### **D) Compliance Monitoring Fee**

The Authority charges an ongoing annual compliance monitoring fee associated with the compliance monitoring. The current monitoring fees are listed in "Multifamily Fee Payment Form", available on the Authority's website ([www.ihda.org](http://www.ihda.org)) and are subject to change.

## **XVI) Attachments**

- 1) Sample Calculation of Both Methods
- 2) Qualified Census Tracts
- 3) AHPAA Municipalities
- 4) Other Metro Municipalities
- 5) Self Scoring Checklist